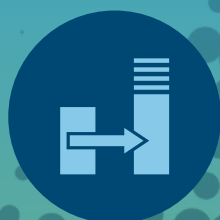


addis **tax** initiative



ATI Monitoring Brief 2016



ATI Commitment 1

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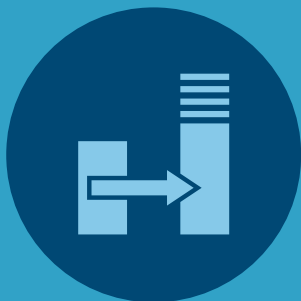
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Monitoring Brief: ATI Commitment 1

This Monitoring Brief on Commitment 1 of the Addis Tax Initiative is the first of three ATI Monitoring Briefs, each of which is concerned with the analysis of one of the ATI commitments. The results presented are based on data reported to the OECD Development Assistance Committee (DAC) under the CRS (Common Reporting Standard) purpose code 15114 (Domestic Revenue Mobilisation – DRM). Several development partners (namely the EU institutions, France, Germany, the Netherlands, the United Kingdom and the United States) have adjusted their original reporting to the OECD DAC. The amended dataset underlying this analysis can be found [online](#).

Key Findings

In 2016, **gross disbursements accounted for 358.18 million USD and commitments for 375.60 million USD**, which represents an increase of 61% and 58%, respectively, with regards to the ATI baseline.

The overall increase in support to DRM is **driven primarily by two substantial loans by France**. Excluding these loans, ATI development partners' support to DRM in 2016 slightly decreased in comparison to the 2015 baseline, namely by 9% of gross disbursements and 8% of commitments.

Concentration of support is more pronounced than in 2015. In 2016, three countries receive almost half of total Official Development Assistance (ODA) for DRM. Indonesia, Armenia and the Philippines are the three largest recipients, making Far East Asia the region that received the largest share of ATI development partners' support to DRM in 2016 (about 37%). Considering the numbers excluding loans, Sub-Saharan African remains the most supported region (receiving about 39% of total grant support); a trend that has not changed since 2015.

A positive trend shows the increasing share of ODA support to DRM received by ATI partner countries, highlighting the commitment of ATI partner countries to implement DRM reforms. ATI development partners' DRM support to ATI partner countries in gross disbursements increased from 22.7% of total support (50.88 Mio. USD) in 2015 to 50.0% (179.20 Mio. USD) in 2016.

The ATI development partners reaffirm their **strong commitment to enhance support for DRM** while acknowledging that it will be of crucial importance to put the additional ODA to use in an efficient, effective, and coordinated way in order to support partner countries by significantly stepping up DRM. The recently inaugurated ATI consultative group on Commitment 1 therefore agreed to, inter alia, look into refining the [DRM database](#), which provides all relevant country data in order to enable informed decisions when coordinating support. Other issues to consider revolve around analysing partner countries' own DRM strategies as well as facilitating the provision of support to DRM.

The data was collected in 2016, meaning that a relatively short temporal gap between the launching of the Addis Tax Initiative in mid-2015 and the observation of the impact of the commitments limits the robustness of these results. A considerable time lag often lies between political commitments and the budgetary adjustments needed for the planning and implementation of new projects. It is therefore **too early to draw conclusions** on whether or not the ATI development partners are on a path to reaching their commitment to double support to DRM by 2020.

For more information, please contact: secretariat@taxcompact.net.

Introduction

The Addis Tax Initiative (ATI) is a multi-stakeholder partnership of development partners and partner countries that aims to mobilise significant increases in domestic revenue and to improve the transparency, fairness, effectiveness and efficiency of tax systems in partner countries. Launched at the Third Financing for Development Conference in 2015, the ATI provides a dynamic framework for action to enable partner countries to increasingly rely on domestic revenue to fund their development agenda and meet the Sustainable Development Goals by 2030.

Members of the Addis Tax Initiative have agreed to three overarching commitments. First, the ATI development partners commit to collectively double technical cooperation in the area of domestic revenue mobilisation by 2020. Second, the ATI partner countries commit to step up the mobilisation of domestic revenue in order to spur development, in line with the Initiative's *key principles*. Third, all ATI signatories commit to promote and ensure policy coherence for development.

ATI signatories have agreed to three overarching commitments.



Figure 1: The ATI Commitments

The purpose of the ATI monitoring is to assess the progress of ATI members in reaching the three commitments against the baseline of 2015.

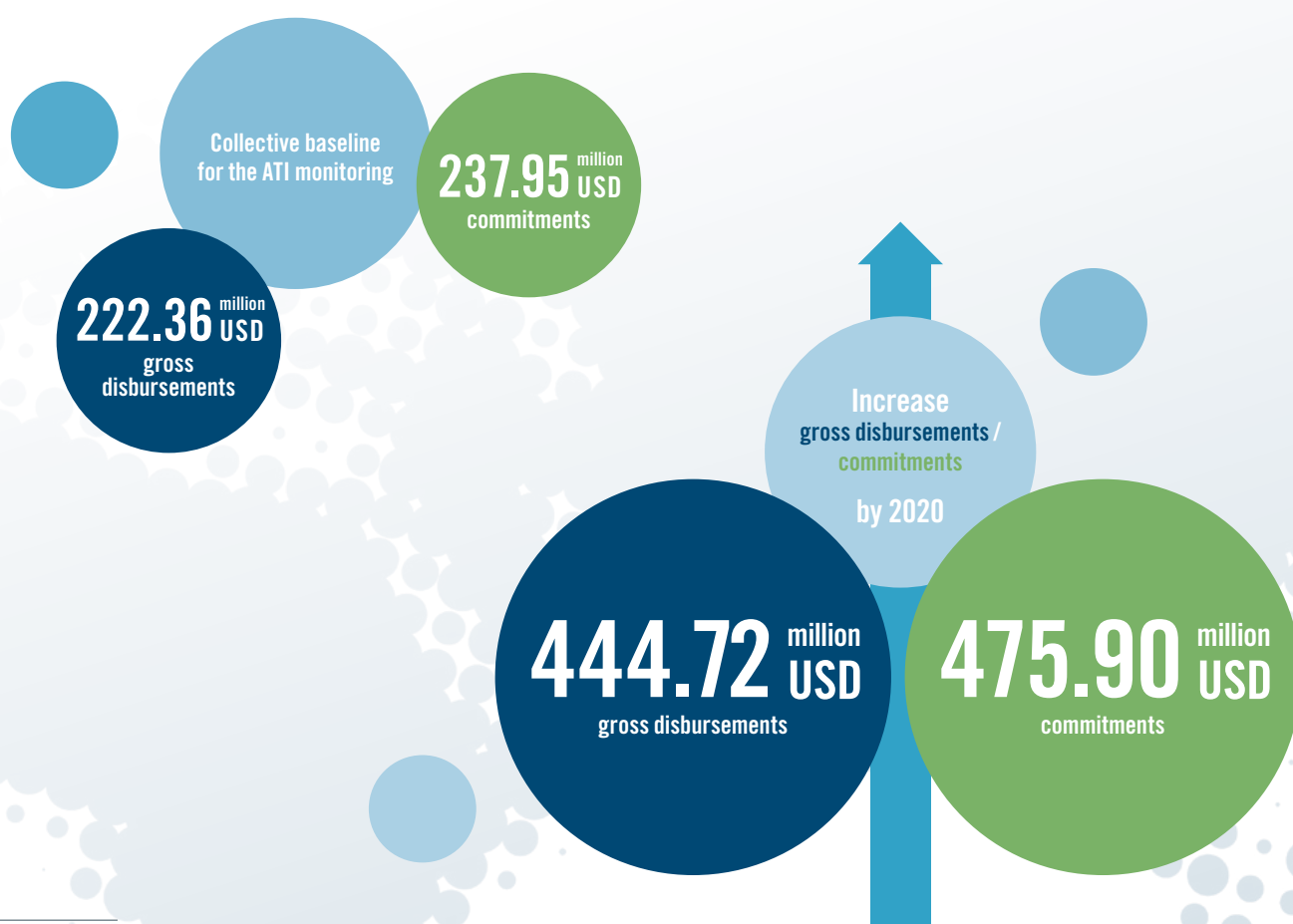
At the ITC/ATI Tax and Development Conference in June 2017 in Berlin, the first ATI Monitoring Report was launched. It covered the reporting year 2015 and provided the baseline for monitoring future progress with respect to the fulfilment of the ATI commitments. Furthermore, the 2015 ATI Monitoring Report looked at a set of indicators to assess the status quo concerning domestic revenue mobilisation in ATI partner countries (ATI Commitment 2) and considered narrative contributions of the ATI signatories on their efforts to ensure policy coherence for development (Commitment 3).

The 2016 monitoring will analyse the results of the 2015 ATI Monitoring Report by providing information on the developments since the last reporting. It will be published in three individual reports, one for each of the three ATI commitments (**ATI Monitoring Briefs**) throughout 2018. The next comprehensive report is scheduled to be published in 2019; it will provide a mid-term review of the fulfilment of the ATI commitments.

ATI Commitment 1

The aim of ATI Commitment 1 is to increase the support to partner countries in the area of taxation and domestic revenue mobilisation. For this purpose, the ATI development partners have committed to collectively doubling their ODA support to DRM reforms in partner countries by 2020¹.

The 2015 baseline for ATI Commitment 1 was measured at 223.76 million USD gross disbursements and 237.96 million USD commitments when the first ATI Monitoring Report was published. The ATI development partners were given the opportunity to retrospectively adjust their baseline when reviewing their 2016 data as some had problems with reporting under the new DRM purpose code that was recently introduced (see below). Only Germany made use of this opportunity and made small adjustments for seven projects that were not properly coded, resulting in a decrease of 1.40 million USD in disbursements and 0.01 million USD in commitments. The final ATI baseline is thus **222.36 million USD gross disbursements and 237.95 million USD commitments**². This represents a minor deviation to the 2015 baseline. Consequently, the ATI development partners will need to increase support to **444.72 million USD of gross disbursements and 475.9 million USD of commitments** by 2020 in order to fulfil their commitment to collectively double ODA spending in the area of DRM.



¹ Most providers will double their support, while others, some of whom already have large portfolios, will increase their support substantially.

² As these adjustments do not radically alter the findings of the 2015 Monitoring, we will not adjust the entire 2015 Monitoring Report accordingly but include footnotes where needed in order to avoid any misunderstandings with regards to the slight difference in the data.

2016 Monitoring of ATI Commitment 1: Methodology

The monitoring of ATI Commitment 1 is primarily based on the OECD Development Assistance Committee (OECD DAC) Statistics in order to ensure transparency, comparability and consistency in reporting and monitoring the ATI development partners' commitment to collectively double support in the area of domestic revenue mobilisation. "Support for technical assistance", as referred to in ATI commitment 1, comprises all ODA support reported under the CRS (Creditor Reporting System) purpose code 15114 (DRM code)³.

The monitoring of ATI Commitment 1 is based on gross disbursements and commitments, both of which will be presented in the summary findings. Commitments for most ATI development partners vary considerably from year to year but provide a good proxy for the pledges made and therefore reflect the development partners' intentions to spend. Gross disbursements, on the other hand, record the actual international transfer of financial resources in the respective year.

As part of the monitoring process, the ATI development partners were given the opportunity to review and adjust information in order to increase the reliability and legitimacy of the data. Firstly, the ATI development partners were given the opportunity to review the data they had reported to the OECD DAC⁴. This is especially important as some development partners do encounter technical difficulties in applying the DRM code, especially as projects with elements other than DRM must be simultaneously assigned to other CRS codes as well.

Secondly, during the 2016 ATI monitoring, the ATI development partners were invited to report problems they may have encountered when reporting under the DRM Code and to provide further explanations regarding changes in their DRM portfolio. Thirdly, development partners were asked to comment on the comprehensiveness and suitability of the key words used to categorise projects to specific focus areas of DRM support, such as BEPS⁵ or Anti-Corruption and if necessary provide additional topics that need to be captured. Fourthly, the ATI development partners were asked to add information on their DRM support strategy and the selection of partner countries. Lastly, the survey asked them to provide an outlook on upcoming activities to support DRM in partner countries.

More detailed information on the ATI Monitoring can be found in the *Concept Note for the 2016 ATI Monitoring* as well as in the methodology chapter in the *2015 ATI Monitoring Report* (pp. 28-32). The full dataset underlying this monitoring exercise is *available online*.

³ The DRM Code is based on the following definition: "Support to domestic revenue mobilisation/tax policy, analysis and administration as well as non-tax public revenue, which includes work with ministries of finance, line ministries, revenue authorities or other local, regional or national public bodies. (Use code 16010 for social security and other social protection.)" (<http://www.oecd.org/dac/stats/purposecodessectorclassification.htm>)

⁴ In order to ensure comparability and consistency, the ATI development partners that have made adjustments to their data are asked to report these to the OECD DAC as well.

⁵ The selection of key words / tags derives from the five DRM issues especially mentioned in the ATI Declaration, that is, BEPS, Exchange of Information for Tax Purposes, Natural Resource Taxation, Tax evasion / Illicit Financial Flows and Anti-Corruption. More information can be found in the *ATI Declaration* and the *ATI Monitoring Note*.

Reporting for the 2016 ATI Monitoring Brief

For the 2016 Monitoring Brief on ATI Commitment 1, all ATI development partners were invited to review their data reported to the OECD DAC under the DRM Code and to complete the 2016 ATI Monitoring Survey. Twelve out of the twenty ATI development partners have reviewed their data, completed the survey or provided information on their efforts to support DRM in partner countries via email. A summary of results of the survey can be found on page 13 and 14.

The *OECD DAC database for 2016* (as of December 21, 2017) contained 432 entries for ODA reported under the CRS purpose code 15114 by the ATI development partners, amounting to 332.68 million USD in gross disbursements and 291.18 million USD in commitments.

During the review process for the 2016 ATI monitoring, six ATI development partners reported adjustments to their datasets, having included additional projects, projects that had been miscoded and had to be excluded, or adjusted project information. The respective countries were asked to update their reporting to OECD DAC accordingly.

- The **EU Institutions** provided an adjusted list with 91 DRM entries, compared to 34 entries in their reporting to the OECD DAC database.
- **France** reported eight additional projects, carried out by the Ministry of Foreign Affairs and which had not been included in the original reporting to the OECD DAC.
- **Germany** removed three projects from the original data reported to the OECD DAC after reviewing the project descriptions.
- The **Netherlands** reported five additional projects that had not been reported to the OECD DAC under the CRS purpose code 15114. One contribution to the IMF Revenue Mobilisation Trust Fund with CRS code 15114 was incorrectly left out. Two of the projects added were the same as in the 2015 baseline and two new projects were added that strengthen civil society in partner countries in the field of DRM. For the latter, the elements attributable to DRM, which constitute a fraction of the total programme, were calculated. Due to technical difficulties, using multiple coding for one project is still not possible for the Netherlands.
- The **United Kingdom** sent an adjusted list with 87 entries, compared to 39 in the OECD DAC database.
- The **United States** updated the list of projects from USAID and added 40 entries. There are now 131 U.S. entries, compared to 91 reported to the OECD under the DRM Code.

The data underlying this ATI Monitoring Brief can be [accessed here](#).

The feedback provided in the ATI Monitoring Survey shows that assigning multiple purpose codes to one project still remains a challenge for a number of ATI development partners as the use of multiple purpose codes is still not possible in their internal reporting and monitoring systems. The projects containing only a fraction of support to DRM were thus treated differently among the ATI development partners. Some countries calculated the parts of projects attributable to DRM and reported this under the CRS purpose code 15114, while others, such as Norway, only reported projects that predominantly support DRM. Several development partners indicated that they are in the process of reviewing their monitoring systems and will thus be able to assign multiple codes to individual projects in the future. Data quality regarding the coverage of support to DRM in the reporting is therefore likely to increase in the coming years.

Another limitation with regards to the data is the often generic project descriptions in the OECD DAC database which makes it difficult to analyse support to DRM in more detail. This limitation becomes evident when addressing focus areas or approaches taken within the projects. Still, there are countries providing very detailed descriptions of their projects such as the U.S. While the full data cannot be analysed comprehensively in this Monitoring Brief, it is available in the *DRM Database*.

Key findings

Overview

The dataset underlying the 2016 ATI Monitoring contains 587 entries in total (compared to 476 entries in 2015). This represents an increase of 23% in the number of entries that are reported under the DRM Code.

Gross disbursements by the ATI development partners amount to **358.18 million USD** in 2016. Commitments by ATI development partners are modestly higher, standing at **375.60 million USD**.

Compared to the ATI baseline year 2015, gross disbursements rose by 135.82 million USD, representing a 61% increase, and commitments by 137.65 million USD, which means an increase of 58%, as illustrated in Figure 2.

Compared to the ATI baseline year 2015, gross disbursements rose by 135.82 million USD, representing a 61% increase, and commitments by 137.65 million USD, which means an increase of 58%

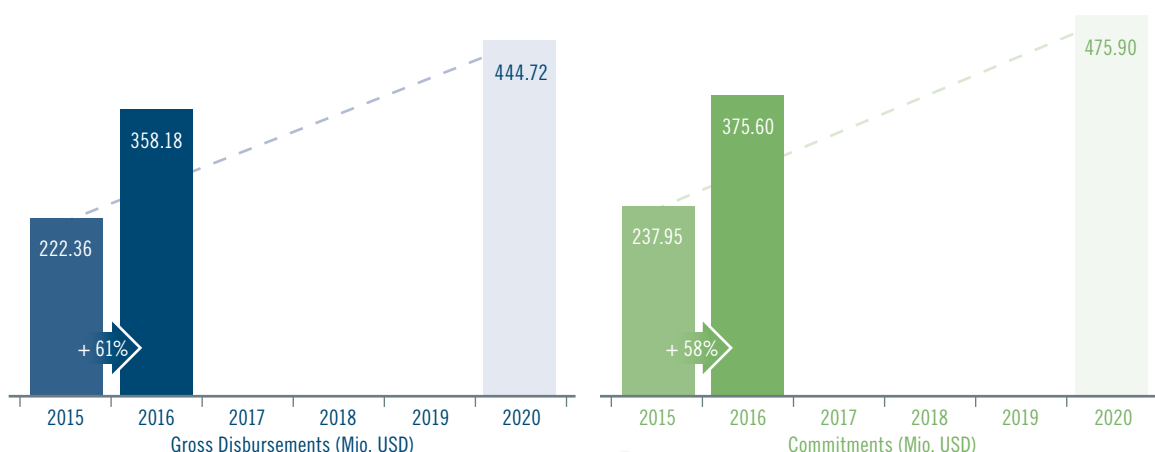


Figure 2: ATI Support to DRM (in Million USD)

The geographic concentration of support is more pronounced in 2016 than in 2015. In 2016, three countries - Indonesia, Armenia and the Philippines - account for almost half of total ODA support to DRM. By contrast, in 2015 the top three recipients were Afghanistan, Tanzania and Pakistan, together accounting for 17% of total support.

Support to DRM by ATI development partners accounted for 98% of all OECD DAC members' gross disbursements to DRM reported under the CRS purpose code 15114 and 98.7% of the commitments made in 2016. These shares are almost identical as in 2015 (97.7% and 98.7%). Development partners that reported DRM projects under CRS purpose code 15114 and are not ATI members are Japan, Austria, Hungary, New Zealand and Spain.

98.0 %

of all 15114 disbursements were provided by ATI development partners.

Analysing the data, it should be kept in mind that non-ATI development partners might not yet fully report their DRM support under purpose code 15114. Furthermore, support provided by multilateral organisations is not captured fully, but only through the contributions from ATI development partners to multilaterals.

Support to DRM by ATI Development Partners

In 2016, France is the largest provider of support to DRM in gross disbursements among ATI development partners, followed by the United States and the United Kingdom.

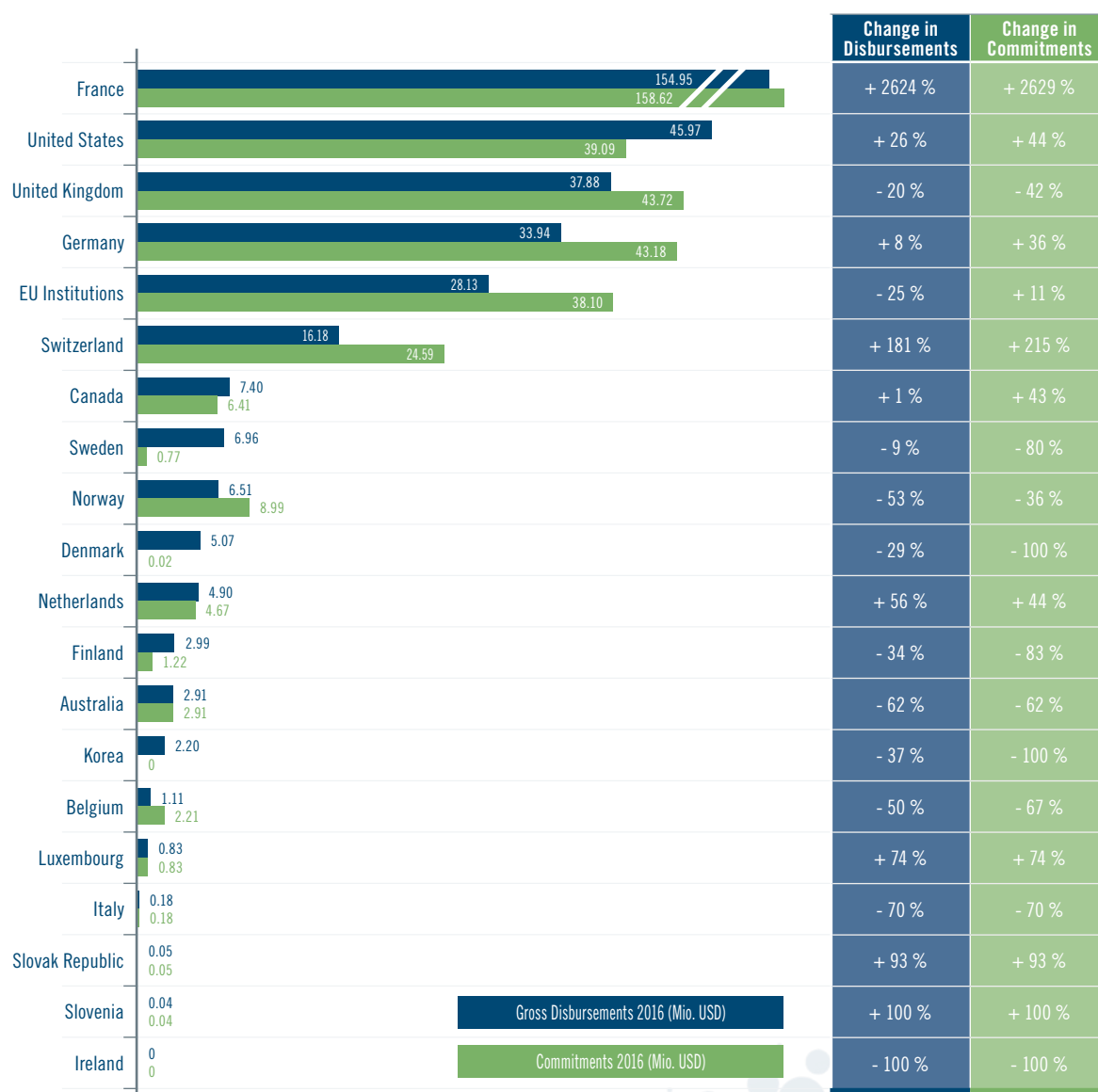


Figure 3: ATI Development Partners' Support to DRM (in Million USD)



By dollar value, France is the ATI development partner with the largest DRM portfolio in 2016, followed by the United States and the United Kingdom. In 2015, the top three were the United Kingdom, the EU Institutions and the United States.

Compared to 2015, France recorded the biggest increase (149.26 million USD) in support to DRM (see Box 1), followed by Switzerland (10.42 million USD) and the United States (9.59 million USD).

The largest decreases from 2015 to 2016 in absolute terms are observed for the United Kingdom with 9.68 million USD. After reporting a significant spike in disbursements in 2015 from its 2014 baseline year (41.20 Mio. USD), the United Kingdom reported a minor decline in DRM disbursements from its baseline (-3.32 Mio. USD) in 2016.⁶ The decrease in 2016 seems to be due to an adjustment after the hike the year before. On the other hand, commitments made by the UK increased by a substantial amount (+ 21.63 Mio. USD) compared to the baseline (22.09 Mio. USD).

A similar trend is seen for the EU: while disbursements decreased by 9.14 million USD, commitments increased (+ 3.88 Mio. USD).

The ATI development partners do not perceive this decline as a generalisable trend that will contravene their pledge to collectively double support to DRM. Since the ATI commitments were only made in mid-2015, it is too early to draw conclusion about Commitment 1 progress. A considerable time lag often lies between political commitments and the budgetary adjustments needed for the planning and implementation of new projects and initiatives. This view is supported by many ATI development partners who have stated that they are currently exploring opportunities to increase their support to DRM or have already indicated specific projects that will be implemented in the near future.

From the feedback on the 2016 Monitoring Survey, it can be seen that the ATI development partners pursue different strategies in terms of the modalities of support. Most combine bilateral support with multilateral instruments. France reported that it has started using loans for supporting DRM reform in Middle Income Countries (MICs) and will even programme more loans in the future.

With respect to topical priorities, it can be said that a broad range of DRM topics are covered by the ATI development partners: from illicit financial flows and corruption, to gender and decentralisation, as well as treaty negotiation and BEPS.

Some ATI development partners, like France and Norway, reconsidered their approaches to DRM reform and developed new DRM strategies in 2017/18.

The following map gives a more detailed overview of ATI development partners' current or emerging approaches to DRM support.

⁶ ATI development partners had the possibility to choose 2014 as their baseline year for doubling as some countries already stepped up significantly after joining the ATI in mid-2015.

ATI Development Partners: Additional information on their DRM engagement (Source: ATI Monitoring Survey 2017)

Eleven development partners offered additional information about the changes in their DRM portfolio and approaches taken as well as an outlook regarding their DRM support.

United States

In 2016, U.S. DRM assistance expanded in a number of countries while contracting in others. Notably, USAID launched a major new DRM partnership with the Government of Liberia. Moreover, collaboration with development partners on DRM issues through joint missions applying the Tax Administration Diagnostic Assessment Tool (TADAT) was intensified. In addition to bilateral support, USAID made new contributions to separate IMF and World Bank multi-partner funds to support the Federal Government of Somalia in the area of DRM.

DRM continues to be a priority for U.S. development assistance given DRM's role in helping partner countries become more self-reliant and financially independent. Through a combination of technical assistance, technology, and capacity building support, U.S. DRM assistance is helping reform-minded governments to streamline tax rules, simplify procedures, and improve tax compliance, resulting in stronger revenues and more transparent, fair and business-friendly tax systems.

Canada

Support to DRM was mainly delivered through Global Affairs Canada's programming portfolio of about 15 operational projects with DRM components, primarily in Sub-Saharan Africa (Mali, Benin, Tanzania) and the Americas (Haiti, Caribbean). The launch of Canada's Feminist International Assistance Policy brings opportunities to fund new tax policy and administration programs, but may in the short-term also pose challenges to Canada's overall DRM portfolio.

Multilateral engagement is an important means for the Canada Revenue Agency (CRA) to channel support to partner countries on matters related to DRM and international tax. Additionally, a significant focus of the CRA will continue to be on the development of the Knowledge Sharing Platform for Tax Administrations (KSPta) – an online tool designed to promote and share knowledge and expertise among tax administrations and stakeholders globally.

Netherlands

In 2016, the Netherlands signed two new projects that represent a continuation of previous support in the field of DRM but have substantially higher budgets. Similarly, in 2017 two projects were renewed with higher budgets. The Netherlands continues to work both through bilateral and multilateral channels. In addition to national level support, support to the decentralised level expanded in 2016/2017. In early 2018 the Netherlands will sign an arrangement with the UN-Financing for Development Office for support to capacity building in tax treaty negotiation and BEPS issues.

EU Institutions

The EU Institutions use a holistic approach in their support to DRM. As outlined in the "Collect more – Spend better" strategy, EU support to DRM is closely linked to support to public finance management and public expenditure. The newly adopted European Consensus on Development identifies DRM as an essential driver for sustainable growth and development in line with the Addis Ababa Action Agenda. DRM is one of the areas that should be, strengthened, in particular in the context of EU budget support to partner countries.

Furthermore, the EU provides broad support to the key international organisations supporting DRM in partner countries and at country level. Budget support programmes, dedicated projects or diagnostics (for example TADAT in Niger) are implemented in line with the priorities of partner countries. Furthermore, the EU actively promotes international tax good governance with a view of fighting tax evasion, tax avoidance and illicit financial flows.

France

Under France's new DRM strategy, tax capacity building will be supported using the full range of available tools in order to provide tailor-made approaches to partner countries. Furthermore, DRM issues in Middle Income Countries (MICs) should be addressed using loans.

The new DRM strategy contains 6 topical priorities:

1. Help developing countries, especially Fragile States, define fairer, more efficient and economically attractive tax policies
2. Support "fiscal transitions", mainly as part of regional integration areas
3. Promote transparency and fight the "Global Bads" (illicit financial flows, tax evasion and abusive practices) in a pragmatic manner
4. Support efforts to improve the performance and transparency of tax administrations and fight corruption
5. Support the improved taxation of resource rent sectors
6. Develop new approaches to widen the fiscal space: combat the informal economy, leverage property taxation and implement local taxation

Norway

There was a reduction in the Norwegian DRM aid in 2016, which was principally due to lower bilateral DRM aid disbursement levels in Tanzania, Zambia and Mozambique. It was also related to a lower level of DRM research related aid through the Norwegian Research Council and the International Centre of Tax and Development.

In 2017, Norway prepared an internal strategy and policy on DRM aid. In support of the same, the Norwegian Tax Authority (NTA) delivered a report and a plan related to capacity building and institutional cooperation in the area of tax administration in development. These efforts will be developed further in 2018. Increased Norwegian DRM aid is expected through a mix of bilateral, multilateral and civil society-research-media initiatives. It is expected that the level of Norwegian DRM aid will increase in line with ATI commitments until 2020.

Sweden

Sweden's bilateral, regional and global support as well as certain topics or sectors are regulated in government-approved *strategies*. Specifically, the "*Results strategy for global action on economically sustainable development 2014–2017*" prescribes that global support should enhance the capacity of countries to implement effective tax legislation as a way of contributing to inclusive and efficient markets.

Sweden's support to DRM has come mainly in the form of projects implemented in cooperation with the Swedish Tax Agency (Skatteverket). Other support is provided in the form of contributions to broad PFM reform programs, to World Bank-administered multi-donor trust funds or support to NGOs. In light of Sweden's commitment to increasing support for DRM, Sweden is investigating the possibility increasing support both via the Swedish Tax Agency and by other means.

Finland

Finland is preparing broader DRM support in several partner countries, e.g. Afghanistan, Mozambique and Tanzania. Moreover, new multilateral funding to one additional member of the PCT, besides OECD and the UN/UNDP, is considered. Generally, Finland supports regional capacity building and thus works with ATAF as a primary actor in Africa. Furthermore, bilateral and multilateral support are balanced as good as possible and since resources for technical support are limited, Finland has to lean more towards financial support.

Slovakia

There have been no significant changes in DRM-related activities or in the approach of selecting partner countries. However, Slovakia plans to expand its development cooperation portfolio with budget support, most likely to Montenegro. Although discussions on the sector of support are still ongoing, it is assumed that the focus will be on taxation and budget support and will be complemented with technical assistance.

Germany

Germany pursues a holistic Good Financial Governance (GFG) approach that integrates different areas of public finance, e.g. revenues, procurement, budget, audit, debt etc. This approach is mirrored in Germany's bilateral projects in the area of public finance. This implies that projects reported not only work to DRM, but also contribute to the strengthening of mobilising revenues through generally improved public finance systems.

The difference between the growth of commitments and the growth of disbursements from 2015 to 2016 arises from a time lag between committing and implementing. The next years should therefore show a growth in disbursements proportional to commitments. The growth in commitments is mostly explained by new projects and the renewal of existing projects with an increased volume.

Italy

Italy is involved mainly in multilateral programmes, providing both financial and technical assistance. In particular, Italy contributes financially to the OECD Global Relations Programme, the Customs Cooperation Fund of the World Custom Organisation and is a member of the Inter-American Center of Tax Administrations (CIAT).

In 2017, G7 Italian Presidency identified the fight against tax and other financial crimes and illicit financial flows as a key pillar of its programme, which resulted in the achievement of the high-level commitment among the G7 countries through the Bari Declaration on Fighting Tax Crimes and other Illicit Financial Flows. Based on the domestic expertise in this field, Italy focussed on supporting capacity building initiatives for tax officials from developing countries.

For the next few years, Italy is willing to confirm its involvement in multilateral and bilateral capacity building initiatives. A three-year cooperation programme with Albania on the automatic exchange of information for tax purposes will start in 2018.

Box 1: Loans

For 2016, France reported two new DRM projects, one in Indonesia (110.58 million USD) and one in Armenia (44.23 million USD). In both cases, the support was provided in the form of loans. In total, gross disbursements of loans amounted to 154.82 million USD in 2016 (see table 1). A third, relatively small loan was reported by Germany.

In three projects support was provided in the form of loans, amounting to gross disbursements of 154.83 million USD.

ATI development partner	Partner country	Gross Disbursements (Mio. USD)	Commitments (Mio. USD)	Long Description
France	Indonesia	110.58	110.58	Appui budgétaire multi sectorielle
France	Armenia	44.23	44.23	Aide budgétaire multi sectorielle à la République d'Arménie en relais à la DPO (IV) de la BM + comp. subv. AT
Germany	Ghana	0	0.97	Performance oriented Public Financial Management, Ghana Revenue Authority
Total		154.82	155.78	

Table 1: Loan support by ATI Development Partners (2016 in Million USD)

Excluding the three projects with loan support results in a decline in support to DRM compared to the 2015 baseline.

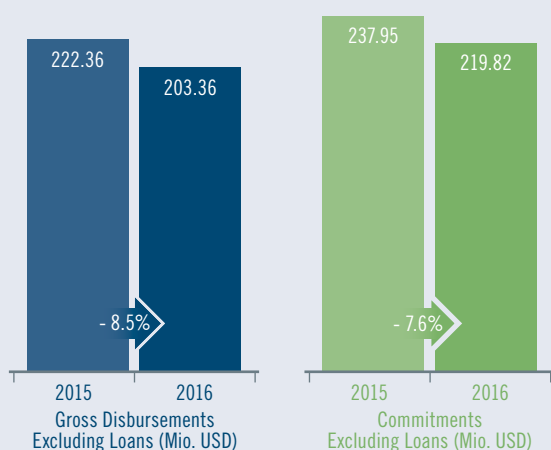


Figure 4: ATI Support to DRM, loans excluded (in Million USD)

In 2015, no loans were reported by the ATI development partners. This changed in 2016 with the two substantial loans made by France, significantly reconstructing the whole landscape of support to DRM when included. Given that the two loans are outliers in terms of size, the analysis that follows will highlight the state of DRM with and without loans.

If one excludes loans from the project list, gross disbursements amount to 203.36 million USD and commitments amount to 219.82 million USD. Compared to the 2015 baseline, this represents a decrease of 9% and 8%, respectively. Figure 4 illustrates the decrease in support to DRM by ATI development partners, both in terms of disbursements and commitments, if loans are excluded from the analysis.

Recipient Countries of ATI Development Partners' Support to DRM

In 2016, 92 countries received ODA support to DRM from ATI development partners. Compared to 2015, eight additional countries were supported in 2016. However, there are also more countries in 2016 that received relatively small amounts compared to the baseline year 2015.

In line with its mandate to report on progress made with regards to ATI Commitment 1, this ATI Monitoring brief only includes ATI members – support from non-ATI development partners is excluded, as well as support provided by multilateral organisations and other stakeholders. Hence, these figures do represent a larger part but not the full picture of international support to DRM. Support provided through (broader) regional projects might also not be captured in the data. There is also a need to understand wider ATI recipient government support to and from other countries (e.g. South–South cooperation).

In the closing statement of its First Global Conference, the Platform for Collaboration on Tax (PCT), a joint initiative of the International Monetary Fund, World Bank, OECD and UN, declared their commitment to *“help to give a comprehensive picture of the total effort of international, regional and bilateral partners in supporting developing countries on tax matters”*. The members of the Addis Tax Initiative very much welcome and appreciate this advance.

In terms of dollar value, DRM support also became more concentrated in 2016. Two project loans accounted for 43.22% of total gross disbursements. Almost half of the gross disbursements (48.2%) were allocated to projects in only three countries. More broadly, the top ten DRM recipients received 64.4% of total DRM support from the ATI development partners.

Indonesia is the largest recipient of ODA support provided by ATI development partners, followed by Armenia and the Philippines.

Recipients	Gross Disbursements (Mio. USD)
1. Indonesia*	114.14
2. Armenia	45.05
3. Philippines*	13.28
4. Afghanistan	11.75
5. Ghana*	11.75
6. Pakistan	8.43
7. Kenya*	8.20
8. Uganda*	6.93
9. Tanzania*	5.88
10. Zambia	5.05
Top Ten Total	230.45

The three largest recipients in 2016 were Indonesia, Armenia, and the Philippines replacing Afghanistan, Tanzania and Pakistan in 2015. Indonesia, Armenia and Uganda newly joined the top ten list in 2016 while Mozambique, Tunisia and Rwanda fell out of the top ten list of recipient partner countries.

If one excludes loans, the ODA distribution of DRM support becomes less concentrated with half of all support being allotted to projects in 16 countries.

Without loans, the share of the top ten recipient countries is 39.8%, which mirrors 2015 when the top ten's share was represented by 38% of disbursements. Furthermore, the Philippines, Afghanistan and Ghana become the top three recipients while Tunisia and Somalia move up into the top ten.

Table 2: Top Ten Recipients of ODA Support to DRM (2016, Gross Disbursements Mio. USD), * ATI Partner Country

Excluding loan support moves the Philippines to the top of recipients, followed by Afghanistan and Ghana.

Recipients	Gross Disbursements (Mio. USD)
1. Philippines*	13.28
2. Afghanistan	11.75
3. Ghana*	11.75
4. Pakistan	8.43
5. Kenya*	8.20
6. Uganda*	6.93
7. Tanzania*	5.88
8. Zambia	5.05
9. Tunisia	4.27
10. Somalia	4.08
Top Ten Total, Excluding Loans	79.62

Table 3: Top Ten Recipients of ODA Grant Support to DRM (2016, Excluding Loans, Gross Disbursements Mio. USD), *ATI Partner Countries

DRM Support to ATI Partner Countries

The share of ATI development partners' DRM support going to the ATI partner countries increased considerably from 2015. In 2016, 50.0% (179.2 Mio. USD Gross Disbursements) of the ATI development partners' ODA support to DRM went to the ATI partner countries. Compared to a share of 22.7% (50.20 Mio. USD) in 2015, this is a substantial change in focus towards the ATI partner countries, both in absolute and relative terms. This trend is also confirmed when excluding loans from the dataset, with the share of non-loan support going to ATI partner countries at 33.7% (65.06 Mio. USD).

ODA Support to ATI partner countries increased substantially from 22.7% in 2015 to 50.0% in 2016.

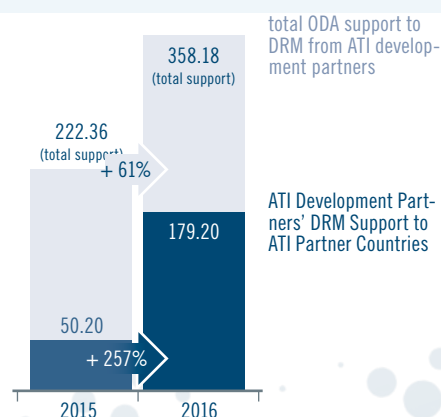


Figure 5: ATI Development Partners' DRM Support to ATI Partner Countries (Gross Disbursements, Mio. USD)

Among the ATI partner countries, the top three recipients of support to DRM in gross disbursements are Indonesia, the Philippines and Ghana. The Gambia is the only ATI partner country that currently does not receive support from the ATI development partners.

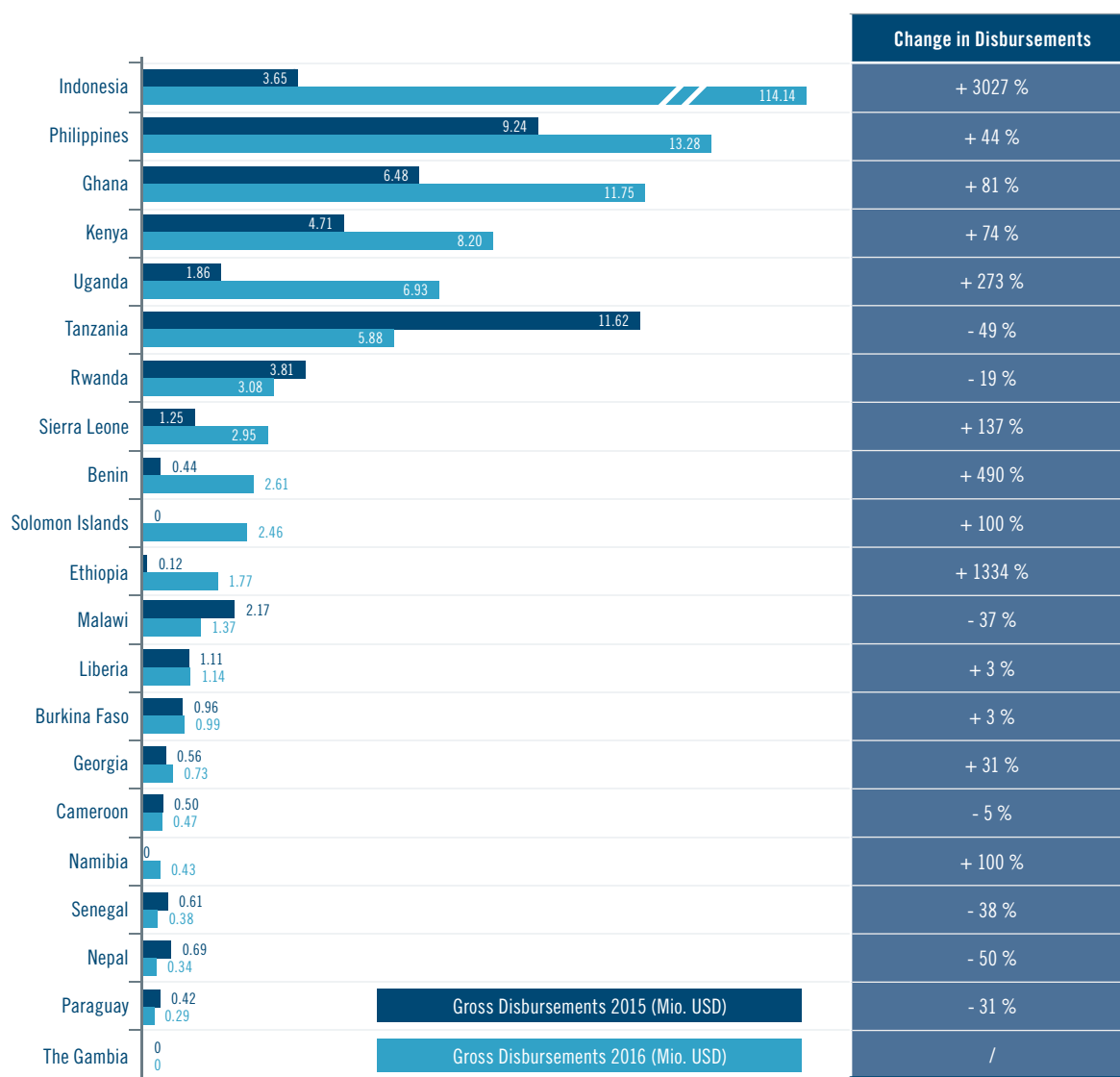


Figure 6: ODA Support from ATI Development Partners to ATI Partner Countries (Gross Disbursements, Mio. USD)

Among the ATI partner countries, Indonesia has received the largest share of support provided by the ATI development partners, followed by the Philippines and Ghana. With this, it has effectively switched positions with Tanzania, which held the leading position in this ranking in 2015. Similar to Namibia in 2015, there is one ATI partner country that receives zero bilateral support from the ATI development partners in 2016: The Gambia, which joined the ATI in the autumn of 2017.

Six ATI partner countries received less support in 2016 compared to 2015: Tanzania, Malawi, Senegal, Cameroon, Nepal and Paraguay. The Gambia did not receive support to DRM in either year. For all other ATI partner countries, support has increased compared to 2015.

Looking solely at the ATI partner countries, support is concentrated as well: 77.7% of support provided by the ATI development partners goes to the top three ATI recipients and 95.6% to the top ten ATI partner country recipients. Excluding loan support, 48.4% of DRM support goes to the top three ATI recipients and 88.5% to the top ten.

I. Regional distribution of support

Partner countries in every developing region are supported by the ATI development partners. However, there are variations regarding the regional distribution of DRM support in dollar terms.

In 2016, more than one third (36.88%) of DRM support by the ATI development partners went to Far East Asia. If one excludes loans, Sub-Saharan African is the most supported region (38.8% of total grant support). This trend has persisted since 2015, when Sub-Saharan Africa was already the region with the greatest share (37.66 %) of total support.

For entries that are classified in the CRS database as ‘Developing Countries, unspecified’ there is no detailed information on the regional distribution of support. This category includes, for instance, funding provided to DRM activities of international organisations or programmes with a regional or global rather than country-specific focus. The share of DRM support falling under this category decreased from 16.21% in 2015 to 7.69% of gross disbursements in 2016.

The greatest share of support (36.88%) is going to Far East Asia. Sub-Saharan Africa receives 22.05% of total ODA to DRM.

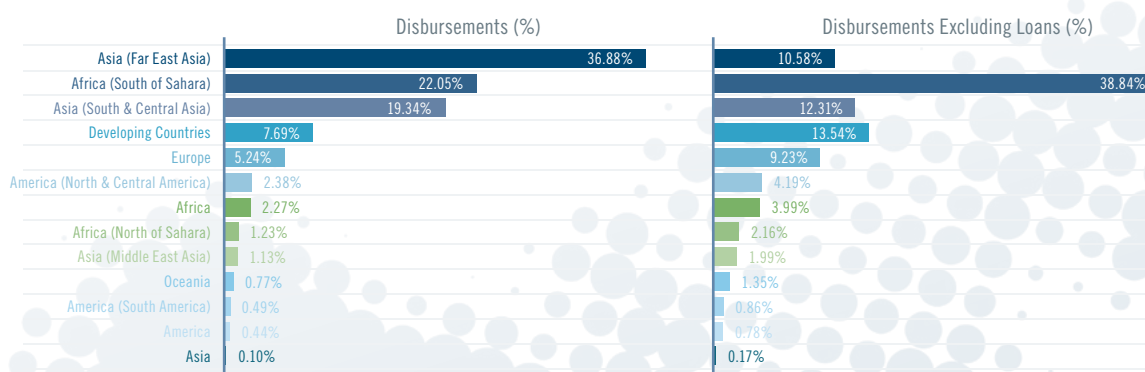


Figure 7: Regional Distribution of ODA Support (2016, % of Total Gross Disbursements)

II. Support by income group

About 20% of the ATI development partners' support to DRM in gross disbursements went to the group of Least Developed Countries (LDCs), and other Low Income Countries (LICs)⁷. Compared to the ATI baseline, this is a substantial decrease – down from 40% of support allocated to these two groups in 2015.

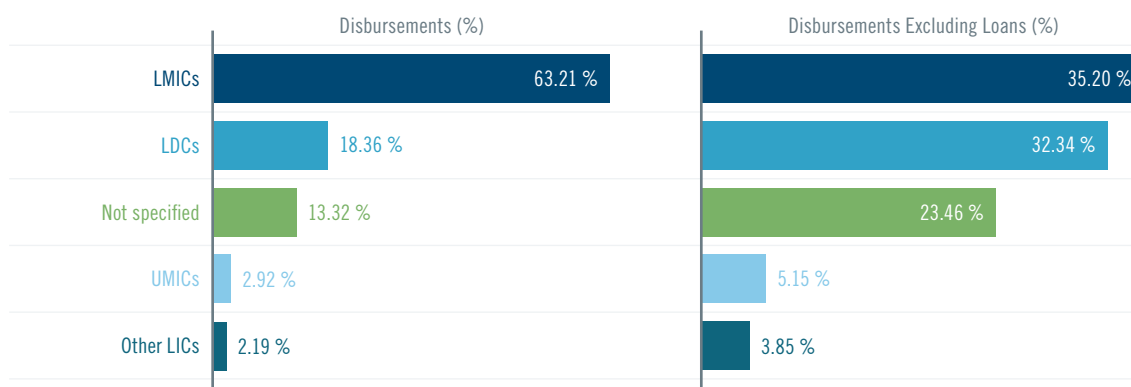
Part of this development can be attributed to the large French contributions to Indonesia and Armenia, which are both Low and Middle Income Countries (LMICs). If one again excludes loan support, the share of support to LDCs and LICs jumps to 36.19% of gross disbursements while support to LMICs decreases from 63.21% to 35.20%. The category LMICs accounted for 24.16% of total support in 2015; thus, even without loans, support to this category of countries increased markedly. Large recipients in this category are Ghana, Pakistan and the Philippines. Support to Upper Middle Income Countries (UMICs) slightly decreased compared to 2015 (6.12%).

Finally, the category “Not specified” in Figure 8 refers to all entries in the OECD DAC database where the project was either “unallocated by income” (44.19 Mio. USD) or information was not available (3.51 Mio. USD).

In 2016, DRM support to LDCs dropped from 40% to

18.36 %
(35.2% without loans)

Low and Middle Income Countries (LMICs) are the largest recipient group of support by ATI development partners.



NOTE

The figures are based on the OECD DAC definition of income groups (OECD, 2017). LDCs=Least Developed Countries, Other LICs=Other Low Income Countries, LMICs=Lower Middle Income Countries and Territories, UMICs=Upper Middle Income Countries and Territories.

Figure 8: Distribution of ATI Support by Income Group (2016, % of Gross Disbursements)

⁷ Countries in the groups LDCs and LICs according to the OECD DAC list of ODA recipients.

Among the LDCs and LICs, support to DRM is not evenly distributed. The ten countries (out of 36) with most support in this income group received 67.62% of the total support to LDCs and LICs in 2016. The top three countries – Afghanistan, Kenya and Uganda – received more than a third of DRM support going to this group of countries (35.98%).

The ten LDCs with the least support together received 1.26 million USD in gross disbursements from the ATI development partners in 2016 (see Table 4). Several other countries, including Djibouti, Central African Republic or Angola do not even appear in Table 4 since they did not receive any reported support from the ATI development partners during the year.

Among the Least Developed Country (LDC) recipients are many that receive small amounts of support to DRM from the ATI development partners. Support to the ten LDCs with least support amounts to 1.26 million USD.

Recipients 2016	Gross Disbursements (Thousands USD)
Madagascar	0.00
Kiribati	4.35
Vanuatu	31.05
Chad	53.28
Zimbabwe	102.70
Bangladesh	111.89
Burundi	138.08
Togo	194.46
Mauritania	301.08
Guinea-Bissau	322.62
Total Bottom Ten	1259.52

*Table 4: Bottom Ten LDC Recipients (2016, only countries that show disbursements and or commitments in 2016/2015), * ATI Partner Country*

It is important to note why no or only modest DRM support is provided to certain partner countries. There are several explanations for these trends. Some countries may have other development priorities, or there might be political or policy influencing development partners' ability or willingness to support specific countries. Additionally, support might be provided to these countries through regional projects, multilateral organisations or trust funds and thus are not covered in the dataset - recipients of those funds are generally not specified and captured in the OECD DAC data.

A more detailed analysis is necessary to shed some light on the reasons of low support levels in certain countries and whether some countries should be considered underfunded. However, the data highlights some relevant points: the high concentration of support in a few partner countries indicates that coordination of support is of high importance, not only within the countries that receive large amounts of support from several development partners, but also across countries. Moreover, there may be scope for improvement regarding the planning and coordination of support. While some countries do not prioritise DRM, there are countries that would like to step up DRM but do not yet receive support in this area. The Gambia, for example, recently joined the ATI, thus demonstrating its commitment to undertake DRM reforms, despite not yet receiving international support to do so.

III. ATI Support to DRM by Type of Support and Channel of Intervention

Analysing the type of support provided by development partners can shed light on the effectiveness of some areas of support in relation to others. In the OECD DAC reporting guidelines, there are eight categories of support that can be used to describe the type of support being provided to partner countries. Moreover, specific channels of intervention, for instance specific NGOs or multilateral organisations, can be attributed to the projects. The information on these two variables, however, is incomplete in the dataset, rendering a thorough analysis very difficult.

The majority of support to DRM is provided through project-type interventions.

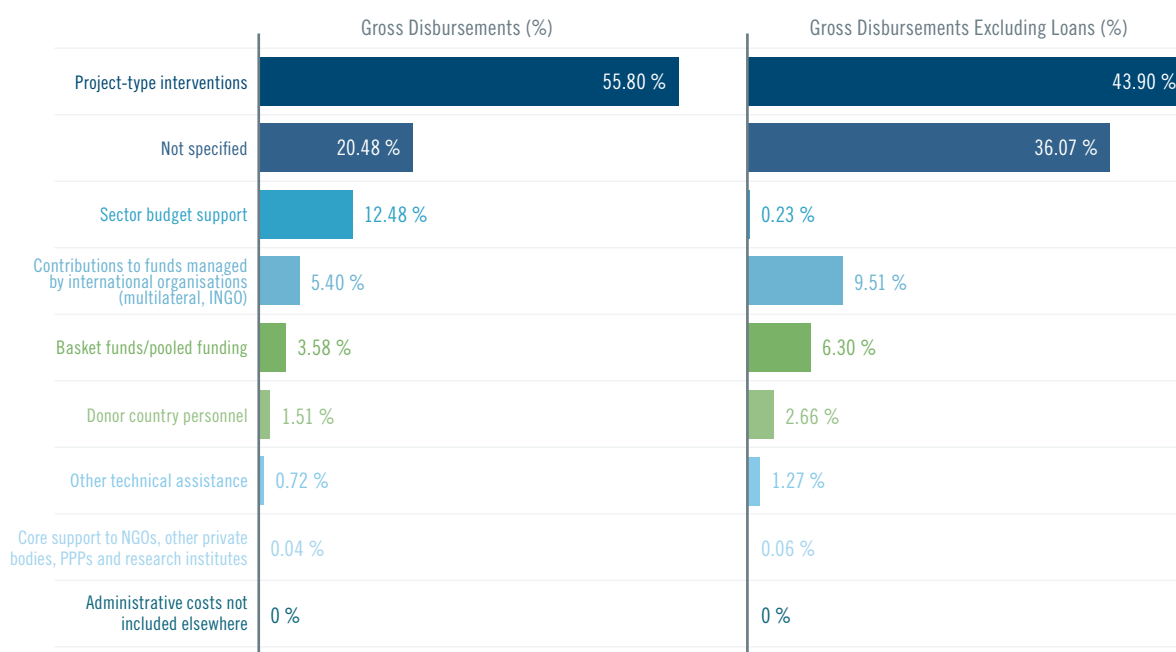


Figure 9: Support to DRM by Type of Support (2016)

As figure 9 shows the largest category of support and accounts for the majority of gross disbursements to DRM by ATI development partners (55.8%) in 2016. This reflects the fact that most countries work bilaterally with partner country governments and provide support to DRM that takes the form of specific projects: for example, strengthening tax administrations or advising on tax reform. 57.10% of support reported as project-type interventions is channelled through the recipient country government (see Figure 10). The second largest share of project-type interventions goes through public corporations (21.10%), such as the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ).

Project-Type Interventions are mainly channelled through the recipient government.

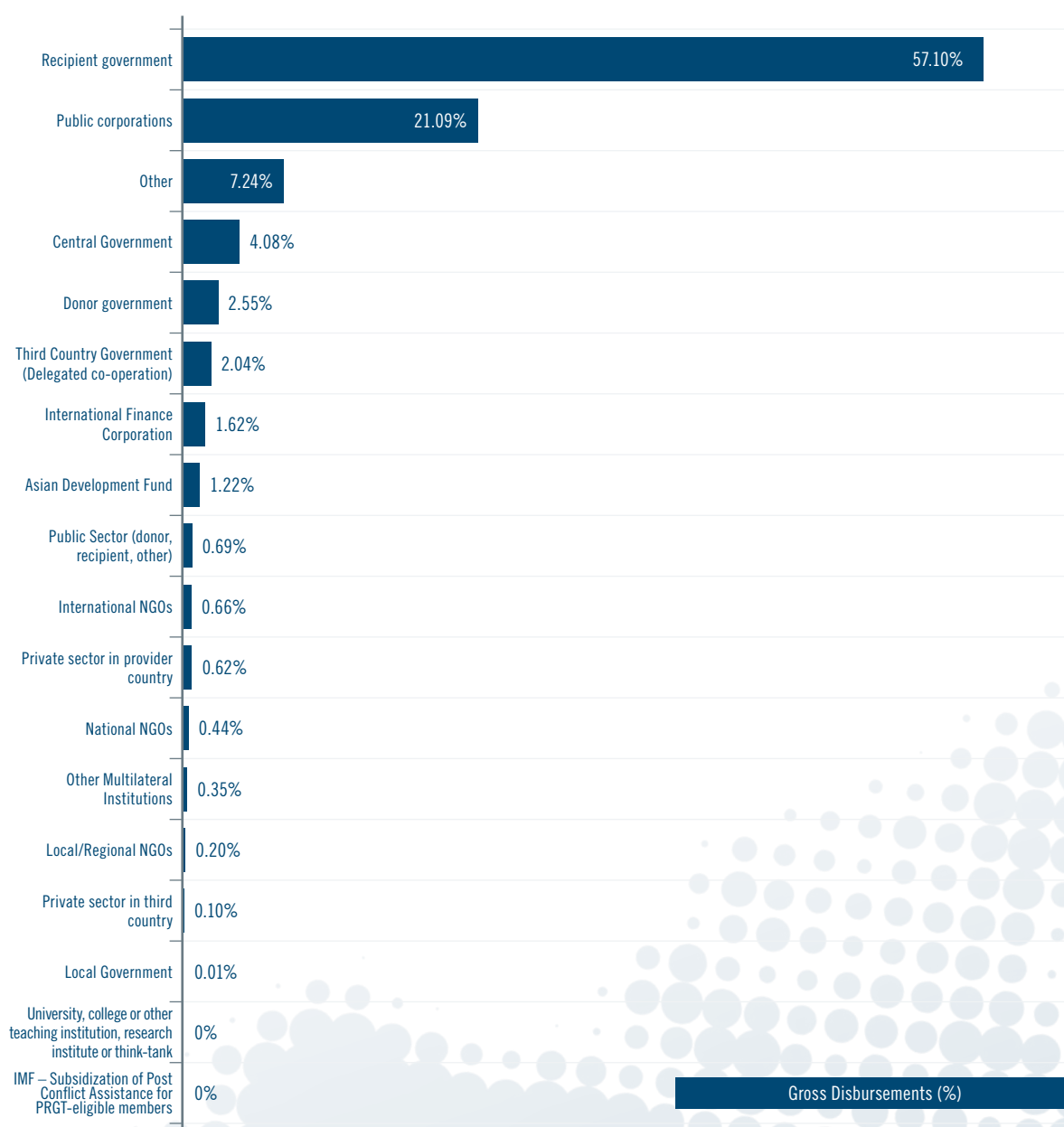


Figure 10: Channels of Project-Type Interventions (2016)

As can be seen in Figure 9, the second largest part of the second largest part ATI development partners' support to DRM (20.48% of gross disbursements, 36.07% of commitments) is not specified in terms of the type of support. However, we can complement this ambiguous "Not Specified" category by analysing the channels of intervention of the non-specified projects. Thereafter, 25.35% were channelled through the private sector in the provider country, 5.67% are provided through the International Monetary Fund and 5.07% through the private sector in the recipient country (figure 11); and several smaller shares were channelled through international or local NGOs and an assortment of other organisations. Nonetheless, the data remains limited, given that the largest part is not specified in terms of channel of support either.

If the type of support is not further specified, support is often channelled through the private sector in the provider country (25.35%). However, in more than half the cases, the channel is not specified either.

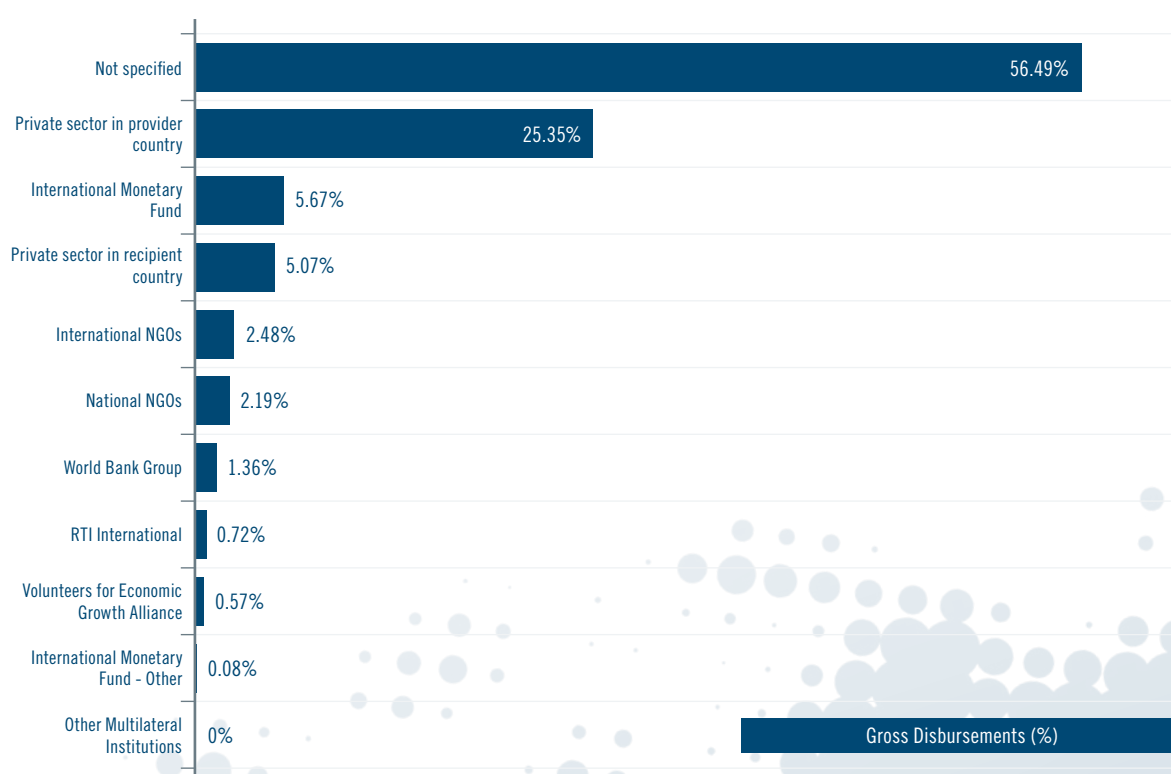


Figure 11: Channels of Not-Specified Types of Support (2016)

Sector budget support made up 12.48% of total disbursements in 2016, all of which was channelled through the recipient government. However, this category was driven almost entirely by the large loans by France. Worth noting, the share of project-type interventions in total DRM disbursements decreases to 43.50% when loans are excluded.

Contributions to specific-purpose programmes and funds managed by international organisations accounted for 5.40% of total DRM disbursements (9.51% of support excluding loans). Almost half of this support was channelled through the International Monetary Fund (IMF) (49.30%), and one third was channelled through the International Bank for Reconstruction and Development (IBRD) (33.30%).

Roughly half the contributions to specific-purpose programmes and funds managed by international organisations are channelled through the International Monetary Fund.

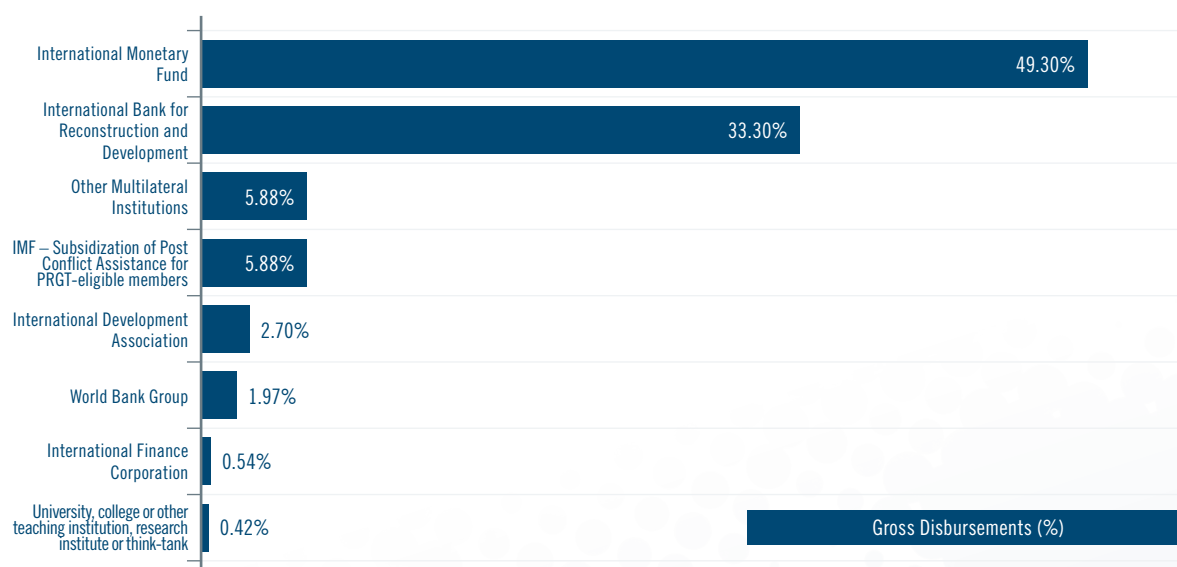


Figure 12: Channels of Contributions to Specific-Purpose Programmes (2016)

Less than 1% of total DRM disbursements in 2016 was classified as core support to NGOs, other private bodies, public private partnerships (PPPs), and research institutes. Some support channelled through NGOs is also captured by project-interventions and in the “not specified” category of support: 4.68% of the non-specified projects are channelled through national or international NGOs. It has to be assumed that support to civil society is not fully captured given that projects may not be flagged as such due to being part of bilateral or regional DRM projects.

Support provided to four regional tax networks – ATAF, CATA, CIAT and CREDAF – accounted for 5.23 million USD or 1.46 % of total DRM support in 2016. However, this number is likely to be understated: the coverage for the variable analysed is not very high and support provided through tax networks is also often channelled through multilateral funds or goes through regional projects.

Again, it must be stressed, that comprehensiveness of the data is a challenge and the analysis with regards to type and channel of support is certainly impacted by this. An increased data quality would allow for better analysis in the future.

Conclusion

In 2016, support to DRM increased by 61% in terms of gross disbursements and 58% in terms of commitments compared to the 2015 baseline. The overall increase in support to DRM is driven primarily by two substantial loans by France. Excluding the loans, ATI development partners' support to DRM in 2016 slightly decreased in comparison to the 2015 baseline, namely by 9% of gross disbursements and 8% of commitments.

Notwithstanding this decline in non-loan support, the political commitment from ATI Development Partners remains high. As the first full year following the launch of the Initiative, 2016 cannot be expected to reflect the longer-term intentions of development partners to scale up their DRM portfolios. It will be DRM commitments and disbursements in subsequent reporting years that will provide a more indicative picture of development partners' follow-through on Commitment 1. The seriousness of these decreases in disbursements and commitments should not be exaggerated as funds disbursed in 2016 do not yet reflect the ATI commitment made in 2015.

Even so, it appears that ATI membership has been accompanied by increased attention and support to ATI partner countries—with the share of support being provided to ATI partner countries rising from 2015 to 2016. This is a positive trend and also seems to be significant as these are the countries that have emphasised the strengthening of their DRM systems in their political agendas.

In general, data quality and comprehensiveness remain challenges and available data do not reflect the full picture – for instance with regard to DRM support to regional networks or CSOs.

Also, the informative value of project descriptions provided in the dataset is mixed. More in-depth project descriptions would provide the ability to analyse the development partners' portfolios, including the thematic focus of their support. Better data quality in this regard would also enable the DRM Database to become a more powerful tool for inspiring well-informed decisions when it comes to planning and coordinating DRM support as well as identifying successful approaches and good practices. Some members such as the U.S. have already provided very detailed project descriptions, which can be accessed in the [DRM database](#).

To ensure that additional efforts to support DRM in partner countries actually make a difference, it will be crucial to not only monitor the quantity of additional funds provided by the ATI development partners, but also the quality of aid provided, not to mention the results of that cooperation in terms of DRM improvements. Therefore, the ATI is currently in the process of establishing consultative groups with the aim of organising and executing activities to support the fulfilment of the ATI commitments. Going beyond the measurement of ODA flows, these groups will, inter alia, look into measuring the impact of support to DRM and contribute to further developing the DRM Database. Results of their work will inform and enrich future monitoring exercises and coordination efforts.



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