Tax & Development Conference

2–4 July / Berlin, Germany

Conference Report

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Tax & Development Conference

Imprint

The International Tax Compact (ITC) is a neutral platform that aims to enhance domestic revenue mobilisation in partner countries, and to promote fair, efficient and transparent tax systems. It facilitates the Secretariat of the Addis Tax Initiative. As a joint product, the International Tax Compact and the Addis Tax Initiative organise the ATI/ITC Tax and Development Conference. The German Federal Ministry for Economic Cooperation and Development (BMZ) has launched the platform in 2009 and commissioned the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to facilitate the ITC Secretariat. Since April 2017 the European Union is supporting the ITC through a co-financing agreement. The Ministry of Foreign Affairs of the Netherlands and the Ministry of Finance of the Slovak Republic provided financial support for the implementation of the second ATI/ITC Tax and Development Conference, which took place from 2 to 4 July 2019 in Berlin, Germany.

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Tax & Development Conference

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Introduction

The ATI/ITC Tax and Development Conference 2019 brought together more than 150 stakeholders cooperating with the International Tax Compact (ITC) and working in the area of domestic revenue mobilisation (DRM), most notably in the context of the Addis Tax Initiative (ATI). The conference provided a neutral setting for broad-based discussions on topics related to tax and development, while setting the focus on the needs and priorities of partner countries. In particular, participants had the opportunity to learn about issues faced by partner countries, development partners and relevant organisations, to benefit from the sharing of experiences, and to identify opportunities for collaboration and synergies in this field.

Participants of the ATI/ITC Tax and Development Conference 2019 included representatives from 34 different countries. These included 29 representatives from 16 ATI partner countries, and 47 representatives from 14 ATI development partners and 25 representatives from 10 ATI supporting organisations. Further, six regional and international tax networks were represented at the conference, five of which are members of the Network of Tax Organisations (NTO), as well as 13 different think tanks and academic organisations and 12 civil society organisations. The United Nations (UN), World Bank Group (WBG) and Organisation for Economic Co-operation and Development (OECD), as well as the Platform for Collaboration on Tax (PCT), Tax Inspectors Without Borders (TIWB) and the International Budget Partnership (IBP), were also represented.

The ATI/ITC Tax and Development Conference 2019 provided a platform allowing diverse voices to be heard and new synergies to be built between partner countries and development partners. It allowed to reflect on the progress made in enhancing domestic revenue mobilisation in partner countries and fostering coherent development and tax policies. With 2020 approaching, the conference also aimed to explore how to develop the Addis Tax Initiative further to best accommodate the changing needs and priorities of its stakeholders in the future.

The conference was jointly organised by the Addis Tax Initiative and the International Tax Compact, with financial support from the German Federal Ministry for Economic Cooperation and Development (BMZ), European Union, Dutch Ministry of Foreign Affairs (BZ) and Ministry of Finance of the Slovak Republic.

This report summarises the presentations and debates of each of the sessions featured in the agenda of the ATI/ITC Tax and Development Conference 2019, which can be found in the annex.

Participants of the ATI/ITC Tax and Development Conference 2019

Opening Statements

Speakers

Petra SCHMIDT, Head of Division, Sectoral and thematic policies, governance, democracy and rule of law, Federal Ministry for Economic Cooperation and Development (BMZ), Germany

Felix FERNANDEZ-SHAW, Director of International Cooperation and Development, DG International Cooperation and Development (DG DEVCO), European Commission

Essa JALLOW, Deputy Commissioner, The Gambia Revenue Authority

The ATI/ITC Tax and Development Conference 2019 started with introductory speeches by **Petra SCHMIDT**, Head of Division for sectoral and thematic policies, governance, democracy and rule of law at the German Federal Ministry for Economic Cooperation and Development (BMZ); **Felix FERNANDEZ-SHAW**, Director of International Cooperation and Development in the DG International Cooperation and Development (DG DEVCO) at the European Commission; and **Essa JALLOW**, Deputy Commissioner and The Gambia Revenue Authority. All three speakers stressed the importance of mobilising domestic revenue and ensuring fair, efficient and effective tax systems for the achievement of the UN 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). For their achievement, a continuation of the Addis Tax Initiative (ATI) after 2020 is considered key.

Petra SCHMIDT took her speech as an opportunity to celebrate the 10 year anniversary of the International Tax Compact (ITC), which gradually evolved from an informal forum for dialogue and action to a well-recognised neutral platform in the tax and development arena. SCHMIDT continued by stressing the inclusiveness of the Addis Tax Initiative as crucial to progress made towards mobilising domestic revenue in partner countries. Most notably, the initiative's strengths lie in the equality with which meetings take place and decisions are made, as well as in the unity in which members follow common goals. She reassured Germany stands by the ATI commitments, whereby it follows a broader holistic understanding of improving public finance systems in line with the principles of Good Financial Governance (GFG). With 2020 drawing close, SCHMIDT showed herself confident that the conference would provide a fruitful ground to take stock, discuss lessons learnt, and allow participants to decide together on options for the Addis Tax Initiative post 2020.

Felix FERNANDEZ-SHAW spoke about the increasing importance of domestic revenue mobilisation in development cooperation, and the progress recorded since the Third UN Financing for Development Conference. Notably, he highlighted the link between mobilising domestic revenue, the Agenda 2030 and the universal SDGs, as well as the advancement on the international tax governance and progress within the Addis Tax Initiative. More precisely, he underlined the need for a stronger alignment of the work of the Addis Tax Initiative to the SDGs to further enhance the initiative's impact. He reconfirmed the EU's commitment to fighting illicit financial flows, tax avoidance and tax evasion as a top political priority, stemming from the EU external strategy on effective taxation. FERNANDEZ-SHAW concluded underscoring the importance of ensuring a "leave no one behind" approach by bringing partner countries closer and giving them a voice in the international tax dialogue.

Lastly, on behalf of the ATI Steering Committee, Essa JALLOW closed the opening statements by urging participants to take the ATI/ITC Tax and Development Conference 2019 as a first step towards strong tax systems and state institutions, which serve as the vehicle for growth and development. Notably, a pathway that is unique and tailored to partner countries' needs that can cater to their challenges should be created. Rampant attempts at tax evasion, continuous inconsistencies in the application of tax law, and inconsistencies in legislations and policies within and between countries have led to a tax situation in dire need of improvement. JALLOW stressed that bringing together the relevant players in the sphere of taxation and development should extend beyond the conference. Meaningfully using the networks established amongst the participants could ultimately contribute to improving the lives of men and women in our respective countries.

Presentation of the 2017 ATI Monitoring Report

Stefanie RAUSCHER, Coordinator of the International Tax Compact, presented the *2017 ATI Monitoring Report*. The report provides a yearly update on the progress made by the ATI member countries in fulfilling the three ATI commitments. The ATI member countries use the report to share their implemented DRM reforms, achieved results and upcoming DRM priorities. The report also serves as a reporting mechanism on the support and contributions made towards domestic revenue mobilisation. RAUSCHER opened the presentation of the 2017 ATI Monitoring Report by acknowledging the efforts of ATI member countries in making available the information used to compile the report by updating their respective data on the OECD Development Assistance Committee (DAC) Statistics and populating the ATI Monitoring Surveys sent by the Secretariat of the Addis Tax Initiative. The following key findings summarise the progress made towards attaining the three ATI commitments.

Stefanie Rauscher (ITC Coordinator) presenting the 2017 ATI Monitoring Report

ATI Commitment 1

The following progress by ATI development partners towards collectively doubling technical cooperation in the area of domestic revenue mobilisation are described in the 2017 ATI Monitoring Report:

- While ATI development partners' commitment to DRM support stood at USD 258.22 million in 2017, the gross disbursements amounted to USD 260.41 million. In comparison to the 2015 ATI baseline year, this indicates an increase of USD 45.20 million (21%) in disbursement and a USD 56.91 million (28%) increase in commitments.
- ATI development partners account for 93% of all OECD DAC members' gross disbursements and 83% of commitments made towards DRM support in 2017.
- 98 countries received official development assistance (ODA) support to DRM from ATI development partners, with 35% (USD 91.9 million) gross disbursements going to ATI partner countries.

The results of the report demonstrate that the ATI development partners have dedicated a considerable amount of resources toward supporting DRM efforts through various projects in both ATI and non-ATI member countries. The report acknowledges the point raised by ATI development partners that there is a considerable time lag between political commitments made and the required budgetary adjustments, planning and implementation of projects in support of this commitment. Despite this time lag, however, ATI development partners expressed that they are optimistic about fulfilling their commitment to double their support to DRM reforms by 2020.

ATI Commitment 2

The 2017 ATI Monitoring Report also assesses how the ATI partner countries are progressing in stepping up domestic revenue mobilisation for spurring development. Although ATI partner countries have made noticeable progress, there are still considerable gaps in securing enough revenue to sustainably finance development and growth. The findings of the 2017 Monitoring Report indicate the following:

- Tax-to-GDP ratios in ATI partner countries have improved since 2015. However, this improvement alone is not sufficient, since more than half of the ATI partner countries have a tax-to-GDP ratio well below 15%, which falls short of the ratio required to drive sustainable growth. Of the 23 ATI partner countries, only four countries have a tax-to-GDP ratio of 20% or above.
- Indirect taxes form the largest share of total revenue, accounting for 45.5%. Direct taxes account for 34.2% of total revenue.
- The Addis Tax Initiative promotes the use of the Tax Administration Diagnostic Assessment Tool (TADAT) for assessing the strengths and weaknesses of tax administration systems and measuring

progress under ATI Commitment 2. Out of the 23 ATI partner countries, 17 have concluded TADAT assessments as a means of enhancing their DRM efforts.

- ATI partner countries have undertaken reforms in the areas of taxation, digitalisation, simplification of tax procedures, capacity building, tax audit and compliance. Countries have also prioritised building capacity for implementing international standards, frameworks and agreements, such as the BEPS Inclusive Framework and Automatic Exchange of information (AEoI).

ATI Commitment 3

The following efforts by ATI member countries towards ensuring policy coherence for sustainable development are highlighted in the 2017 ATI Monitoring Report:

- ATI member countries (23 of 25 respondents) have formal and/or informal coordination mechanisms for domestic revenue mobilisation in place.
- 24 ATI member countries reassured their commitment to working on coherent policies and combating illicit financial flows.
- ATI member countries report progress in the areas of exchange of information and Base Erosion and Profit Shifting (BEPS), both of which are important working domains.
- 10 of 26 responding ATI member countries have a tax treaty policy in place that looks specifically at policy coherence for development.

Health, trade and gender are other topics in the area of policy coherence with respect to domestic revenue mobilisation that are pursued by ATI member countries.

Discussions following the presentation of the 2017 ATI Monitoring Report highlighted the importance of not only looking at doubling support, but also considering the quality of the support and spending. The importance of aligning DRM support with the priorities of partner countries, ensuring ownership as a driver of true DRM reforms, was also highlighted in the discussions. It was also noted that there is a need for developing a better way to monitor the fulfilment of ATI Commitment 3. More precisely, it is imperative to develop measurable indicators for assessing its implementation.

Panel Discussions

Panel discussion 1
Increasing domestic revenue for achieving the 2030 Agenda: what are the untapped sources?

Panellists

Felix FERNANDEZ-SHAW, Director of International Cooperation and Development, DG International Cooperation and Development (DG DEVCO), European Commission

Martin KREIENBAUM, Director General of International Taxation, Federal Ministry of Finance (BMF), Germany

Jenebe BANGURA, Deputy Commissioner General, Sierra Leone Revenue Authority

Attiya WARIS, Associate Professor of Tax Law and Fiscal Policy, Law School of the University of Nairobi, Kenya

Mick MOORE, Chief Executive Officer, International Centre for Tax and Development

The ATI Monitoring Report 2017 showed that there remains a considerable gap regarding financing of the 2030 Agenda for Sustainable Development. In many partner countries, the tax-to-GDP ratio remains below the threshold of 15%, generally referred to as the minimum for financing basic public services. To achieve the aspirations of the Sustainable Development Goals (SDGs), governments will be increasingly required to tap into alternative, "untapped" sources and reconsider the repertoire of viable fiscal policy instruments at their disposal to broaden their fiscal space. United Nations (UN) estimates published in 2019 suggest that broadening the base and simplifying collection could help the African continent as a whole to raise over USD 99 billion each year for the next five years. Accordingly, the opening panel discussion of the ATI/ITC Tax and Development Conference 2019 aimed at highlighting progress made towards domestic revenue mobilisation in partner countries and discuss untapped sources of revenues that should be considered in fostering DRM reforms.

Discussion

Jenebe BANGURA, Deputy Commissioner General at Sierra Leone Revenue Authority, introduced the objective of a 20% tax-to-GDP-ratio, which should be mainly reached by introducing a property and rental tax, taxing independent service providers (such as doctors, lawyers and others), improving enforcement, and enhancing taxpayer information and education. Nevertheless, she pointed out that a property tax is very challenging to raise, mainly because of the difficulties arising from trying to define capital gain as tax base. Political economy issues are also linked to this issue, as many elites who own land are not incentivised to tax it. While it might be possible to introduce property taxes in urban housing areas, such would be very difficult in rural areas in African countries. BANGURA also raised the importance of peer-to-peer learning amongst partner countries as a means of building their capacity to enhance their DRM efforts.

Mick MOORE, Chief Executive Officer at International Centre for Tax and Development (ICTD), named some untapped potential sources of tax revenues for governments in partner countries. These include taxing alcohol and tobacco, broadening value-added tax (VAT), taxing wealthy people, and reducing the large scale tax exemptions that chip away potential tax revenues. He also identified property tax as a potential source of revenue in partner countries due to urbanisation, which brought about significant growth in the value of urban properties. Further, MOORE emphasised that tax administrations in partner countries have skilled experts whose knowledge of the economic, social and tax environment context of the country should be used in development projects aimed at driving the DRM agenda. Raised as equally important to DRM efforts of countries are the need for stronger cooperation between government agencies and for a better general public's awareness of tax collection.

Attiya WARIS, Associate Professor of Tax Law and Fiscal Policy at the University of Nairobi, mentioned that public sector companies, when properly managed, could serve as an important source of revenue. The taxation of the digital economy was also identified as an important untapped resource, and abilities of countries to implement it should be developed. She also emphasised the importance of an accurate tax register, especially in sectors based largely on cash transactions. Further, WARIS highlighted the need for taxpayer education to be introduced in schools to create a tax compliance culture in society. In that context, tax registration should be introduced at the age of 18. Partner countries should also consider including aid as a part of the national budget.

Felix FERNANDEZ-SHAW, Director of International Cooperation and Development at the European Commission, emphasised that improving tax morale through better enforcement of the social contract should be regarded as an untapped resource, with a public finance management (PFM) approach being essential. More precisely, people need to know what they pay taxes for. He further pointed out that importantly linked to tax morale is the availability of an effective tax enforcement mechanism. FERNANDEZ-SHAW also highlighted that countries need to revisit tax incentives, which corrode revenue, and should look at introducing environmental taxes, which serve as both a source of potential revenue and an effective tool for tackling environmental challenges.

From left to right: Monika Jones (moderator), Felix Fernandez-Shaw (European Commission), Martin Kreienbaum (Germany), Jenebe Bangura (Sierra Leone), Prof. Attiya Waris (University of Nairobi), Prof. Mick Moore (ICTD)

Martin KREIENBAUM, Director General of International Taxation at German Federal Ministry of Finance, addressed the issue of a minimum tax for multinational enterprises (MNEs) as a means to address some tax revenue raising challenges, for instance in the context of the digital economy. Drawing from the report of the UN Conference on Trade and Development (UNCTAD), he highlighted that partner countries were losing USD 39 billion in customs duties on the digital economy. KREIENBAUM also drew from the first BEPS discussion, which resulted in the G20 asking the OECD to develop a work programme that touches on two important potential sources of revenue in its two pillars. The first pillar is the allocation and reallocation of taxation rights, because the way in which value is created has changed. The second pillar is the proposal of an international minimum taxation of MNEs, since the digital economy depends heavily on intangibles that can be easily shifted to low tax jurisdictions. The participation of countries in the BEPS Inclusive Framework provides a good mechanism for tapping into those potential revenue sources.

This was followed by statements that the BEPS programme insufficiently considers the reality of many African countries, despite the fact that only 35 out of the 129 member countries are OECD countries. It is of great importance to take the situation in different groups of countries into account when discussing taxation of the digital economy.

Discussions from the audience based on points raised by panel speakers highlighted that:

- The role of civil society organisations (CSOs) and media should be promoted, as it is key for improving accountability in decision making.
- Support for taxpayer education programmes should be promoted, as it is important that these programmes are introduced in schools. Civil society stakeholders play an important role in providing such tax awareness programs.
- Employees of partner countries' tax administrations should be involved more intensely in capacity development programmes, so that those programmes rely less heavily on external experts.
- Awareness of the fact that DRM improvements may be long term and, consequently, require long-term capacity building to yield the needed results should be enhanced. At times, capacity-building projects overhaul the system and recreate the existing structure, possibly overburdening the tax system.

In response to the question of the role that the Addis Tax Initiative can play now and after 2020, the following were highlighted:

- The need for creating a space where people talk openly and where peer-to-peer learning happens.
- The need to use regional and international tax networks as platforms for enhancing cooperation, coordination and capacity building in collaboration with international bodies.
- The need to go beyond a DRM focus and link up with issues of budgeting and expenditure.
- The possibility of looking at the ways domestic revenue is mobilised and interlinkages that exist regarding topics, such as tax and environment or tax and gender.

Panel discussion 2
Combating illicit financial flows: how to improve collaboration?

Panellists

Tom CARDOMONE, President and CEO, Global Financial Integrity (GFI)

Patrick CHEGE, Chief Manager, International Tax Office, Kenya Revenue Authority

Joseph STEAD, Senior Policy Analyst, Centre for Tax Policy and Administration, Organisation for Economic Co-operation and Development (OECD)

The inclusion of illicit financial flows (IFF) as a part of the Sustainable Development Goals (SDGs) has played an important role in elevating the importance of IFF on the international development agenda. While many partner countries have stepped up their efforts to mobilise domestic revenues, tax-motivated IFF continue to undermine their DRM endeavours in considerable ways. The loss of public government revenue, especially in partner countries, amounts to billions of dollars a year, with commercial or business activities accounting for most of the losses followed by criminal activities and corruption. Some of the illicit financial activities that deprive countries of their due revenues include organised crime, tax evasion, fraud in international trade, money laundering, international bribery and corruption.

To be able to mobilise the needed domestic revenues to finance sustainable development, countries need to step up the fight against IFF. The second panel discussion of the ATI/ITC Tax and Development Conference was organised to allow for discussions on how IFF can be tackled and how international cooperation can contribute to addressing IFF, particularly in partner countries. The discussion also aimed at enabling participants to share their views on the role that the Addis Tax Initiative should occupy post 2020 in supporting countries in their efforts to address IFFs.

Discussion

Patrick CHEGE, Chief Manager for the International Tax Office at the Kenya Revenue Authority reiterated the negative impact that IFF have not only on the security and safety of a country, but also on government revenue generation efforts. He acknowledged the importance of international and cross-border collaboration in tackling IFF, emphasising the importance of strengthening collaborative efforts between relevant agencies within countries. As an example, CHEGE explained how the establishment of a multi-agency team (MAT) of investigators in Kenya was instrumental in tackling IFF[1]. This form of cooperation has enabled a faster and better exchange of information between authorities and yielded the recovery of a considerable amount and a 50% increase in conviction rate from 2016 to 2017 by the Kenyan Ethics and Anti-Corruption Commission (EACC). Addressing the importance of international or cross-border collaboration, CHEGE shared how the establishment of the Asset Recovery Inter-Agency Network for Eastern Africa (ARIN-EA),

[1] The MAT consists of the National Intelligence Service (NIS), Directorate of Criminal Investigations (DCI), Anti-Money Laundering Unit, Asset Recovery Agency, Anti Banking Fraud Unit, Financial Reporting Centre, Kenya Revenue Authority (KRA), Cybercrime Unit and Anti-Counterfeit Body.

From left to right: Monika Jones (moderator), Patrick Chege (Kenya), Tom Cardamone (GFI), Joseph Stead (OECD)

which is an East African regional network that enables informal exchange of information on individuals, assets and companies at the regional and international level, facilitates the effective tracing and recovery of proceeds of crime and prevent all gains from IFF. The network has also been successful as a platform for peer learning, with several member countries in the network deciding to adopt the MAT approach implemented in Kenya.

Joseph STEAD, Senior Policy Analyst at the OECD, discussed the number of tools that the OECD and the Platform for Collaboration on Tax (PCT) have produced that can be of assistance to partner countries in tackling IFF and improving domestic revenue mobilisation. Particularly, he referred to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which has already 129 signatories, including all G20 and OECD countries, BRIICS, major financial centres and an increasing number of partner countries. Together with the Multilateral Competent Authority Agreement, these two agreements enable exchange of information to the widest extent possible, including on an automatic or spontaneous basis. Accordingly, they are powerful instruments against cross-border tax-related IFF. The main activity of the Global Forum on Transparency and Exchange of Information is peer reviewing the implementation of the minimum standards on transparency of its members as well as relevant jurisdictions. A particular powerful development against IFF is the strengthened standard on the availability of beneficial ownership information, as set out by the FATF standard. The second round of peer reviews will also allude to the availability of beneficial ownership information. This new requirement will strengthen the fight against anonymous shell companies and the use of legal arrangements to conceal ownership identity for tax non-compliance and money laundering practices. The Global Forum, together with bilateral support, helps partner countries to benefit from these tools. At the same time, development partners should ensure that they implement FATF requirements and share this information with partner countries. STEAD also suggested that development partners should explore options which go beyond the minimum standard to help partner countries in their fight against IFF.

Tom CARDOMONE, President and CEO of Global Financial Integrity (GFI), touched on how IFF deprives partner countries of needed revenue, and emphasised how trade misinvoicing accounts for the largest revenue losses through IFF. His views were based on the extensive research that his organisation has undertaken in assessing IFF to and from partner countries, and on its analysis of the potential revenue losses and impact associated with trade misinvoicing in various countries. He indicated the importance of addressing cross-border tax evasion, curtailing trade misinvoicing, improving transparency of companies, and strengthening anti-money laundering laws. CARDAMONE also emphasised that one focus area should be more transparency on real estate money inflows coming from offshore. Furthermore, he stressed that development partners have a responsibility to curtail IFF, while governments in partner countries should be committed to following up and uncovering the inflows from illicit sources on their side.

Discussions from the audience based on points raised by panel speakers highlighted the role of collaboration in addressing IFF at the country level and the importance of political commitment. Development cooperation was further acknowledged as instrumental in supporting the country-specific analysis of IFF and helping countries develop their asset recovery capabilities. Further fields of work mentioned include increasing transparency, supporting exchange of information and building capacity in partner countries to generate, receive and use the information.

The role of civil society and the media was strongly emphasised for advocacy, research and publishing of cases and in order to foster the transparency and accountability needed to tackle IFF. It was also proposed to promote a bottom-up approach to uncovering SCHIFF by giving citizens a role, for example through citizen-driven data collection, monitoring or advocacy.

IFF were considered an important theme for the Addis Tax Initiative in the future. Overall, asset recovery was considered a major topic under ATI Commitment 3. The role of the Addis Tax Initiative was seen to strengthen collaboration among the different stakeholders.

Panel discussion 3
Effective support for domestic revenue mobilisation: how can coordination be improved?

Panellists

Thomas DOE NAH, Commissioner General, Liberia

Irma MOSQUERA VALDERRAMA, Associate Professor of Tax Law and Principal Investigator EU-ERC GLOBTAXGOV, University of Leiden

Trond HEYERDAHL AUGDAL, Senior Advisor, Norwegian Agency for Development Cooperation (Norad)

Nathan COPLIN, Senior Policy Advisor, Oxfam International

Within the Addis Ababa Action Agenda (AAAA), heads of states and governments and high representatives recognised the importance of partner countries' capacities and capabilities to raise domestic revenues in order to finance sustainable development. To support the implementation of the AAAA, the ATI development partners committed to collectively doubling their technical support to domestic revenue mobilisation by 2020 (ATI Commitment 1).

As funding for domestic revenue mobilisation scales up, the potential for overlapping development partner support increases, making it more challenging for partner countries to align support from development partners to their own needs and priorities. In order to ensure effective support, increasing resources in technical assistance need to go hand in hand with better coordination. In addition, development support is currently moving away from the traditional relationship between aid providers and recipients, with partner countries and development partners increasingly supporting new forms of collaboration. These often rely on different forms of partnerships, such as support to civil society, sub-national level or regional tax networks, which also call for better coordination.

The third panel discussion of the ATI/ITC Tax and Development Conference 2019 took a deeper look into the meaning of "effective support" in domestic revenue mobilisation and discussed how sustainable improvements in national capacities to raise revenues could be advanced with the support of development partners.

Discussion


Thomas Doe Nah (Liberia)

Thomas DOE NAH, Commissioner General of the Liberia Revenue Authority, emphasised political will and country ownership as key factors of successful DRM reform. He also highlighted the importance to engage with different stakeholders, including the media and civil society. At the same time, he pointed to the very heterogeneous support landscape for tax administrations in his country. In an ideal world, he argued, project contributions from bilateral and multilaterals should be effectively used and coordinated and the tax authority should be able to support all these entries. Thus, good collaboration could emerge with, for instance, academia coming up with research questions, and CSOs with implementation proposals. Yet, an important challenge is that the capacity for absorbing capacity-building measures and the wider interests of tax administrations are not always taken into account. DOE NAH emphasised that many tax administrations in African countries consider the services provided by regional tax organisations, such as the African Tax Administration Forum (ATAF), very helpful. He finally stressed that knowledge ultimately has to be localised. Collaboration between partner countries within regional tax organisations or the Addis Tax Initiative has been very valuable.

Irma MOSQUERA VALDERRAMA, Associate Professor of Tax Law and Principal Investigator EU-ERC GLOBTAXGOV at the University of Leiden, referred to the Network of Tax Organisations (NTO) as an important initiative in promoting coordination. She also addressed the quality of support. Based on own research work, she explained that the input provided by peers in OECD peer reviews is very limited and expressed some concerns that input merely coming from the secretariat of international institutions would risk lacking wider understanding of the national knowledge and (legal) requirements. With regard to coordination, she highlighted the importance of coordination also within the recipient countries between domestic revenues and international tax issues. She also spoke of the need for academics to share knowledge freely with other academics.

Trond HEYERDAHL AUGDAL, Senior Advisor at the Norwegian Agency for Development Cooperation (Norad), highlighted Norway's commitment to doubling its DRM support. He explained that Norway's DRM programme provides technical assistance according to four focus areas, supporting DRM cooperation on a bilateral level, but also with multilateral organisations, regional tax organisations and CSOs. HEYERDAHL AUGDAL also described some of the coordination and administrative challenges faced by development partners. Looking for improvement, Norway commissioned a comparative study on the various assessment tools in the DRM area, which is to be expected in autumn.

Nathan COPLIN, Senior Policy Advisor for Accountable Development Finance at Oxfam International, stressed that focusing on the quantity of revenue raised was not enough. Further efforts should be made to consider wider qualitative elements, including equity, fairness or trust in the tax system, not only in the way revenues are raised but also in the way they are being used. He emphasised the role that greater transparency can play in facilitating the coordination of efforts. CSOs and the media contribute to the investigation and discussion of politically difficult topics in the area of domestic revenue mobilisation, and play an important role in ensuring that principles such as the rule of law, equity and the closing of loopholes remain

on the top of the policy agenda. COPLIN further highlighted the importance of national ownership for a government-led reform plan. Regional tax organisations might enable country ownership and local solutions. Besides supporting federal tax administrations, he argued for development partners to also support local tax authorities, tax policy units in ministries of finance, and civil society.

In the follow-up exchange, the panel agreed that a wide range of stakeholders exist that can effectively support tax administrations of partner countries in their objectives to improve domestic revenue mobilisation, including bilateral development partners, regional tax organisations, multilateral institutions, academia and CSOs. While there is substantial knowledge available, main challenges include the need to "relocalise" this knowledge, the limited capacity of tax administrations to bring this analysis into action, and poor coordination among all stakeholders. Several voices from the audience emphasised that effective coordination can only happen at the country level and argued that the partner countries should be leading the coordination process. However, participants also acknowledged that the heterogeneous support landscape makes this endeavour particularly difficult.

Another important issue raised by the audience is the inherent political character of domestic revenue mobilisation and the need to ensure that developments in this field are driven by endogenous objectives rather than objectives that are imposed upon from the outside. Some pointed to a contradiction between this objective and the character of the international DRM agenda based on guidelines set by the G20, OECD initiatives and with the International Monetary Fund (IMF) playing a key role in setting international standards. DOE NAH noted, however, that according to his experience in Liberia, cooperation is better aligned today and based on more trustworthy relationships than it used be in the last decades.

From left to right: Monika Jones (moderator), Nathan Coplin (Oxfam International), Irma Mosquera Valderrama (University of Leiden), Trond Heyerdahl Augdal (Norway), Thomas Doe Nah (Liberia)

Panel discussion 4
Beyond DRM: from mobilisation to spending

Panellists

Ibrahim ALUBALA, Technical Advisor, Save the Children Kenya

Sèwènan Rodrigue CHAOU, Directeur General du Budget, Benin

Kimberly ROSEN, Deputy Assistance Administrator, United States Agency for International Development (USAID)

Raising public revenues is not an end in itself. It also serves the financing of governments and their provision of public goods and services in order to generate growth and improve the well-being of all citizens. Domestic revenue mobilisation and public expenditure management (PEM) are indeed two sides of the same coin required to fund social and economic development. Collected public revenues will only contribute to sustainable development if they are also spent in an efficient, effective, fair and accountable manner.

Moreover, even successful DRM reforms may not yield the resources required for reaching national development objectives and realising progress against the SDGs. According to a recent IMF analysis, low-income developing countries (LIDC) will need resources averaging 14.4% of their gross domestic product (GDP) to achieve sustainable development goals in five areas: education, electricity, health, roads and water. This is more than many LIDCs mobilise as own-source overall revenues.

This means that efforts to strengthen domestic revenue mobilisation must be complemented with measures to improve public spending. Good PEM, i.e. improving efficiency, transparency and accountability of public expenditure, increases fiscal space in the same way as receiving additional resources. It also contributes to tax compliance by increasing tax morale among companies and households. Improving expenditure prioritisation and management (e.g. through public procurement rules) and increasing spending efficiency are particularly important in this respect.

The fourth panel of the ATI/ITC Tax and Development Conference 2019 discussed ways to make public financial management (PFM) work for development. In this respect, it looked beyond domestic revenue mobilisation to consider additional options for increasing the fiscal space for development, and considered how governments can better link their revenue and expenditure strategies. This exchange aimed to identify whether the Addis Tax Initiative, whose commitments are supposed to be achieved by 2020, should grant more attention to PEM issues in its continuation thereafter.

Discussion

Sèwènan Rodrigue CHAOU, Director General of Budget in Benin, described the major reform process launched in the country to increase effectiveness and efficiency in public spending. With IMF support, the country started a systematic review of the PFM system, analysing the efficiency of public expenditures. The analysis found ample evidence and led, among other things, to the reduction of ministries from 28 to 22.

In the DRM area, CHAOU took the example of a convergence indicator agreed in the West African Monetary and Economic Union (WAMEU), which limits personnel cost in tax collection to 35% of each Franc CFA collected. While Benin's performance against this indicator is improving (45% in 2018, compared with 47% in 2017), the country still has a long way to go in reaching this objective, highlighting further room for improvement.

Kimberley ROSEN, Deputy Assistance Administrator at USAID, stressed the potential for freeing public finances through better management. She suggested that partner countries should consider developing a five-year strategic plan for self-reliance. Programme budgeting has proven a useful means for creating more transparency about public spending, both at the central and local levels of government. SDG-based budget analysis is considered a positive development in the aim to monitor the outcome of public spending. ROSEN also highlighted the key role that civil society should play in monitoring the accuracy of PEM.

Ibrahim ALUBALA pointed to public procurement as a key area for improvement in most partner countries. Weak procurement function is often more visible to the public than other public functions and closely related to the perception of corruption. In turn, effective public management can help strengthen tax morale. If the government delivers, taxpayers are more willing to contribute. He also highlighted that transparency is fundamental for improving the effectiveness of public management and that CSOs can play an important role in allowing all citizens to know how public resources are being spent. Benin provides a good example of such cooperation with the government actively involving CSOs in 10 out of 15 steps of budget planning. ALUBALA finally suggested that ring-fencing a tax for a spending priority would be a good idea as it elevates taxpayers' willingness to pay as they see the results. Since these sums are mostly nominal, they do not significantly restrict the flexibility of government spending.

In the follow-up discussion, the panel debated whether earmarking revenues leads to more effective spending for development or rather create new obstacles for effective public management. Participants from the audience noted that international rules and agreements impose some earmarking requirements, which often fail to be implemented. For example, under the Abuja declaration, African countries agreed to dedicate 15% of their budgets to health expenditures, an objective only met by five African countries today. Some participants also expressed concerns that tying revenues to specific expenditure could give way to an attitude of "juste retour" with regard to the national budgets. Finally, participants pointed out a risk of inflation of earmarked governments, quoting the example of Ghana which recently had to pass a law limiting earmarked funds to certain strategic expenditures in order to limit their use.

As a whole, speakers largely agreed that resource mobilisation and expenditure management are two sides of the same coin. They invited the Addis Tax Initiative to also address topics related to PEM after 2020. They stressed the need to broaden the scope of these discussions to a wider range of relevant stakeholders (private sector, CSOs, public financial management experts such as PEFA), so as to gather different viewpoints and feedback on the quality of government service delivery.

From left to right: Monika Jones (moderator), Sèwènan Rodrigue Chaou (Benin), Kimberly Rosen (USAID), Ibrahim Alubala (Save the Children Kenya)

Panel discussion 5
What are the priorities for the Addis Tax Initiative post 2020?

Panellists

Ingrid-Gabriela HOVEN, Director General, Department for Global Issues, Sector Policies and Programmes, German Federal Ministry for Economic Cooperation and Development (BMZ)

Essa JALLOW, Deputy Commissioner, The Gambia Revenue Authority

Samrita SIDHU, Deputy Director of the Public Finance and Tax Department, Department for International Development (DFID), United Kingdom

Marcio VERDI, Head of Council, Network of Tax Organisations (NTO), and Executive Secretary, Inter-American Center of Tax Administrations (CIAT)

Marijn VERHOEVEN, Head of the Global Tax Team and Lead Economist, World Bank Group (WBG)

The Addis Tax Initiative is a unique and inclusive multi-stakeholder partnership platform that enables partner countries to increasingly rely on domestic revenues in funding their development agendas and attaining the SDGs by 2030. As the commitments set in the context of the Addis Tax Initiative are meant to be achieved by 2020, it makes sense to plan for the continuation of focused efforts post 2020.

Accordingly, the final panel of the ATI/ITC Tax and Development Conference 2019 aimed at exploring possible new objectives for an agreed period post 2020, and how to get there. Based on the ATI medium-term review's recommendations and the input gathered throughout the two days of the conference, panellists discussed what should be the priority areas for the Initiative after 2020 in order to best reflect changing priorities in the international tax and development landscape. The ATI medium-term review evaluation report had summarised its recommendations with "continue and improve", with which most panellists and a large part of the audience agreed.

Discussion

During the first round, the panellists discussed the four outlook scenarios for the Addis Tax Initiative that were presented in the evaluation report: continue but consolidate, continue but expand, continue but improve, or discontinue. All panellists were very positive about the progress in implementing the Addis Tax Initiative. The initiative has contributed to getting domestic revenue mobilisation the attention it deserves at all stakeholder levels. It was highlighted that the interaction enabled by the Addis Tax Initiative is of great value and that it has paved the way to overcoming redundant thinking in south-south or north-south cooperation in order to engage all parties fairly. The mutual accountability was found to be its greatest asset. Therefore, the panellists collectively proposed to continue but improve after 2020.

Ingrid-Gabriela HOVEN, Director General at the German Federal Ministry for Economic Cooperation and Development (BMZ), highlighted the role of domestic revenues in financing the SDGs and proposed to better align the Addis Tax Initiative to the Agenda 2030. Beyond raising revenues, the initiative could promote the


Essa Jallow (The Gambia)

implementation of tax reforms which drive behaviour to achieve other Agenda 2030 goals, such as climate or equality. For Germany, engagement in the Addis Tax Initiative is determined by the Marshall Plan with Africa. In this context, Germany wants to go on with the Initiative, and broaden it to include new topics. The Addis Tax Initiative should capitalise what has been created throughout the last four years.

Essa JALLOW, Deputy Commissioner of The Gambia Revenue Authority, stressed that the Addis Tax Initiative provides an opportunity for the ATI partner countries to meet with ATI development partners and supporting organisations. It allows ATI members to decide on a joint work plan of activities that support DRM reforms and to bilaterally discuss possible collaboration and benchmarking opportunities during these meetings. The Addis Tax Initiative enables peer learning between partner countries by sharing completed and on-going administrative reforms and policy reforms initiatives. The opportunity for DRM dialogue between ATI members created by the Addis Tax Initiative and the accompanying monitoring of the three ATI commitments ensures that countries stay focused on relevant priorities and are able to see how their peers are progressing when it comes to mobilising domestic revenues.

Samrita SIDHU, Deputy Director of the Public Finance and Tax Department at DFID, described the internal difficulties to agree on ATI Commitment 1 and how it has raised awareness within DFID to support ATI partner countries' tax reforms. In the future, the Addis Tax Initiative should broaden its scope towards equity and gender issues.

Marcio VERDI, Head of Council of the Network of Tax Organisations and Executive Secretary at CIAT, proposed to expand the ATI membership, especially in underrepresented regions like South America. To do so, the Addis Tax Initiative should strengthen outreach to interested countries and increase its collaboration with regional tax networks, for instance by organising back-to-back events at regional tax organisations' conferences.


Marcio Verdi (CIAT)

Marijn VERHOEVEN, Head of the Global Tax Team and Lead Economist at the WBG, stressed the Addis Tax Initiative's value in driving the discussion on policy coherence. He recommended to increasingly work on policy coherence post 2020. He also raised the need for coordination with the Platform for Collaboration on Tax (PCT), which is a joint effort by the IMF, OECD, UN and WBG. The PCT produces joint guidance and tools on key issues of capacity building and international taxation. It also developed the medium-term revenue strategy (MTRS) as an important joint approach for coordinated and sustained support to country-led tax reform in support of the implementation of the 2030 Agenda for Sustainable Development.

The panel contributed different points regarding specific topics for the Addis Tax Initiative post 2020:

- Improvement was said to be most needed regarding alignment with partner procedures and priorities. The Addis Tax Initiative should attract as much financial means as possible and look for effective and efficient ways to respond to partner countries' needs. Matchmaking was pointed out as a great initiative. However, value for money is needed in the end.

- Some panellists stressed that a key benchmark for the Addis Tax Initiative in the future should be challenges and changes at country level that need reaction, including inequality, climate, waste and biodiversity. Discussions concerning domestic revenue mobilisation should not only focus on its increase and redistribution, but also how it can be used to strengthen democratic mechanisms.
- Others voted for continuity and concentration of the Addis Tax Initiative on the DRM path. Improvements should rather relate to more effective coordination, flexibility and adaptive financing under ATI Commitment 1.

Using an online polling tool, the audience highlighted the following areas for the future of the Addis Tax Initiative:

- The Addis Tax Initiative should intensify partner countries' participation, visibility and presence after 2020. Regional conferences could allow for more relevant matchmaking.
- The Addis Tax Initiative should address more distributive aspects of taxation, equity and gender, as well as work more on the policy steering function of taxation, for example regarding tax and climate, tax and biodiversity, and tax and waste.
- Several participants raised concerns of how to maintain high-level political attention on domestic revenue mobilisation given the long-term orientation of all DRM reforms.
- Many participants addressed the question of whether to amplify the Addis Tax Initiative in other fields related to domestic revenue mobilisation, as in a whole-of-government approach. This could mean addressing topics such as the revision of subsidies as forgone revenues, as well as generally reviewing effective spending. It could also mean amplifying the ATI stakeholder base, for example to parliaments and the private sector.
- As already discussed by the panel, coordinated donor action would only be valuable if it makes a difference at country level.
- Finally, many participants addressed the overall landscape of the DRM agenda. More specifically, the different fora should work towards more efficiency and transparency.

From left to right: Marcio Verdi (CIAT), Marijn Verhoeven (WBG), Samrita Sidhu (DFID), Ingrid-Gabriela Hoven (Germany)

Tax & Development Conference

Breakout Session 1:

Increasing Domestic Revenue for Achieving the 2030 Agenda for Sustainable Development

The first round of breakout sessions allowed participants to discuss the potential of different sources for enhancing domestic revenue mobilisation (DRM) and factors to leverage this potential.

A. Broadening the tax base: how to deal with the informal sector?

Moderation:

- Maurice OCHIENG, Programme Manager, Good Financial Governance in Africa Programme, GIZ South Africa

Speakers:

- Wilson PRICHARD, International Centre for Tax & Development (ICTD)
- Raphael KAMOTO, Director, Strategic Partnerships, Planning, Monitoring & Evaluation, African Tax Administration Forum (ATAF)

Background

The 2018 Sustainable Development Goals (SDGs) Report estimates that 61% of all workers globally were engaged in informal employment in 2016, excluding the agricultural sector. Target 8.3 of the SDGs consequently stresses the need to "encourage the formalisation and growth of micro, small and medium-sized enterprises" to promote sustained, inclusive and sustainable economic growth.

The target aims to improve domestic revenue mobilisation for financing sustainable development. On the one hand, research shows that efforts to improve informal sector taxation will not necessarily lead to substantial increases in revenues, as incomes in the informal sector are rather low and bureaucratic costs relatively high. On the other hand, research also shows that the formalisation of businesses can lead to higher long-term productivity, and the introduction of taxes promotes a culture of increased accountability, thus incentivising good governance, growth and finally higher tax outcomes.

Discussion

In order to discuss how to tax the informal sector, a definition is needed. The term includes very different players ranging from very small, subsistent firms to larger firms acting illegally. Those very different types of firms should not be blended, and must be treated differently by the tax administration. Moreover, different environments need different approaches, including definitions. Examples from ATAF member countries underlined this issue.

For this session, the focus was on small firms not included in the "net of formality". On the one hand, it was suggested that these firms should not be seen as just another source of revenue because the potential is not as large as might be expected. On the other hand, research suggests that small firms are the motor of an economy, therefore the potential of additional revenue should be large indeed. According to tax administrations, the main challenge is how to translate this potential into reality, with suggestions to treat all firms equally. Apart from fairness considerations, equal treatment also reduces the risk that a firm, which is not used to paying taxes, will be very reluctant to formalise and pay taxes at a later stage. Tax education (responsibilities as well as benefits) is therefore considered as key from the beginning.

From another perspective, small firms already face very high burdens, so the principle of treating all firms equally may make sense in theory but does not ensure equity in practice. Moreover, strict enforcement may not be cost efficient, as "spending one dollar" might only lead to the collection of "a few cents".

Aggressive registration and enforcement measures may therefore not be the solution. The goal should rather be to strengthen the social contract by simplifying registration and reducing compliance costs for small firms. Tax administrations should allow small firms to enter the net of formality once they have grown bigger by promoting its benefits such as access to finance or legal protection instead of registering as many firms as possible. Solutions could be simplifying tax systems, using information technology and getting small firms to realise the gains of formalising ("you pay for services to be rendered later"). While participants may agree on this in general, the question of how to simplify tax systems remains context specific.

B. Tax simplification: where to start?

Moderation:

- Susan NAKATO, Programme Officer Monitoring and Evaluation, African Tax Administration Forum (ATAF)

Speakers:

- Eileen RAFFERTY, Regional Tax Advisor, Department for International Development (DFID), United Kingdom
- Marine KHURTSIDZE, Head of International Taxation, Tax and Customs Policy Department, Ministry of Finance, Georgia

Background

Less is often more. Many tax systems incorporate exceptions and difficult rules, often with the purpose of attracting investments. However, in reality it is likely that (over)complicated tax systems decrease voluntary tax compliance and make enforcement difficult for tax administrations. A balance needs be struck between the simplicity of tax systems and the politically desired tax exceptions.

Discussion

Eileen RAFFERTY (DFID) gave an introductory presentation highlighting reasons for simplifying tax systems. Tax simplification leads to fewer errors by both taxpayers and officials. Additionally, tax simplification reduces costs for the taxpayer and for the revenue authority. For example, it takes less time for taxpayers to comply and there are less queries and contacts between the taxpayer and the revenue authority, which reduces costs in the long term. RAFFERTY stated that simplification is associated with a myriad of challenges, most notably to the wider political climate, prioritisation and mutual misunderstanding between taxpayers and officials. For instance, there can often be an accumulation of tax changes over time and this increases complexity. It is also difficult to grasp why simplification is a priority over and above other important issues that tax administrations have to work on. Lastly, official knowledge in tax administrations is often much higher than taxpayer knowledge. This means that tax administrators often overestimate taxpayer understanding of the tax system. It is extremely important to know and understand taxpayers

According to RAFFERTY, countries should consider the following steps when simplifying their tax systems:

1. **The legal code:** Longer codes do not necessarily increase complexity of the system, although if there are ways to keep them short, this may be preferable. Regular consolidation of the code is good practice and necessary.
2. **Tax policy:** Simplified policies for small businesses that are based on turnover are common in low- and medium-income countries and can help to simplify policy for taxpayers who do not keep detailed accounts.
3. **Tax administration:**
    - Registration – how difficult is it to register a company, register for tax purposes, calculate liabilities and make payments?
    - Employees – PAYE/payroll tax simplifies the process for many people paying income tax as their employers withhold directly and they do not have to interact directly with the tax system.
    - Unincorporated businesses/sole traders – there is often a larger tax gap amongst these groups, therefore how can we simplify processes for small businesses and make it harder for them to evade taxes?
    - Understanding businesses, knowing your taxpayer and understanding the taxpayer journey – looking at sub-categories of taxpayers by considering sector levels and sizes. For example, understanding the tax knowledge and engagement of female entrepreneurs. female entrepreneurs.
    - Developing simplified regimes for smaller taxpayers. Using technology to simplify filing.

Mari KHURTSIDZE (Georgia) provided a case study on tax simplification in Georgia. Over the last 10 years, Georgia has undertaken a number of reforms to improve its investment climate and business score. In 2019, its business score was 83.28 out of 100, with a rank of *number 6 in the world*. Business registration is easy, and post-registration procedures such as tax and social security registration are simplified. It uses the Estonian model for income tax, i.e. companies do not pay tax annually, but rather when profit is distributed. The company's income taxation is prolonged by the period of profit distribution which allows companies to save funds from the day of gaining the profit till the day of distribution of the profit and direct the

mentioned funds to the reinvestment. The Government of Georgia has been very flexible in terms of making reforms to the system and has used technology to simplify tax compliance processes, including the implementation of an electronic tax administration system, electronic VAT invoices, unified codes for customs and tax liabilities, and risk-based audit processes.

The group discussed a number of issues raised in the presentations:

- In order to increase a country's tax base, the tax system may need to be simplified because individuals and smaller businesses often cannot cope with the complex tax systems that large businesses can deal with.
- Simplification can help to improve the accountability of both the taxpayer and the tax system and increase levels of compliance.
- Taxpayer registration is key to simplification because end-to-end businesses processes need to be clear for both taxpayers and tax administrators. Many countries (including Georgia and The Gambia) offer one-stop-shops for businesses where they can incorporate their business and complete taxpayer registration in the same process.
- The option of using third party information can also aid administration and be very helpful. In The Gambia, for example, the revenue authority works closely with the banking sector.
- Withholding directly from taxpayers can often be a very important way of minimising complexity for taxpayers.
- Developing systems, which make it harder for politicians to add complexity to the system (for example as recommended by the Office for Tax Simplification in the UK), can also be good practice.
- If tax administrations want to simplify their systems, it is important for them to know their taxpayers and understand the taxpayer journey.

The agreed takeaways for the future concern peer-to-peer sharing through regional tax organisations on strategies to enhance tax simplification. Additionally, more research to be done to better understand the gap and technical assistance should be offered to partner countries.

C. Designing and managing tax incentive regimes: a balancing act between maximising impact and minimising drawbacks

Moderation:

- Rachel RUAMPS, Advisor, Fiscal Policy and Development, Ministry of Europe and Foreign Affairs, France

Speakers:

- Kenneth MATUPA, Director, Revenue Policy Division, Ministry of Finance and Economic Planning & Development, Malawi
- Juvy DANOFRATA, Director, Department of Finance, Philippines
- Emilie CALDEIRA, Research Fellow, Fondation pour les Etudes et Recherches sur le Développement International (FERDI)
- Paolo DE RENZIO, Senior Research Fellow, International Budget Partnership (IBP)

Background

Tax incentives for multinational firms have long been promoted by development partners and other international organisations as a key instrument to attractive foreign direct investments (FDI) and thereby boost growth and productivity in partner countries.

Yet in partner countries, tax incentive regimes often suffer from weak design, lack of transparency and cumbersome administration, which can diminish the attractiveness of incentives and raise other costs linked to, for example diminishing tax revenues as well as distortions to market competition or corruption. Partly because of this, evidence of the benefits of tax incentives for FDI attraction to partner countries remains mixed and limited, while investment surveys indicate that tax incentives do not top the list of investment factors in partner countries.

As a result, in recent years, partner countries have been on a path of removing or adjusting their tax incentives because of their ineffective/inefficient design or poor governance. How desirable and politically feasible are these reforms? What are the associated externalities? Against this backdrop, this session aimed to explore how reforms of tax incentive regimes can achieve their intended objectives with limited drawbacks.

Discussion

Kenneth MATUPA (Malawi) presented his country's experience, stressing that most of the tax incentives currently existing in the country follow a similar rationale of attracting FDI, although they often take the form of different regimes. He stressed that, despite the growing literature suggesting low incidence of tax incentives as a factor motivating investment decisions, the business sector still often makes it a pre-condition to investment. There are often conflicting views between the Ministry of Finance and the Ministry of Trade on whether to grant tax incentives for investment, and the decision to implement a new regime is often imposed upon the Revenue Administration. Tax incentives should ideally include clawback provisions – a contractual clause whereby fiscal benefits should be returned to the government should the intended objective not be achieved – and be regularly monitored, but securing the independence of the tax reform from other political pressures often proves challenging.

Juvy DANOFRATA (Philippines) started her input speech pointing to a striking contradiction resulting from the over-use of tax incentives in her country. Today, while the Philippines has the highest nominal corporate income tax rate in Asia, its effective tax rate is one of the lowest. In recent years, tax incentives have often been granted by several ministries, without any time-limit, and often in violation of the principles of equity and simplification. She then presented ongoing efforts in the Department of Finance to rationalise fiscal incentives regimes through an accounting of investment tax expenditures implemented since 2011. This reform notably includes a review of existing incentives based on performance-based assessments, and the move towards better-targeted and time-bound incentives. DANOFRATA finally stressed that in order to increase transparency and accountability, the government also decided to publish cost-benefit analyses of tax exemptions.

Emilie CALDEIRA (FERDI) presented FERDI's work on tax expenditure assessments. She highlighted some key political objectives of the evaluation of tax expenditures pointing, among other things, to how it can contribute to tax simplification, higher budget transparency and enhanced tax compliance through a higher tax morale. She further stressed that tax expenditure reviews can also benefit government structures more widely by improving the performance of tax administration, but also the evaluation of budgetary costs and better-informed tax policy choices. To achieve these objectives, CALDEIRA presented a series of recommendations based on the recently published Methodological Guide, which notably includes the creation of a structure dedicated to tax policy, within the Ministry of Finance rather than in sectoral ministries.

Paolo DE RENZIO (IBP) identified some challenges in the use of tax expenditures: the erosion of the tax base, as tax expenditures are sometimes consuming up to 20% of governments' revenue; the race to the bottom that competition on tax expenditure can lead to, for example, between countries at the regional level; the accountability gap often created by the lack of transparency surrounding decision-making processes regarding these measures. He referred to recommendations included in a recently published IBP Report and argued that governments should focus on increasing the transparency around tax expenditures, for instance by integrating parliamentary debates within the annual budget process. Higher transparency can also help increase the outside pressure from civil society and hence positively contribute to good financial governance.

D. Digitalising tax administrations: how can development support be best tailored to the challenges faced in partner countries?

Moderation:

— Wellington JAH, Executive Secretary, Senior Advisor, Revenue Authority, Liberia

Speakers:

— Marcio VERDI, Head of Council, Network of Tax Organisations (NTO), and Executive Secretary, Inter-American Center of Tax Administrations (CIAT)

— Prof. Mick MOORE, Chief Executive Officer, International Center for Tax and Development (ICTD)

Background

In search of new and higher revenues, tax administrations around the world rely on novel, digital ways of collecting data and information. Digital platforms enable more sophisticated analyses and, ultimately, better tax revenue collection. Yet, many countries still face challenges to implement and use these new technologies, thus missing out on the chances to raise their tax incomes.

Discussion

The breakout session started off with a short input speech by Marcio VERDI (CIAT), who stressed the importance of human resources for the implementation of a digital tax administration. While hardware and software/systems are also important, the key to success of a digital tax administration lies at the human capital level. Correct accounts and registries of taxpayers that are tailored to each country are key to reform success, and it is therefore crucial to have an IT department that is able to construct these. Further, it is necessary to have organisations that push and motivate countries towards success (e.g. CIAT). As an example for good practice, VERDI presented the Dominican Republic, which has worked closely with CIAT to build a properly functioning IT department and was able to successfully implement new software within its tax administration.

Prof. Mick MOORE held a second short input speech, where he also stressed the importance of human capacity building for fostering digitalisation in tax administrations. More precisely, he indicated that the world has reached a point where most changes and improvements in tax administration are or will be to a large degree digital. It is not only important that tax administrations get the data right and tackle problems such as nil-fillers and data entries by tax agencies. It is also absolutely necessary to be careful about tax administrations' priorities, since they keep investing in new hardware and IT solutions, but not in the personnel that is needed to work with these innovations. While he believes that many problems could be tackled by the Addis Tax Initiative, the way it is currently designed misses basic problems faced by tax administrations.

After the two input speeches, the group discussed the challenges that tax administrations face when introducing new technologies. The following challenges were mentioned in the group discussion:

1. Identifying new technologies;
2. Defining the actual digitalisation needs;
3. Defining which technology is most appropriate to be implemented in specific countries, since adapting a country to a given system has not proven beneficial;
4. Balancing prevalent basic constraints (e.g. lack of electricity) with capacity building measures and new software;
5. Implementing viable digital solutions in light of lacking budgets for the digitalisation of tax administrations; and
6. Making sure that the population is on board, since the move from business-as-usual to new technologies often brings about resistance at the same time.

The group then examined possible recommendations and best practices that could help overcome the identified challenges. In order to transition from one technology to another, it might be useful to ensure the following things:

1. Increasing ownership and commitment at higher-level management;
2. Creating a digital strategy and long-term vision;
3. Stepping up budgets for digitalisation projects;
4. Setting up a well-functioning IT department so that problems can be solved immediately;
5. Training the users and communicating changes to the relevant stakeholders;
6. Cleaning databases and analysing the existing data closely before migrating or changing systems; and
7. If software solutions from private companies are used, ensuring that these fit the country's requirements and being aware of the additional costs as well as the code not belong to the buying tax administration.

Sirkka MASILO shared her experience from the implementation of the Integrated Tax Administration System (ITAS) in Namibia, which took more than five years to implement. The system is Chinese, but was customised to fit Namibia's requirements. Namibia is currently attempting to train the IT department, but many problems prevail. Also, the system faced a lot of resistance by the users and there were problems with data migration. The experience is being monitored closely in order to allow for future improvements in the implementation of technical innovations.

Lastly, the group discussed the takeaways of the session for the Addis Tax Initiative and the role of ATI development partners post 2020. They agreed that the Addis Tax Initiative should serve as a facilitator of international cooperation for IT solutions. More precisely, the Addis Tax Initiative should foster collaboration and information exchange among its members regarding the implementation of new systems, capacity building of IT departments etc. External support was generally seen as key for ATI partner countries to progress in terms of digitalisation. One participant also proposed that the Addis Tax Initiative could set up

a global centre dedicated to supporting tax administrations worldwide that is open source. In this context, Peter JONGKING (VNG International) said he would share an open source system for local taxes that is currently being set up by his organisation.

In general, there was a common agreement that the Addis Tax Initiative should avoid duplication, for instance regarding the Platform for Collaboration on Tax (PCT), which is already looking at tax and technology in partner countries and has published a report listing successful country cases. The Addis Tax Initiative should work on a common long-term vision for the topic of digitalising tax administration.

E. Tax and ethics: how to strengthen domestic revenue mobilisation through the promotion of stronger integrity in tax administrations?

Moderation:

- Prof. Attiya WARIS, Professor of Fiscal Law and Policy, Chair of the Fiscal Studies Committee at the Law School, University of Nairobi, Kenya, the Law School, University of Rwanda, and the Centre for Human Rights, University of Pretoria

Speakers:

- Alejandro JUÁREZ ESPÍNDOLA, Director, Training and Human Talent, Inter-American Center of Tax Administrations (CIAT)
- Gayline VULULU, Assistant Manager, Strategy Innovation and Risk Management, Kenya Revenue Authority

Background

For citizens, the tax administration is one of the most sensitive windows giving view to government performance. Integrity in tax administration contributes to the support of sovereignty as such and the government in specific. It is thus crucial that tax administrations are not only efficient but also accountable to citizens, proving ethical behaviour and compliance with the law.

Discussion

The session started with Alejandro JUÁREZ ESPÍNDOLA (CIAT) presenting CIAT's approach to ethics in tax administration and the work on updating the CIAT Ethics Toolkit, which in 2019 already involved updating the Declaration for the Promotion of Ethics. CIAT has many years of experience with improving ethics in tax administration. One message is that integrity goes beyond revenue administration, that it concerns the whole society. It was noted that the International Survey on Revenue Administration (ISORA) database does not include ethical issues. Performance is normally linked to quantitative goals of tax administration and the focus lies rarely on how these goals are reached.

In her input speech, Gayline VUVULU (Kenya) described the Kenya Revenue Authority's very comprehensive approach, which receives high level support. The government made an oath on integrity and also the Commissioner General was former head of the integrity unit. The Kenyan experience is that high-level steering and high-level orientation is important. However, corruption is a multidimensional problem, involving staffing, capacity, job security, the performance of the judicative system, the regulation framework and so on. Thus, in order to work towards integrity, not one solution but a variety of solutions is necessary. The Kenyan example shows that there may be a multitude of different measures. Most important is the recognition of corruption risks in tax administration. Possible conflicts of interest generally need to be recognised.

The subsequent discussion showed that other countries also have ethics measures in place. Neighbouring countries to Kenya, for instance, run similar systems. Indonesia introduced corruption mitigation measures in regulation (tax law) in dealing with human resources and in information systems. Those are presently key areas of reform. A whistleblowing system was also created with rewards for whistleblowers. In Japan, tax officers work in teams according to the dual control principle, which minimises opportunities for corruption compared to working alone.

With the many examples for individual measures proposed, the difficulty in assessing the contribution of these measures to the reduction of corruption and their individual contribution to raising revenues were also discussed. Some discussion also centred around the conditions for transferring material and experiences from a certain context to other countries and regions. While sharing is generally welcomed, it was also agreed that thorough adaptation to the specific cultural context might be necessary. Ethics is a sensitive issue.

The group proposed ethics in tax administration as an important topic for the future of the Addis Tax Initiative and developed some very clear messages on the priorities to work on:

- Making corruption a major topic the Addis Tax Initiative, talking about corruption openly is important.
- Developing regionally adapted instruments (and working only with people who know the situation on the ground (as local experts).
- Need for developing specific ethics indicators (but do not only rely on perception of corruption).
- Integrating ethics into the new measuring system for ATI Commitment 2.
- Not looking only at tax crime, but combining it with money laundering and anti-corruption in general.

F. Domestic revenue mobilisation in fragile states: a cornerstone for state-building?

Moderation:

- Jeneba BANGURA, Deputy Commissioner General, Sierra Leone Revenue Authority

Speakers:

- Ismaila DIALLO, Deputy Secretary-General, Cercle de Réflexion et d'Echange des Dirigeants des Administrations Fiscales (CREDAF)
- Terence Adrien TOCKE, Directeur des Etudes et des Réformes, Direction Générale des Impôts, Ministry of Finance, Cameroon

Background

Countries that are currently involved in, or recovering from, conflicts, long-term uncertainty, recurring conflicts, political tension and violence can be referred to as fragile. These countries are recovering from a crisis and engaged in state-building processes. Others suffer from an inability to carry out basic governance functions such as the provision of basic services and security. Events that caused the countries to be regarded as fragile usually bring about the collapse of the government's tax collection system. Government revenue provides resources needed for helping fragile countries to still function and undertake steps towards recovery. The aim of this session was to provide an opportunity for participants to discuss some of the challenges faced by fragile states in mobilising their own revenues. The session also planned to enable the sharing of opportunities and achievements in building revenue collection systems and contributing to state-building amongst fragile states.

Participants were challenged to identify short-, medium- and long-term fixes needed in fragile states for supporting DRM efforts. Also important in the session was an opportunity to discuss approaches that should be followed in providing DRM support to fragile states and the role that the Addis Tax Initiative could play in enhancing DRM support in fragile states.

Discussion

In his presentation, Ismaila DIALLO (CREDAF) addressed risk analysis/management and methodological approaches that countries should have in place to respond to the crisis that state departments may face in times of instability and that might impact on revenue mobilisation efforts. His presentation addressed DRM efforts at all levels of fragility including recovering states or states heavily affected by the inability to carry out basic governance functions, such as the provision of basic services and security. Discussions following the presentation focused on countries not waiting for the crisis to occur that instead have an integrated risk analysis dimension in their tax management that can be triggered in times of crisis. The need for line or relevant ministries being part of the crisis response team to address the crisis was also discussed.

The second presentation from Terence Adrien TOCKE (Cameroon) highlighted how collecting revenue from existing taxpayers becomes a challenge and also identifying taxpayers who should be in the tax base is even more difficult from the perspective of a country experiencing some level of fragility. TOCKE shared the approach taken by Cameroon, which other states can learn from. It entails ensuring that the existing tax register

is carefully analysed, taxpayers are approached, their mode of tax payment is established, and payments are correctly recorded to avoid tax collection leakages from corrupt officials. The long-term approach will be the digitalisation of tax services for better monitoring of tax compliance, especially tax payments.

Discussions focused on the importance of also returning skilled staff, as a crisis may results in loss of skilled tax officials. Also found to be important was taking stock of available resources and deploying them according to established priorities that can be implemented without adding more trauma to the taxpayers already affected by the event that causes the fragility. It was stressed by all participants in the session that, in time of fragility, it is important for the administration to take into consideration that they stand in support of their population while focusing on the collection of tax, and does not overburden a population already going through a crisis. This required an analysis as presented earlier by DIALLO of the risk and situation at hand, reform tax laws and tax systems in line with the taxpayers facing reality to ensure their success in collecting revenue, and to avoid a tax system that cannot be implemented or enforced.

Going forward, the Addis Tax Initiative was identified as an important player in supporting countries in moving towards digitalisation and developing their risk management abilities to respond to any possible crisis without having to wait for the crisis to arise before they have response measure.

Breakout Session 2: Effective Partnerships for Domestic Revenue Mobilisation

Securing wide political and societal ownership has long been identified as a main challenge for efforts to domestic revenue mobilisation (DRM). The second round of breakout sessions gave participants the opportunity to discuss how cooperation not only between development partners and partner countries, but also across governments and with the civil society and other regional and international institutions, can lead to a long-term improvement in national capacities to raise domestic revenue.

A. Donor coordination: evidence from the ATI study and Medium-Term Revenue Strategy (MTRS) implementation in Uganda

Moderation:

- Mathieu LAFRENIERE, Public Financial Management Specialist, Economic Development Bureau, Global Affairs Canada

Speakers:

- Dr. Marcus COX, Director, Agulhas Applied Knowledge

— Frode LINDSETH, Senior Advisor, Capacity Building Unit, Norwegian Tax Administration

— Hannah BREJNHOLT TRANBERG, Tax Policy and Programme Manager, Action Aid Denmark

Background

Development partners of the Addis Tax Initiative (ATI) have committed to doubling their finance for domestic revenue mobilisation by 2020, from a baseline of USD 222.36 million in 2015. As financing increases, donor coordination will be increasingly important for avoiding overlaps and duplications, ensuring coherent approaches and enabling partner countries to manage their DRM assistance more effectively.

There has been progress on coordination for domestic revenue mobilisation in recent years, including through information sharing fora and platforms such as the ATI and the development of joint diagnostic tools. However, a range of coordination challenges are still evident at both international and national levels. In particular, there are high levels of fragmentation of aid flows within the sector, which impose high transaction costs on partner countries and makes it more difficult for them to exercise leadership of the DRM agenda.

Discussion

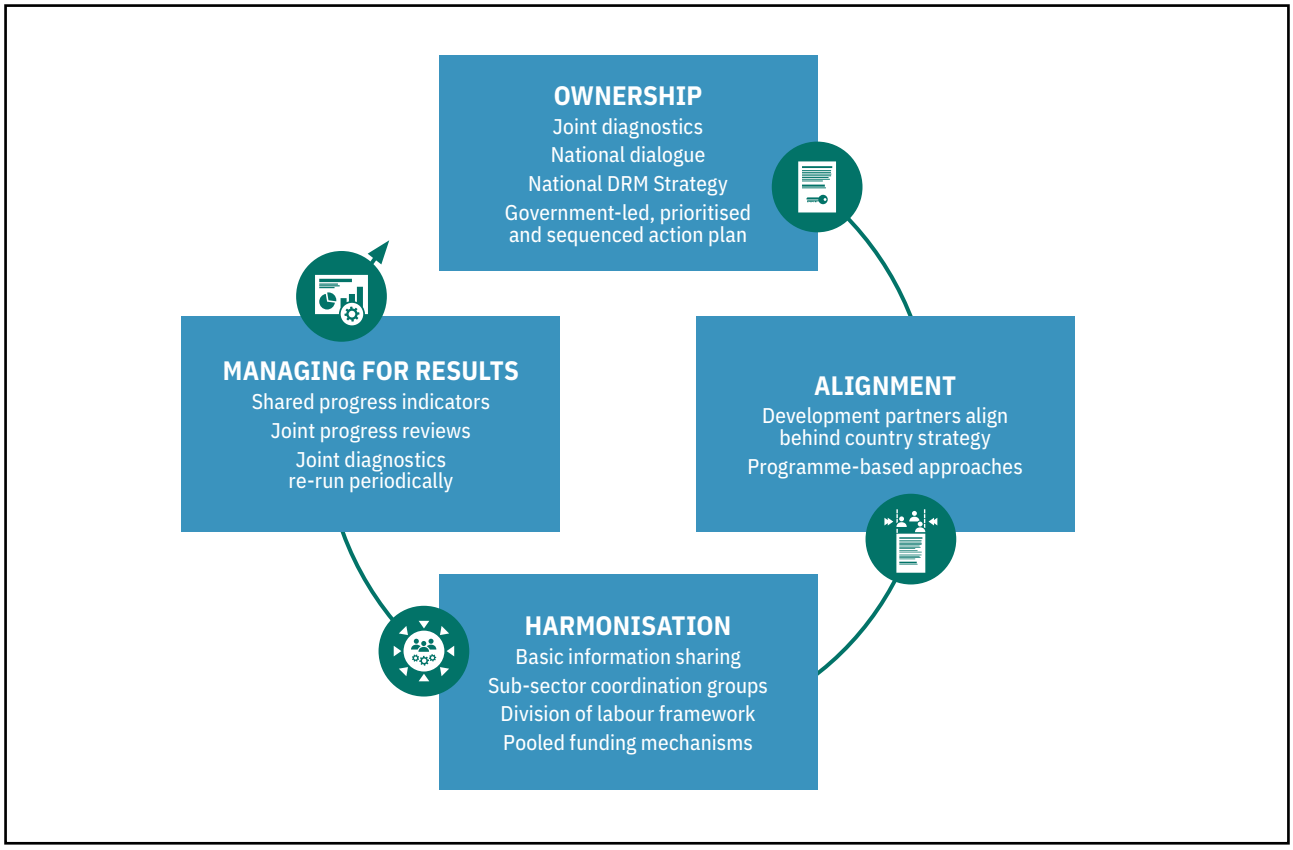
Dr. Marcus COX (Agulhas Applied Knowledge) presented findings of the ATI Study on Donor Coordination. At the international level, he presented the following conceptual framework of donor coordination:

1. Ownership of priorities and policies: partner country participation in setting policies and priorities;
2. Aligning support with need: avoiding aid "orphans and darlings", matching resources to demand, pooled funding mechanisms;
3. Coordinating delivery: sharing data and information, shared diagnostic tools, shared learning and evidence.

In addition, the following potential solutions were discussed:

- Reviewing the status of evidence on DRM reform to identify gaps and research priorities.
- Identifying a partner to act as a resource centre and disseminate learning.
- Publishing a synthesis study on the political economic of DRM reform.
- Identifying opportunities for applying "Thinking and Working Politically" principles to DRM support.
- Guidance on the scope and purpose of the available diagnostic tools.
- Identifying metrics for partner country absorption capacity to incorporate into MDTF allocation criteria.
- Exploring using the proposed ATI matchmaking mechanism for directing more support to underfunded countries.

At the national level, the discussions focused on the four principles of donor coordination as highlighted in the chart below.



The following potential solutions were discussed:

- ATI members are to accelerate the development of DRM country strategies, based on joint diagnostics and national consultations.
- ATI partner countries are to develop prioritised and sequenced action plans.
- Within country-led working groups, a more structured approach to information sharing and division of labour.
- ATI DPs explore joint funding of flexible technical assistance facilities.
- Guidance on the scope and purpose of the available tools.
- ATI is to develop a menu of DRM results indicators, with guidance on their use.
- ATI partner countries select from these indicators for their national results frameworks.
- A regular cycle of joint diagnostic reviews, leading to updated strategies and action plans.

Afterwards, **Frode LINDSETH** (Norway) pitched a study by the Norwegian Agency for Development Cooperation on the various assessment tools in domestic revenue mobilisation. The study assesses around 20 tools with regards to their objective, added value, comparative advantage, burden to complete, and also how they overlap with other existing tools. The study will be published in the autumn of 2019 and shared with ATI members.

Hannah BREJNHOLT TRANBERG (ActionAid Denmark) presented a *study on the Nordic countries' support to DRM*. Great focus is set on capacity development and technical assistance. Norway, Finland and Denmark and (to a lesser extent) Sweden have also provided support to research, civil society organisations (CSOs) and other organisations (e.g. regional tax organisations). Funding now tends to go increasingly to the multilateral organisations. In line with aid effectiveness principles, all make a case of local ownership, in some cases leaving regressive tax regimes unchanged. However, a significant part of aid goes to raising awareness about tax issues through intergovernmental bodies, CSOs and regional networks. With regards to ATI Commitment 1, Denmark is rather a long way from meeting its financial commitments. Finland is also lagging behind. Sweden's disbursement has doubled from 2014 to 2018. Norway, taking the 2019 budget into account, may achieve its commitments a year ahead of time. Tax and development has been regarded as primarily a matter of economics and administrative method to be dealt with by experienced technicians, but at heart it is political. It was suggested for the Addis Tax Initiative to develop an indicator and foster a spillover analysis.

As follow-up, ATI Consultative Group 1 agreed to develop an action plan to implement recommendations of the ATI study on donor coordination.

B. Civil society organisations: how can they contribute to domestic revenue mobilisation?

Moderator:

- Michael JARVIS, Executive Director, Transparency & Accountability Initiative (TAI)

Speakers:

- Andrew WAINER, Director for Policy Research, Save the Children USA
- Alice KIMOTHO, Branch Administrative Officer, Social Protection, Child Welfare Society of Kenya
- Samuel SHARP, Research Officer, Overseas Development Institute (ODI)
- Alina ROCHA MENOCAL, Senior Research Fellow, Overseas Development Institute (ODI)

Background

The recent scandals on tax avoidance and evasion revealed by the Panama and Paradise Papers demonstrate the crucial importance of civil society (including journalists) for tax compliance all around the world. In these cases, CSOs play a major role exposing misuse of tax regulations and pressing politicians to act on reforms. CSOs are an important voice in society when it comes to designing or reforming domestic resource mobilisation (DRM) policies. They can bring balance to a debate that is often dominated by strong private-sector lobbies through independent research. CSOs acknowledge that taxation plays a key role in improving governance, that tax bargaining in particular is vital for DRM and an important component of the citizen-state relationship.

Discussion

Andrew WAINER (Save the Children) presented Save the Children's report "Taxation with Representation - Citizens as Drivers of Accountable Tax Policy". According to the report, while an increase is observable, still only few of official development assistance (ODA) goes to CSOs. The report provides recommendations for governments and civil societies in both development partners and partner countries based on identified trends from recent literature. The three main findings and recommendations are as follows:

1. To development partners: A striking finding of the literature is that especially support from CSOs at the subnational level shows to be effective. Development partners' DRM programming should link the subnational to the national level and consider funding CSOs that are working with local governments as this can be "the foundation for building broader national campaigns". CSOs that are still quite new to the topic of domestic revenue mobilisation could enter the topic from the local level upwards.
2. To partner countries: Partner countries should involve civil society from the beginning. Ideally, local governments and CSOs co-design tax policy (this is already happening to some extent). This form of collaboration/cooperation reduces the risk of citizen-state confrontations.
3. To CSOs: CSOs should not singularly focus on the revenue side, but engage in the full budget cycle as it is the best way to educate taxpayers by showing them the benefits of taxation.

Alice KIMOTHO (Children Welfare Society of Kenya) complemented Save the Children's findings with their experience in Kenya at the local level. The CSO reached an important milestone when their recommendations were incorporated at local government level. As citizens are the ones affected by taxes, and especially by the delivery of the service, CSOs' engagement in domestic revenue mobilisation is crucial. In Kenya, the ATI principles came in quite useful as a starting point for engagement with the local government. An example of a successful collaboration between civil society and local government was presented from the informal business of vendors on motorbikes. The CSO advocated that the government would introduce a system where the vendors pay a one-time tax instead of regular taxes. The system reduced the (potential) revenues but created almost 100% compliance.

Alina ROCHA MENOCAL and Samuel SHARP (ODI) presented cross-findings from a new report on the role of CSOs in tax issues based on data analysis from several countries, concluding that the role of CSOs is "analysis, advocacy and awareness". Its findings show that the engagement of CSOs is usually rather reactive than proactive and that most advocacy is against unpopular taxes instead of promoting progressive taxation. The influence of CSOs examined in the countries of the report is highly context-dependent and reflects the general civil society/state relation in the respective country. Most barriers occurring in the collaboration between civil society and the state are of a political nature and not technical capacity constraints. These constraints are further supported by the way international development actors' support CSOs: they might be overlooking the political situation and tend to view civil society as a whole. Their programming might also be perceived as too prescriptive, making it difficult to account for a changing (political) environment. For international development players, these issues are difficult to overcome as they have to follow their governments' rules and are held accountable for a reasonable use of taxpayers' money. Further, their main partners are the respective governments, which make it sometimes difficult to engage with civil society.

In the discussion, untapped potential in general as well as what the Addis Tax Initiative could do to lever it were collected. Participants suggested that development partners should look more into funding local groups and that the initiative could provide the space for development partners to talk more on their support to CSOs. From their own experiences, CSOs support potentially has a larger leverage on the subnational level. For the Addis Tax Initiative in particular, participants suggested to provide space to exchange on development partners' practices with regard to CSOs and to include them in the matchmaking process. They agreed that it can be difficult for development partners to identify organisations, so this could be something the ATI could provide a space for. Participants also agreed that questions of equity should be included in the debates within Addis Tax Initiative.

C. DRM indicators and measuring progress in DRM reform: moving beyond the tax-to-GDP ratio

Moderation:

- Oliver PETZOLD, Advisor, International Co-operation and Tax Administration, Organisation for Economic Co-operation and Development (OECD)

Speakers:

- Essa JALLOW, Deputy Commissioner General and Commissioner Domestic Taxes, The Gambia Revenue Authority
- Lis CUNHA, EU Policy Officer, ActionAid
- Wellington JAH, Manager, Policy Planning and Strategic Partnerships, Liberia Revenue Authority
- John MPOHA, Principal Economist, Ministry of Finance, Malawi

Background

Domestic revenue mobilisation has received special attention in recent years, notably due to its contribution to sustainable development and fostering state-building, reducing dependency on external assistance and the provision of better and consistent public goods and services in partner countries. In assessing how countries are progressing in mobilising domestic revenues, the volume of revenue in terms of tax-to-GDP ratio has been the main consideration. In line with current debates on measuring domestic revenue mobilisation and input received from ATI members, the concern has been raised that this indicator is not a sufficient measure of progress made by countries in stepping up domestic revenue mobilisation. This breakout session provided an opportunity for countries and organisations in attendance to discuss how DRM progress can be better measured as well as the newly developed ATI indicators for measuring the progress that countries are making with regard to fulfilling ATI Commitment 2.

Discussion

Oliver PETZOLD (OECD) opened the session by presenting some of the issues that the OECD has collected with pure reliance on tax-to-GDP ratio as a measure of DRM progress. These issues include the exclusion of other revenue sources (such as royalties) and that tax-to-GDP does not monitor the fairness, transparency, efficiency and effectiveness of tax systems.

Subsequently, Collen Lediga (ITC Secretariat) presented the new ATI indictors for measuring domestic revenue mobilisation. The new list of indicators was developed during a year of both numerous physical meetings and electronic consultation meetings with all ATI partner countries, development partners and supporting organisations.

Lisa CUNHA (ActionAid) presented the findings of ActionAid's briefing on the EU DRM-related support and welcomed the new ATI indicators, pointing out some of the limitation in the new indicators. These include, for instance, a lack of a specific indicators for measuring gender inequalities in assessing tax and also factors such as economic and social inequalities that may distort DRM efforts.

Essa JALLOW (The Gambia) welcomed the consultative process taken by the Addis Tax Initiative in developing the indicators and expressed how they represent a good first step in measuring DRM progress in partner countries. Responding to the discussions regarding the relevance of tax–to-GDP, he highlighted that this measure is still relevant as the performance of his institutions are still measured based on it. He also welcomed the importance of indicators such as gender equality, but stated that such an indicator falls under the control of other institutions and that it would be unfair to assess tax authorities on something they have no control over.

Wellington JAH (Liberia) also welcomed the new indicators and stated that, for indicators that are not included due to missing data, countries should be encouraged to start collecting such data to ensure we continue to improve on our measure of DRM progress.

The discussion of how to move forward post 2020 focused on the importance of the Addis Tax Initiative collaborating with other organisations that are collecting similar data, that the pilot study is welcomed and that its results should influence the ATI post-2020 process. It was also suggested that the Addis Tax Initiative should reflect on what stepping up domestic revenue mobilisation means, whether it should be limited to measuring the size of the revenue collection or also include other steps such as an efficient revenue system, gender and social or economic equality. A much stronger consensus was the importance of the Addis Tax Initiative focusing on its role of providing added value to partner countries through improvements in the effectiveness, efficiency, fairness and transparency of the tax system and other principles contained in the annexure of the ATI declaration.

D. Setting new standards in the international tax and development arena: how to strengthen the voice of partner countries?

Moderation:

- Irma MOSQUERA VALDERRAMA, Associate Professor of Tax Law and Principal Investigator EU-ERC GLOBTAXGOV, University of Leiden

Speakers:

- Irma Johanna MOSQUERA VALDERRAMA, Associate Professor of Tax Law and Principal Investigator EU-ERC GLOBTAXGOV, University of Leiden
- Laura STEFANELLI, Advisor, BEPS and Developing Countries, Organisation for Economic Co-operation and Development (OECD)
- Raphael KAMOTO, Director, Strategic Partnerships, Planning, Monitoring & Evaluation, African Tax Administration Forum (ATAF)

Background

The objective of improving domestic revenue mobilisation has been high on the international development agenda for over a decade. Concurrently, the discourse on increasing cooperation in order to tackle base erosion and profit shifting has evolved and so too have initiatives to combat illicit financial flows (IFF). Much of the agenda has been driven by the preparation and the follow up of G9/G8/G20 Summits. On these platforms, the question of how the interests of partner countries can be safeguarded and their voices can be better heard has been increasingly raised. This notably explained the establishment of the International Tax Compact (ITC) as a neutral platform of interchange.

Recently, and despite recent attempts to broaden participation, for example through the BEPS Inclusive Framework, concerns have been raised about OECD frameworks not addressing enough issues specifically faced by partner countries, such as the allocation of taxing rights in a digitalising economy. Some also argue that EU initiatives, including for instance the EU list of non-cooperative tax jurisdictions, fail to sufficiently account for their adverse impact on partner countries. At the same time, the UN Tax Committee, while being perceived as a more inclusive platform, is often portrayed as lacking the necessary leverage to ensure consistent implementation.

Discussion

Irma Johanna MOSQUERA VALDERRAMA presented her research project, which questions under which conditions the OECD-G20 and the EU models of global tax governance can be feasible and legitimate for both developed and partner countries. The research project follows three lines of investigation: (i) the implementation of the four minimum standards in selected countries, (ii) the conditions under which the OECD can set standards in the current model of global tax governance, (iii) the legitimacy of the EU initiatives with respect to EU and third (non-EU) countries. The project started in 2018 and will continue until 2023. In 2018 and 2019, it began with linking up with more than 10 countries and ample networking activities through publications, blogs and participation in various dialogue fora.

Laura STEFANELLI (OECD) presented the BEPS Inclusive Framework with its 129 members and pointed out that 66% of the members are non-OECD and non-G20 countries. 18% of the members are from Africa. Following the OECD, the BEPS Inclusive Framework membership offers broad opportunities for all countries, such as:

- An equal voice in the development of standard-setting related to BEPS
- Access to targeted initiatives and capacity building to ensure effective participation and BEPS implementation
- An equal say in peer review processes
- Being a part of the evolving global consensus
- Enhanced information and knowledge sharing

This position was debated Raphael KAMOTO (ATAF), who argued that the agenda-setting landscape for new standards in the international tax and development arena is basically OECD-driven as the UN has a limited presence on the scene. This is why the African Tax Administration Forum (ATAF) is increasing its presence and African countries increasingly rely on ATAF to voice their concerns of complex tax issues in the global tax arena. Besides the representation of African countries in the global agenda-setting landscape, ATAF provides support to country programmes that uncover specific issues faced by countries. ATAF's three technical committees also provide the opportunity for African countries to debate issues arising from the global tax arena. All in all, ATAF has greatly increased the support scheme to its members and intensively works on bridging the international agenda and the specific needs and questions of its members.

The subsequent discussion emphasised the workload deriving from the international tax agenda. Individual countries and their finance ministries and tax administrations are hardly able to cover the full workload that is involved regarding the implementation of even BEPS minimum standards and the membership of the BEPS Inclusive Framework. Processing policy documents and formulating positions is a challenge for all countries. Even for advanced administrations, such as Georgia, time constraints have already created delays and discussions with the OECD and subsequently with the EU. The linking of the EU blacklist with the advances under the BEPS Inclusive Framework was regarded as critical and too challenging for many countries to cope within the given timeframes.

Regarding the voices of partner countries, the need to involve relevant representatives from the ministries of finance was also discussed. While tax administrations are often involved in the international agenda, the tax policy side might rather be the right partner for reconciliation and coordination of tax policy position deriving from international agendas.

Thus, more generally and only partially related to the Addis Tax Initiative for the future, the following recommendations were derived in order to improve the voice of partner countries and their roles in the international tax and development arena:

- Making relevant policy documents quickly available in different languages and leaving enough time to process them.
- Transparently discussing the pace of reform to be adopted by the countries.
- Organising the sharing of insights between countries to make use of data, risk identification, measuring BEPS and other revenue challenges, together with regional organisations.

E. Policy partnerships for development: fostering cross-government collaboration for domestic revenue mobilisation

Moderation:

- David YELLOWLEY, Programme Manager International Capacity Building, HM Revenue & Customs, United Kingdom

Speakers:

- Joseph STEAD, Senior Policy Analyst on Tax & Development, Organisation for Economic Co-operation and Development (OECD)
- Mark MONTGOMERY, Development Specialist, Department of Foreign Affairs and Trade Ireland
- Daniel NUER, Head of Tax Policy Unit, Ministry of Finance, Ghana

Background

Cross-government collaboration among different public agencies has been discussed for many years. The whole-of-government approach (WGA) focuses on ministries, public administrations and public agencies working across the boundaries of their jurisdictions in order to achieve a common goal and integrated government responses to a particular problem or issue. This approach is also relevant in the DRM area. On the one hand, development partners can enable domestic revenue mobilisation (DRM) in partner countries through a coordinated WGA on tax and development across several public entities. On the other hand, tax systems in partner countries are most effective when they are part of a WGA.

Discussion

The session started with **Joseph STEAD** (OECD) presenting the OECD whole-of-government survey on tax and development. Eleven development partners responded to the survey and shared their experiences on the cooperation between tax administrations and anti-corruption authorities in combating tax crime and corruption. The following aspects were examined: framework and governance (including high-level structures/processes and financing); design, implementation and evaluation of programmes; the issue of policy coherence for development; and challenges faced by the respondent countries. Ultimately, human capital is considered the biggest challenge, as the demand for experts significantly exceeds supply, both domestically and abroad. Unclear roles and mandates, not commonly shared development objectives, suboptimal structures for supporting tax work and difficult communication were also mentioned as challenges.

Subsequently, **Mark MONTGOMERY** (Ireland) and **Daniel NUER** (Ghana) shared their country's experiences with inter-governmental cooperation in the area of domestic revenue mobilisation for Ireland and Ghana, respectively. MONTGOMERY presented Ireland's WGA for strengthening partner countries' tax administrations and enhancing the capacity for sustainable domestic revenue mobilisation. Ireland's strategy primarily consists of scaling up support to DRM activities, sharing its experience through effective global partnerships and shaping an enabling environment though coordinated action.

NUER then presented how Ghana is working on improving cross-governmental collaboration on domestic revenue mobilisation. With multiple players (government, parliament, judiciary, think tanks, civil society and

businesses) being directly involved in DRM efforts, NUER generally sees many benefits from cross-government collaboration. In particular, he highlighted greater ownership and a general buy-in as well as more efficient, robust and implementable DRM policies as benefits. In practice, however, challenges remain and collaboration is not easy. There might not only be resistance from sides of the governmental agencies and a loss of public confidence, but often DRM policies continue to be poorly designed and not implementable.

In general, the group agreed that many opportunities arise from cross-governmental collaboration, both for partner countries and for development partners. Ensuring that the technical assistance provided actually spreads across multiple institutions leads to a better coordination among these institutions. However, participants were well aware of the issues and challenges posed by cross-governmental collaboration. These include, among others, a difficult coordination between various departments and revenue agencies, a lack of transparency in spending, difficulties in aligning revenue policies with governments' priorities, and tax policies that are not aligned with tax administration issues.

As recommendations, the participants suggested considering broader programmes – instead of isolated agency-to-agency cooperation – that would bring in a myriad of stakeholders, such as ministries, IT departments, judicial courts etc. On the development partners' side, it is important to establish cooperation units containing representatives from ministries, revenue authorities and aid agencies. On the partner countries' side, it is important to ensure that the ministry of finance is in the lead and that high-level commitment is given. A lesson learned should be for development partners to think according to a WGA when entering projects and supporting partner countries towards taking control through this approach at the same time.

As a takeaway for the time after 2020, the Addis Tax Initiative should agree on what policy coherence for development and WGA means for DRM support, ultimately creating a common vision on these two issues supported by development partners and partner countries alike. The Addis Tax Initiative could work towards compiling different types of success indicators regarding cross-governmental collaboration on DRM-related technical assistance. The initiative could also serve as an important platform when it comes to ensuring high-level commitment, which is of utmost importance for cross-governmental collaboration.

F. Horizontal partnerships: how to achieve mutual benefits through regional and international cooperation?

Moderation:

- Dries LESAGE, Associate Professor, Ghent Institute for International Studies, Ghent University

Speakers:

- Marcio VERDI, Head of Council, Network of Tax Organisations (NTO), and Executive Secretary, Inter-American Center of Tax Administrations (CIAT)
- James KARANJA, Head of Secretariat, Tax Inspectors Without Borders (TIWB) Secretariat

Background

International cooperation in the field of taxation and development is not new. Promoted by the UN for many years, horizontal interchange traditionally happens in the framework set by international institutions (such

as the UN Tax Committee) or through specific initiatives (e.g. in the case of the OECD Inclusive Framework in the area of international taxation). It allows diverse views and positions to be shared and to promote more inclusive ways to design and implement tax policy.

In recent years, the UN has stressed the relevance and potential of South-South cooperation in this area, qualifying it as "bold, innovative, and growing means to strengthen cooperation for the achievement of the SDGs. The 2030 Agenda on SDGs and Addis Ababa Action Agenda (AAAA) on Financing for Development also acknowledge the critical role South-South cooperation plays in global development.

Since the 1960s, regional and international organisations of revenue administrations across the world often provide, among other things, the kind of horizontal partnerships promoted by the UN for many years. In 2016, a new step was achieved with the establishment of a systematic international cooperation framework through the creation of the Network of Tax Organisations (NTO). In parallel, other programmes, such as Tax Inspectors Without Borders (TIWB), as a joint initiative launched by the OECD and the United Nations Development Programme (UNDP) in 2015, offer support to partner countries by sending expert tax auditors to countries requesting assistance to work on current tax audits and international tax issues.

Discussion

James KARANJA (TIWB Secretariat) first introduced the TIWB programme, referred to as a "learning-by-doing approach to tax audit assistance". In his presentation, he described TIWB as an "army of tax advisors", running 63 programmes in 36 countries (including nine South-South programmes) free of charge for assistance and pointed to partnerships developed with national, regional, and international tax organisations since its launch in 2015. He also presented the United Nations Development Programme (UNDP) Roster of Experts, which currently includes 52 multilingual tax audit experts.

Marcio VERDI (NTO, CIAT) introduced the Network of Tax Organisations, which is composed of nine regional tax organisations that have committed to collectively fostering capacity building amongst NTO members, internal coordination and serving as a global platform for exchanging on tax administration matters. He highlighted the important contribution of regional tax organisations to the objective of fostering domestic revenue mobilisation, through the management of capacity building programmes, research and training activities, among other things. He also pointed to resource constraints in regional tax organisations and the Network of Tax Organisations to implement the numerous requests coming from both their members and from other international institutions, for instance to collect data on tax administrations.

In the follow-up discussion, the speakers also highlighted some of the challenges they are encountering. For instance, internal coordination challenges within international institutions to ensure that programmes are demand-driven as well as resource constraints in regional tax organisations or the Network of Tax Organisations, as these often rely on under-staffed secretariats. Both speakers also acknowledged existing tensions between development partners' requests to report on programmes in a quantitative manner and the long-term impact that capacity programmes often aim to have.

Other participants also pointed out the need to balance the need to "relocalise knowledge" by fostering the development of knowledge hubs in partner countries with the importance of having a "starting point" for knowledge transfer processes to kick off, highlighting the language issues often encountered in finding the relevant tax experts. In addition, participants presented how some of the initiatives conducted in their

respective networks may help achieve wider mutual benefits. This includes TIWB and regional tax organisations building strategic partnerships to implement common objectives; PITAA developing a regional pool of experts to overcome cost constraints; CREDAF using various digital technologies to facilitate exchange among members; BRITACOM building "training the experts" training programmes.

Participants finally agreed on three key recommendations to the Addis Tax Initiative post 2020:

- ATI members are to work with the Network of Tax Organisations, regional tax organisations, TIWB and other capacity building institutions to help identify experts from the Global South to increase sustainability of DRM programmes.
- ATI development partners to actively support the Network of Tax Organisations and regional tax networks in light of the discrepancy between the growing consensus about the critical role played by these organisations (e.g. in cooperation with TIWB) and the fact that these organisations are often "left out of the resource basket".
- The Addis Tax Initiative is to define tangible commitments and focus on long-term relationships and strategic alliances in domestic revenue mobilisation for the time after 2020.

Presentation of the ATI Evaluation Report

Four years after its launch, an independent and external evaluation of the Addis Tax Initiative was conducted. The aim of the evaluation was to assess the relevance, effectiveness, impact, efficiency and sustainability of the initiative. The evaluation served as a vehicle to identify aspects of the Addis Tax Initiative that work well and aspects that should be improved in order to better deliver on its mandate. It also provided lessons learned and best operational practices, which will be used as valuable input for discussions concerning the future of the initiative post 2020.

The two consultants in charge, Christian VON HALDENWANG and Harald MAIER from B,S,S. Economic Consultants, presented the results of the ATI evaluation during the last conference day. For the evaluation, ATI documents and secondary literature were examined thoroughly, as well as conducting interviews with 30 ATI members, stakeholders, and external experts in order to reflect the general view of delegates.

The ATI Evaluation Report highlights that the Addis Tax Initiative has contributed to keeping domestic revenue mobilisation high on the international agenda, making it a very relevant in terms of DRM agenda-setting. The report also confirms the role of the Addis Tax Initiative with respect to donor coordination as it provides a platform for facilitating dialogue between different stakeholders active in the field of tax and development. While most of the international DRM-related initiatives are driven by international organisations, it is important to contrast that bilateral development partners have been key in setting up and operating the Addis Tax Initiative. The report raises this as one of its unique features. Further, the evaluation report reveals that ATI partner countries see the initiative as a highly relevant platform for peer learning, though lacking a proper structure. The upcoming ATI matchmaking mechanism is expected to facilitate the peer

learning and enhance the quality of official development assistance (ODA) by finding the right projects for individual countries' needs. The evaluation also highlighted that there is room for improvement regarding a more active role of the partner countries in the initiative.

Overall, the ATI Evaluation Report highlights the contributions made by the Addis Tax Initiative towards enhancing the mobilisation of domestic revenue for financing sustainable development. To remain relevant and strengthen its contribution to DRM efforts, the evaluation report recommends addressing some of the following measures:

- Ensuring that ATI partner countries play a more active part in steering the Addis Tax Initiative, ensuring the participation of researchers and representatives of partner countries in ATI studies, and organising ATI events in partner countries.
- Improving the representation of all regions of the world (e.g. Latin America), including those where the Addis Tax Initiative is less visible, by offering ATI deliverables in languages other than English.
- Prioritising communication and visibility by developing a communication strategy to increase outreach and media coverage, as these aspects are currently very limited and could be affecting membership uptake significantly.

The ITC Secretariat will develop a plan for implementing the recommendations of the ATI Evaluation Report. This plan will be shared with ATI members for their inputs and implementation.

Summary

ATI/ITC Tax and Development Conference 2019

The ATI/ITC Tax and Development Conference took place in Berlin from 2 to 4 July 2019. It brought together a diverse range of stakeholders who cooperate with the International Tax Compact (ITC) in the area of domestic revenue mobilisation, most notably in the context of the Addis Tax Initiative (ATI). The conference was well received by participants, with noted appreciation of the quality of the conference discussions on various pressing DRM issues and the mix of participants. These factors enabled a wide coverage of topics and an in-depth exchange of information regarding current DRM activities, as well as the identification of the challenges and necessary reforms of partner countries, development partners and supporting organisations alike. Overall, the conference provided a neutral setting for broad-based discussions on tax and development topics while focusing on the needs and priorities of partner countries. Participants included representatives of tax administrations and finance ministries from partner countries and development partners, as well as international organisations, the private sector, civil society organisations and academia.

The conference programme combined different interactive formats in order to give stakeholders various opportunities to network, present their country or organisation, and articulate their respective needs and perspectives. Five panel discussions and two rounds of breakout sessions gave ample opportunity to dis-

cuss issues of relevance in more detail. Short pitching sessions throughout the event allowed ATI partner countries to promote their requests for support, giving way to "matchmaking" between partner countries and development partners. Audience members were able to easily and transparently make contributions throughout the plenary sessions via a polling app. A market place provided the opportunity for all participants to get to know each other and share good practices, lessons learnt and relevant information with interested parties. Lastly, an open space session allowed organisations to present or discuss specific issues of interest in smaller groups. Overall, the diverse opportunities for interchange were used intensively, and named as an important benefit of the conference during the evaluation.

Thematically, the first day was dedicated to exploring the untapped potential for domestic revenue mobilisation. The ATI Monitoring Report 2017 was presented, stressing that there is still a gap regarding financing of the 2030 Agenda for Sustainable Development in many countries. Accordingly, discussions during the panels and breakout sessions focused on opportunities to close the remaining gaps under the ATI commitments, in order to increase revenue for both fulfilling the ATI commitments until 2020 and achieving the Sustainable Development Goals (SDGs). The second day focused on improving cooperation and creating effective partnerships for enhancing revenue mobilisation. Topics discussed included: donor coordination, regional and international cooperation, the strengthening of partner countries' voices, the contribution of civil society organisations, and technical questions related to measuring progress in DRM reforms. The third and final day of the conference considered the bigger picture by highlighting that domestic revenue mobilisation is essentially a contribution for development. In this context, the question of how to ensure that more revenue leads to more development was stressed. The midterm evaluation report on the Addis Tax Initiative was presented as a first step towards (re-)adapting the priorities for the Addis Tax Initiative post-2020, in order to ensure that the initiative continues to add value within the tax and development arena.

Future of the Addis Tax Initiative post 2020

Throughout the ATI/ITC Tax and Development Conference 2019, participants and speakers highlighted that the Addis Tax Initiative has been instrumental in affording its members a platform to discuss available DRM support resources, as well as the technical needs and priorities to be taken into account when developing support initiatives. Discussions acknowledged the role played by the initiative in placing domestic revenue mobilisation high on the international sustainable development agenda, and for promoting mutual accountability amongst its members through its monitoring reports.

Considering the fact that four years have passed since the inception of the Addis Tax Initiative in 2015, ATI members found it befitting to extend conference discussions and reflect on the roles and topics that the initiative could cover in the future. Based on changing priorities in the international tax and development landscape, both ATI members and non-members had the opportunity to reflect on what should be the priorities of the Addis Tax Initiative moving forward.

Future role

The conference provided a valuable platform for participants to discuss how best to strengthen the role of the Addis Tax Initiative in contributing to driving domestic revenue mobilisation as a catalyst for implementing sustainable development. The following areas were identified as in need of further strengthening:

Coordination

The participants emphasised the important role that the Addis Tax Initiative plays in fostering better coordination in the provision of DRM support between all stakeholders. In this context, aligning available technical support to the actual needs and priorities of intended recipients was highlighted as a necessary feature of this coordination role. The forthcoming ATI matchmaking mechanism shall serve as an important instrument in this regard.

Effective partnerships

It was recommended that the Addis Tax Initiative strengthen its role in bringing together different stakeholders in the tax and development arena, most notably from tax administrations, ministries of finance, and development partners. Furthermore, the Addis Tax Initiative should seek to include civil society, academia and the media as strategic partners in implementing effective support for domestic revenue mobilisation. Participants strongly emphasised the role of civil society and the media for advocacy, research and awareness-raising as means to foster transparency and accountability. It was suggested that private sector participation be considered. Promoting the role of citizens in uncovering illicit financial flows (IFF) in a bottom-up approach was proposed, for example through citizen-driven data collection, monitoring or advocacy. Reflecting the international cooperation efforts on tax matters, the Addis Tax Initiative could work closely with other existing networks and organisations, such as the Platform for Collaboration on Tax (PCT) or Tax Inspectors without Borders (TIWB). It could also work within fora, such as the Global Forum on Transparency and Exchange of Information for Tax Purposes, and the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project.

Peer learning

Participants expressed that the Addis Tax Initiative provides an important space for peer learning, where members have the opportunity to share their experiences and exchange ideas. The possibilities for peer-to-peer interchange should therefore be increased, allowing for a more open and frank discussion of challenges. The current forms of exchange mechanisms provided through the ATI meetings and conferences were highly appreciated at the conference. It was suggested that this be expanded by creating better structured platforms, similar to the planned ATI matchmaking mechanism. An expansion of the ATI membership across regions, and closer collaboration with regional networks in implementing DRM support, will be vital in ensuring effective peer learning across regions with similar challenges and revenue growth opportunities.

Effective support

According to the conference participants, the Addis Tax Initiative should look for effective and efficient ways to encourage better alignment of partner countries' needs and development partners' available support. It was also pointed out that the Addis Tax Initiative, in monitoring the commitment to double support for domestic revenue mobilisation, should also monitor the added value of this. That is, to what extent the increased support is effectively and efficiently used. Another important facet of effective support mentioned was the requirement of skill transfer in the provision of technical support, through the active engagement of experts in the public administrations of partner countries. Participants reiterated that it is important for partner countries to take ownership of DRM support efforts to ensure that value for money is achieved, and that the support provided does not overwhelm the existing structures.

Future topics

Focusing on how the Addis Tax Initiative can continue to address financing for sustainable development priorities, a number of possible future topics were discussed throughout the conference. These topics should be considered in mapping the way forward post-2020, providing guidance for developing key focus areas and action points.

Expenditure management

Participants suggested that the Addis Tax Initiative could move beyond focusing strictly on domestic revenue mobilisation to include topics related to budgeting. Participants agreed that domestic revenue mobilisation and expenditure management, if and when driven together, could lead to more effective support for financing sustainable development.

Equity and gender

Participants of the conference stressed that the Addis Tax Initiative should address the distributive aspects of taxation, equity and gender more systematically in the future. Participants agreed that the initiative, as driver of a DRM agenda, should consider how DRM efforts impact women and issues of equity.

Climate change and environment

Issues related to climate change and environment were also mentioned as important future topics, notably with relation to the policy-steering function of taxation. The Addis Tax Initiative should help to strengthen the capability of ATI members in using taxation as a corrective measure for addressing environmental protection and climate issues.

Follow-up

Prior to the conference, the ATI Steering Committee had decided to establish an ATI post-2020 Task Force with the purpose of defining the role of the Addis Tax Initiative beyond 2020. The first meeting of the task force was held on 4 July 2019, directly following the ATI/ITC Tax and Development Conference. 45 delegates from 34 ATI members attended the meeting, with participants evenly distributed over partner countries, development partners and supporting organisations. Agreeing that the task force's operations would be more efficient and focused with a smaller but representative body of members, the participants of the meeting agreed on a nine-member ATI post-2020 Task Force, consisting of three members each from partner countries, development partners and supporting organisations. The valuable proposals that were made throughout the conference, and particularly during the closing panel, on the role and potential topics for the Addis Tax Initiative post-2020 will be shared with the task force for consideration. The meeting report can be found *here*.

Annex 1: Agenda

1 July (Mon)	Arrival of the participants
15:00 – 18:00	**Meeting of the ATI Consultative Groups**
From 16:00	Registration
18:30 – 20:00	**Cocktail reception**

2 July (Tue)	Day 1 – Closing the gap: exploring untapped potential for domestic revenue mobilisation
08:00 – 08:45	Registration
09:00 – 09:45	**Opening of the conference** *Opening statements by* Petra SCHMIDT, Head of Division, Sectoral and thematic policies, governance, democracy and rule of law, Federal Ministry for Economic Cooperation and Development (BMZ), Germany Felix FERNANDEZ-SHAW, Director of International Cooperation and Development Policy, DG DEVCO, European Commission Essa JALLOW, ATI Co-Chair and Deputy Commissioner General, The Gambia Revenue Authority
09:45 – 10:00	Presentation of the conference programme
10:00 – 10:45	**Stock-taking exercise: Launch of the 2017 ATI Monitoring Report** Stefanie RAUSCHER, Coordinator, International Tax Compact
10:45 – 11:00	Group picture
11:00 – 11:30	Coffee break

11:30 – 13:00	*Panel discussion 1* **Increasing domestic revenue for achieving the 2030 Agenda: what are the untapped sources?** *There is still a gap regarding financing of the 2030 Agenda for Sustainable Development in many countries. The opening panel discussion will explore which untapped sources exist for increasing domestic revenue. Furthermore, the panel will assess which role the Addis Tax Initiative could play in future when it comes to mobilising domestic revenue from these sources.* Jenebe BANGURA, Deputy Commissioner General, Sierra Leone Revenue Authority Felix FERNANDEZ-SHAW, Director of International Cooperation and Development, International Cooperation and Development, DG DEVCO, European Commission Martin KREIENBAUM, Deputy Director of International Taxation, Federal Ministry of Finance (BMF), Germany Prof. Mick MOORE, Chief Executive Officer, International Centre for Tax and Development (ICTD) Prof. Attiya WARIS, Associate Professor of Tax Law and Fiscal Policy, Law School of the University of Nairobi, Kenya
13:00 – 14:00	Lunch break
14:00 – 15:30	*Breakout session 1* **Increasing domestic revenue for achieving the 2030 Agenda for Sustainable Development** *The first round of breakout sessions will allow participants to discuss the potential of different sources for increasing domestic revenue and factors to leverage this potential.* Group discussions **A. Broadening the tax base: how to deal with the informal sector?** **B. Tax simplification: where to start?** **C. Designing and managing tax incentive regimes: a balancing act between maximising the impact and minimising the drawbacks** **D. Digitalising tax administrations: how can development support be best tailored to the challenges faced in partner countries?** **E. Tax and ethics: how to strengthen domestic revenue mobilisation through the promotion of stronger integrity in tax administrations?** **F. Domestic revenue mobilisation in fragile states: a cornerstone for state-building?**

15:45 – 16:30	Coffee break (including a presentation stand for each breakout session)
16:30 – 18:00	*Panel discussion 2* **Combatting illicit financial flows: how to improve collaboration?** *The second panel discussion will deal with another potential driver for domestic revenue mobilisation: the fight against illicit financial flows (IFFs). While the topic is currently being addressed prominently in international debates, challenges linked to lack of political leadership and insufficient implementation remain. The panel will focus on identifying priorities to strengthen the commitment of addressing IFFs, and what role the Addis Tax Initiative could play in enabling this process after 2020.* Tom CARDAMONE, President and Chief Executive Officer, Global Financial Integrity (GFI) Patrick CHEGE, Chief Manager, International Taxation Office, Kenya Revenue Authority Joseph STEAD, Senior Policy Analyst on Tax & Development, Organisation for Economic Co-operation and Development (OECD)
19:30	Boat cruise with dinner

3 July (Wed)	Day 2 – Better together: effective partnerships for enhancing domestic revenue mobilisation
09:00 – 09:15	Introduction to day 2
09:15 – 10:45	*Panel discussion 3* **Effective support for mobilising domestic revenue: how can coordination be improved?** *The third panel discussion will address the question of what is "effective" when it comes to development partners supporting the mobilisation of domestic revenue in partner countries. More specifically, the panel aims at identifying what progress needs to be made for development partners to achieve their target of doubling technical support to DRM and how to ensure quality of support. Additionally, the panel will seek to explore how effective partnerships could enhance domestic revenue mobilisation post-2020.* Nathan COPLIN, Senior Policy Advisor, Accountable Development Finance, Oxfam International Trond HEYERDAHL AUGDAL, Senior Advisor, Norwegian Agency for Development Co-operation (Norad), Norway Irma MOSQUERA VALDERRAMA, Associate Professor of Tax Law and Principal Investigator EU-ERC GLOBTAXGOV, University of Leiden Thomas DOE NAH, Commissioner General, Liberia Revenue Authority
10:45 – 11:15	Coffee break

11:15 – 12:45	*Breakout session 2* **Effective partnerships for domestic revenue mobilisation** *Securing wide political and societal ownership has long been identified as a main challenge for DRM efforts. The second round of breakout sessions will give participants the opportunity to discuss how cooperation not only between development partners and partner countries, but also across governments, with the civil society and other regional and international institutions, can lead to a long-term improvement in the national capacities to raise domestic revenue.* Group discussions **A. Donor coordination: evidence from the ATI study and Medium-Term Revenue Strategy (MTRS) implementation in Uganda** **B. Civil society organisations: how can they contribute to domestic revenue mobilisation?** **C. DRM indicators and measuring progress in DRM reform: moving beyond the tax-to-GDP ratio** **D. Setting new standards in the international tax and development arena: how to strengthen the voice of partner countries** **E. Policy partnerships for development: fostering cross-government collaboration for domestic revenue mobilisation** **F. Horizontal partnerships: how to achieve mutual benefits through regional and international cooperation?**
12:45 – 14:00	Lunch break
14:00 – 15:00	Presentation and sharing of the results from breakout session 2
	Coffee break included in the market place
15:00 – 17:00	**Market place** *The market place will provide the opportunity for all participants to introduce projects and initiatives, exchange with one another, and share good practices, lessons learnt and relevant information with interested parties.*
17:00 – 18:00	**Open space** *The open space will allow participants to meet in smaller groups or to organise their own session to present or discuss specific issues of interest.*

4 July (Thu)	Day 3 – Widening the perspective: revenue for development
09:00 – 09:15	Introduction to day 3
09:15 – 10:30	*Panel discussion 4* **Beyond domestic revenue mobilisation: from mobilisation to spending** *How to ensure that more revenue leads to more development? This panel explores how to make more effective, efficient and accountable use of public resources. It also addresses the question of how the fiscal space that is required in order to achieve development goals can be improved by other means than raising revenue.* Ibrahim ALUBALA, Technical Advisor, Save the Children Kenya Sèwènan Rodrigue CHAOU, Director, General Budget, Ministry of Finance, Benin Kimberly ROSEN, ATI Co-Chair and Deputy Head, United States Agency for International Development (USAID), USA
10:30 – 11:00	Coffee break
11:00 – 11:30	**Presentation of the ATI Evaluation Report** *In this session, the evaluation report will be presented followed by Q&A from the audience. The main purpose of this evaluation is to provide input for the discussion about how to continue the Addis Tax Initiative after 2020.* Harald MEIER & Christian VON HALDENWANG (B,S,S. Consulting)

11:30 – 13:00	*Panel discussion 5* **What are the priorities for the Addis Tax Initiative post 2020?** *The closing panel will look at the continuation of the Addis Tax Initiative beyond 2020 to ensure that it still provides an added value within the tax and development arena. First, the ATI midterm evaluation report will be presented. Based on its recommendations and the results of the previous sessions, panellists will discuss what should be the priority areas for the Initiative after 2020, in order to best reflect changing priorities in the international tax and development landscape.* Ingrid-Gabriela HOVEN, Director General, Department for Global Issues, Sector Policies and Programmes, Federal Ministry for Economic Cooperation and Development (BMZ), Germany Essa JALLOW, Deputy Commissioner General, The Gambia Samrita SIDHU, Head of Public Finance & Tax Department, Department for International Development (DFID), United Kingdom Marcio F. VERDI, Executive Secretary, Inter-American Center of Tax Administrations (CIAT) and Head of Council, Network of Tax Organisations (NTO) Marijn VERHOEVEN, Lead Economist and Cluster Lead Tax, World Bank Group (WBG; Platform for Collaboration on Tax)
13:00 – 13:15	**Closing of the conference** *Closing statement by* Kimberly ROSEN, ATI Co-Chair and Deputy Head, United States Agency for International Development (USAID), USA
13:15 – 14:00	Lunch
14:00 – 17:00	**Meeting of the ATI post-2020 Task Force**

Annex 2: Speakers' Bios

Ibrahim Alubala

Mr. Ibrahim Alubala is a technical advisor at Save the Children in Kenya.

Tom Cardamone

Mr. Tom Cardamone is the President and CEO of Global Financial Integrity (GFI) and is responsible for the strategic planning and promotion of organisational goals and policy positions to key audiences, including high-level government officials and multilateral institutions. He also leads the promotion of GFI's trade risk-assessment database GFTrade, which enables customs officials to better detect instances of trade misinvoicing as it occurs in real-time. Throughout his career, Mr. Cardamone has served as an analyst, consultant, project director and executive director to several non-profit organisations. He has advocated numerous policy positions related to increasing global financial security and transparency. Mr. Cardamone has delivered remarks on various policy issues to the UN, the OECD and has testified before the U.S. Senate Committee on Foreign Relations.

Rodrigue Sèwènan Chaou

Mr. Rodrigue Sèwènan Chaou is the Director General of the Budget at the Benin Ministry of Economy and Finance since 2016, where he prioritises budgetary and organisational reforms as well as strengthening the right to budgetary information. He began his career at the ministry by joining the Office of Assistant to the Director General of the Budget, where he remained at the head for 10 years. In January 2014, he was appointed Director of Budget Preparation, where he was in charge of the effective implementation of the new organic law on finance laws adopted in 2013.

Nathan Coplin

Mr. Nathan Coplin is a Policy Advisor for Accountable Development Finance at Oxfam America. Prior to this posting, he was Programme Manager at the Financial Transparency Coalition, where he supervised projects on journalist training, civil society capacity building and tax administrator roundtables. He also worked as Deputy Director at New Rules for Global Finance, where he was responsible for developing and managing advocacy, programmes and research related to international financial institutions, global financial regulation, fiscal transparency and development finance. He developed and implemented campaigns to strengthen transparency and accountability of international financial institutions. Mr. Coplin holds a Bachelor of Science in International Studies and a Master of Arts in Diplomacy and International Relations.

Patrick Chege

Mr. Patrick Chege is currently the tax manager in charge of transfer pricing audits at the Large Taxpayers Office of the Kenya Revenue Authority. In this role, he leads a group of tax auditors responsible for audits

of cross border transactions. He is also a member of the OECD Working Party 6, which deals with various issues of transfer pricing. During the BEPS negotiations, Mr. Chege actively represented Kenya's perspective on transfer pricing challenges and the desirable solutions for the country. Mr. Chege is an accredited trainer for Commonwealth Association of Tax Administrators (CATA). Mr. Chege holds a Master of Laws and a Master of Arts in Economics, both from the University of Nairobi. He is also a certified public accountant in Kenya.

Thomas Doe Nah

Mr. Thomas Doe Nah is the Commissioner General of the Liberia Revenue Authority (LRA). He is an experienced civil society actor and financial sector professional with over 25 years of experience in banking and non-governmental sector management. Prior to working for the LRA, Mr. Nah worked as Programme Lead at the Carter Center and as Executive Director of the Center for Transparency and Accountability in Liberia, which he co-founded and is now the National Chapter of Transparency International. He has worked in the Economic and Commercial Section at the United States Embassy in Monrovia. He has also served in various capacities at the International Bank Liberia Limited (IBLL) and the Liberia Bank for Development and Investment (LBDI). Mr. Nah holds a Bachelor of Business Administration in Accounting and Economics from the University of Liberia and a Master's degree of public administration from the Kennedy School of Government, Harvard University.

Felix Fernandez-Shaw

Mr. Felix Fernandez-Shaw is the Director of International Cooperation and Development Policy at the European Commission, DG DEVCO, since April 2018. Prior to that, he was an expert in the Cabinet of the HRVP Federica Mogherini. He first joined the European Institutions in 2011 as Head of Development Cooperation Coordination Division in the European External Action Service. As Spanish diplomat, he has worked in the Spanish Permanent Representation to the EU on humanitarian and migration issues. He has also served the Spanish Ministry of Foreign Affairs and the Ministry of Justice.

Trond Heyerdahl Augdal

Mr. Trond Heyerdahl Augdal is a Senior Advisor at the Norwegian Agency for Development Cooperation (Norad).

Ingrid-Gabriela Hoven

Ms. Ingrid-Gabriela Hoven is Director General of the Department for Global Issues, Sector Policies and Programmes of the German Federal Ministry for Economic Cooperation and Development (BMZ. She has been working at the BMZ in various positions since 1986, most recently as Special Envoy for Climate and Development. From 2010 to 2014, Ms. Hoven served as Executive Director to the World Bank Group, representing Germany. She was a member of the board of GAVI, the Vaccine Alliance, and served as a Co-Chair of the Global Facility for Disaster Reduction and Recovery. She was also a board member of the Green Climate Fund and the Global Environment Facility. Ms. Hoven studied economics and political science at the Justus-Liebig-University Giessen and the University Paris IX/Dauphine.

Essa Jallow

Mr. Essa Jallow currently works as Deputy Commissioner General and Commissioner of Domestic Taxes at The Gambia Revenue Authority. Throughout the 12 years of professional experience in the organisation, he has held various senior level positions in the fields of policy planning and research, technical services and domestic taxation. He has also briefly served as short-term expert on taxation at the International Monetary Fund. Mr. Jallow holds a Master's degree in economics from Jawaharlal Nehru University in India.

Jeneba Kpaka-Bangura

Mrs. Jeneba Kpaka-Bangura is the Deputy Commissioner-General for the Republic of Sierra Leone, National Revenue Authority (NRA). She has over 25 years of non-profit financial leadership and public financial management, policy development and implementation, and internal audit experiences in New York State and New York City Government. Ms. Bangura is a public accountant with a Master's degree in public administration.

Martin Kreienbaum

Mr. Martin Kreienbaum is currently Director General of International Taxation at the German Federal Ministry of Finance and Chair of OECD's Committee on Fiscal Affairs. He joined the Ministry of Finance in 1997, where he held various positions in the areas of tax policy and international tax law. In 2002, he was posted to the German Embassy in Washington, D.C., as tax attaché. Mr. Kreienbaum has been a member of the Bureau of the Committee on Fiscal Affairs since 2012 and is a member of the board of the German branch of the International Fiscal Association. Mr. Kreienbaum studied law at the Universities of Freiburg and Münster, Germany.

Prof. Mick Moore

Prof. Mick Moore is a political economist with a special focus on taxation and governance and is the founding CEO of the International Centre for Tax and Development (ICTD). He has done extensive field research in Africa and Asia, especially Sri Lanka, Taiwan and India. His broad research interests are in the domestic and international dimensions of good and bad governance in poor countries. He is also a Professorial Fellow in the Governance Team at the Institute of Development Studies, United Kingdom.

Dr. Irma Johanna Mosquera Valderrama

Dr. Irma Johanna Mosquera Valderrama is Associate Professor of Tax Law at Leiden University, the Netherlands. Her areas of expertise are international tax law and comparative tax law in developed and developing countries and more recently exchange of information including taxpayers' rights and safeguards in exchange of information, and BEPS. She has been recently awarded a prestigious ERC starting grant to carry out research from 2018-2022 on a New Model of Global Governance in International Tax Law Making (GLOBTAXGOV). She will be investigating the implementation of BEPS Minimum Standards in 12 countries in the African, Latin American, European and Asian region. Ms. Mosquera obtained her PhD at the University of Groningen, the Netherlands.

Stefanie Rauscher

Ms. Stefanie Rauscher is the coordinator of the International Tax Compact (ITC). Ms. Stefanie Rauscher is the Coordinator of the International Tax Compact. She has been working in the area of tax and development for over ten years. She started her professional career as Advisor in the GIZ Good Financial Governance project in Ghana. Afterwards, she worked in the Sector Programme on the Extractive Industries and Transparency Initiative (EITI). Before joining the International Tax Compact, she had been working as a planning expert in GIZ headquarters. In this capacity, Ms. Rauscher designed and advised projects in the area of domestic revenue mobilisation and public finance in Africa, Asia and South-East Europe.

Kimberly Rosen

Ms. Kimberly Rosen is a Deputy Assistant Administrator in the Bureau for Economic Growth, Education and Environment since July 2018. She oversees the work of the Offices of Economic Policy, Trade and Regulatory Reform, and Local Sustainability. Previously, Ms. Rosen served as the Mission Director for USAID/ Kyrgyz Republic, and led a portfolio that included economic growth, democracy and governance, health and education reform. Prior to joining USAID, Ms. Rosen worked in corporate finance with the Mobil Oil Corporation and served as a Business Development volunteer in the Russian Federation with Peace Corps. Ms. Rosen has degrees in Commerce and Engineering Sciences (B.S.) and Finance (M.B.A.) from Drexel University, and International and Public Affairs (M.A.) from Columbia University.

Petra Schmidt

Ms. Petra Schmidt is the Head of Division of sectoral and thematic policies, governance, democracy and rule of law within the Federal Ministry for Economic Cooperation and Development (BMZ) of Germany.

Samrita Sidhu

Ms. Samrita Sidhu is Deputy Director of the Public Finance and Tax Department at the Department for International Development (DFID). Prior to this, she was the Private Secretary (Chief of Staff) to the Permanent Secretary at DFID. Ms. Sidhu began her career as an Economic Advisor at HM Treasury before joining DFID in 2010 and serving in a diverse range of roles, including overseas postings in the Middle East and East Africa.

Joseph Stead

Mr. Joseph Stead is a Senior Policy Analyst at the Organisation for Economic Co-operation and Development (OECD) and specialised on tax and development. Prior to this work, he has been Senior Economic Justice Advisor at Christian Aid, where he focused on the relationship between tax and development and the related EU and UK policy. He led Christian Aid's policy on Automatic Exchange of Information, Beneficial Ownership and Country-by-Country Reporting. Throughout his career, he also worked for the British Foreign and Home Office on African economics, trade and development policy and asylum and immigration law. Mr. Stead has a Master's degree in African politics from SOAS and is the Co-Chair of the board for the Jubilee Debt Campaign.

Marcio F. Verdi

Mr. Marcio F. Verdi is Chair of the Network of Tax Organisations and the Executive Secretary at the Inter-American Center of Tax Administration (CIAT). He worked as an economist and tax career auditor at the Federal Revenue Secretariat of Brazil, where he held numerous roles, including the position of General Tax Policy. In 2004, he was designated Director of Tax Studies at CIAT. In 2007, Mr. Verdi took over the CIAT Operations' Directorate, the area in charge of international cooperation and assistance for the agency. In 2010, he was appointed CIAT Executive Secretary for the 2010-2014 term. As CIAT Executive Secretary, Mr. Verdi worked intensively to promote cooperation among the organisation's member countries.

Marijn Verhoeven

Mr. Marijn Verhoeven is lead economist and cluster lead with the World Bank Group's Governance Global Practice, where he leads work on domestic revenue mobilisation and fiscal risk of state-owned enterprises and contributes to work streams on extractive industry governance, evidence-based public f reforms, political economy analysis, and public expenditure reviews. Before joining the World Bank, Mr. Verhoeven worked at the International Monetary Fund, where he was the Fund's resident representative in Bangladesh and Deputy Division Chief of the Expenditure Policy Division. Mr. Verhoeven studied at Tilburg University in the Netherlands.

Prof. Attiya Waris

Prof. Attiya Waris is a Professor of Fiscal Law and Policy. She is the Chair of the Fiscal Studies Committee and teaches sub-national domestic, regional and international tax law at the Law School of University of Nairobi, the Law School of the University of Rwanda, and at the Centre for Human Rights of the University of Pretoria. Prof. Waris is an advocate, company secretary and arbitrator of over 18 years standing and has vast range of publication on global issues and African issues. Her book "Tax and Development", published in 2013, is the first publication that links the areas of tax and human rights. Prof. Waris holds a PhD in Law and is a specialist in Fiscal Law and Development.