

Minutes of the 1st Meeting of the signatories of the Addis Tax Initiative
29 February 2016, OECD Conference Centre, Paris

- Agenda:
1. *Outreach to partner countries*
 2. *Development partners' expectations towards the ATI*
 3. *ATI Monitoring Framework*

Preliminary information:

- **G20:** A recent G20 Communiqué¹ made reference to the ATI as a valuable initiative, but did not go as far as to recommend to all G20 members to join the ATI. The UK had proposed to the meeting that all G20 members should join the ATI, however, not all countries felt they could agree to this.
The communiqué also welcomed the joint development of a tax platform by OECD, World Bank, IMF and the UN; and Finance Ministers asked the International Organisations to recommend mechanisms to help ensure the effective implementation of technical assistance programmes and recommend how countries can contribute funding for tax projects and direct technical assistance; recommendations will be presented at the G20 Finance Ministers and Central Bank Governors Meeting in July. The participants agreed that duplication with the ATI should be avoided.

1. *Outreach to partner countries*

Needs expressed by partner countries

- Senegal gave an overview of its needs for technical assistance and called in particular for a TADAT assessment, which should be followed by drafting a strategic DRM plan for the next 3 to 5 years. Liberia also indicated (via email) the need for assistance in organising a TADAT assessment as well as in developing a DRM strategy.
- The participants recognised that the ATI could play an important role in facilitating partner countries' **access to assistance** provided by development partners. This should also include assistance available from regional networks and other initiatives of South-South cooperation.
- Precisely **identifying the needs and expectations** of partner countries is a key to effectively putting to use the commitments made by the ATI development partners. Thus needs and expectations of the partner countries should be explored further.

Benefits of ATI membership for partner countries

- By signing up to the ATI, partner countries declare that they are committed to DRM and ready to proceed with the necessary reforms. They also **signal** that they would like to receive technical assistance. Hence development partners can approach these countries directly with their offer without waiting for an official request first.
- Signing up to the ATI is a strong signal within a country that shows a high-level commitment to DRM. This might also help **push reforms internally**.
- The ATI connects partner countries with a broad **network** of development partners, thus facilitating access to assistance in the field of DRM.

¹ Communiqué G20 Finance Ministers and Central Bank Governors Meeting, Shanghai, February 27, 2016

- It must be properly **communicated** that ATI membership is not a prerequisite for partner countries to receive further technical assistance. Neither does an ATI membership guarantee preferential treatment from development partners (though being an ATI member will of course be of help when planning and implementing DRM Reform programs due to the network that ATI members are part of). Also, it was clarified that giving up tax exemptions under ODA in partner countries is not part of the ATI declaration. Even though some ATI members may feel that allowing taxation of their ODA aligns with their commitment, it was acknowledged that this is not the case for all ATI development partners.

Outreach to potential ATI partner countries:

- At the moment, partner countries are **underrepresented** in the Addis Tax Initiative, which is unfortunate given that the final aim of the ATI is to enhance DRM in partner countries for them to have the necessary resources for their national reform agendas. Especially, Asian and Latin American partner countries are invited to join the ATI.
- All member countries are encouraged to **reach out** to potential ATI partner countries, e.g. through their embassies or their implementation structures. Also, DRM-relevant meetings should be used to present the ATI where appropriate. ATI members are invited to brief their representatives at such meetings accordingly.
- All members are invited to update the enclosed **outreach matrix** and mark those partner countries on which they would like to focus their outreach activities.
- The participants agreed that the **regional tax networks** as well as the **development banks** could be useful to reach out to potential ATI partner countries.
- The ITC might be approached anytime to **assist** with outreach activities (e.g. presentations, outreach materials), if needed.
- The ITC should check and if necessary revise the available ATI **outreach materials** in order to make benefits and requirements of an ATI membership clearer to potential ATI partner countries. Outreach materials are currently available in English, French and Spanish.
- **Upcoming events** that could be used for reaching out to partner countries:
 - 2016 Spring meetings WBG-IMF, Apr 15 – 17, Washington DC
There is no ATI event envisaged at the Spring meetings. However, the IMF, in association with the EC will organize a 'Collect more, Spend better' event. The EC will attempt to promote ATI during that event. The ATI will also be mentioned at the Meeting of Ministers of the Francophony.
 - CIAT General Assembly, Apr 25 – 28, Mexico City
Especially interesting in order to reach out to Latin American countries.
 - The ITC provides a calendar with DRM-related events on its website: <https://www.taxcompact.net/calendar.htm>. All ATI members and supporting organizations are invited to send their upcoming DRM-related events to secretariat@taxcompact.net.

2. *Development partners' expectations towards the ATI*

Expectations of development partners:

- The ATI is expected to contribute to **enhanced coordination** among development partners. Supporting organisations to the ATI, such as World Bank, IMF and regional networks as well as development banks should be included in the coordinating efforts of the ATI group. The same goes for South-South cooperation initiatives.
- Some participants called for a broader **understanding of DRM** that encompasses both mobilisation and management of domestic public resources, as stipulated in the key principles of the ATI declaration. Also, DRM should not be limited to the national level alone, but should include local revenues as well.
- The EC expressed that the commitment by partner countries through the signing of the ATI is an important signal for their reform willingness and strengthened policy dialogue on DRM.
- Participants agreed that it would be useful if draft proposals for DRM-related initiatives (like the UK non-paper: G20 Tax and Development Initiative) would be shared with ATI group, for consideration and if possible commenting.
- The ATI should have a role in **showcasing results** of development assistance and provide opportunities to share good practices and lessons learnt. The next GPEDC high-level meeting (Nov 28 - Dec 01, Nairobi) should be used to present first results of the ATI in a side event.
- UK called for common work on the third ATI commitment on **policy coherence**. Canada also proposed that the ATI could be used to enhance coordination within development partner countries, e.g. between the finance and development ministries as well as tax authorities. Contact should be established with the Global Partnership for Effective Development Co-operation and the Effective Institutions Platform (EIP).
- Participants discussed whether **TADAT assessments** should not be a prerequisite for technical assistance in partner countries. However, ATAF pointed out that some partner countries were concerned that the results from TADAT assessments might make it impossible for partner countries to define their own reform priorities.

Development partner coordination

- **National DRM strategies** in the ATI partner countries should serve as a basis for development partner coordination in the ATI group – and also for reporting of the ATI partner countries on their progress in the area of DRM. TADAT assessments were seen by many participants as an ideal basis for partner countries to develop a national DRM strategy.
- While the coordination of development partner assistance remains the prime responsibility of the recipient country, the ATI group could play a supporting role to leverage resources. Linking up the ATI group with existing **PFM development partner coordination groups** in the ATI partner countries could contribute to development partner coordination at field level.
- Where no PFM groups exist, use could also be made of major DRM programmes that may have a **resident advisor** in the partner countries, such as the GIZ in many of the partner countries, the DfID programme in Ethiopia or the IMF TPA adviser in Liberia.
- The ATI group could provide development partners with opportunities for **co-financing**. It could also help coordinate joint programming or evaluation missions of two or more development partners in partner countries.
- ATAF suggested that **regional tax organisations** could also play an important role in development partner coordination.

Possible ATI products to be developed:

- 1) **Database of current DRM support programmes:** Who is doing what with whom?
Following the submission of 2015 OECD/DAC data, the ITC would be able to make an overview of development partners that are active in the various countries. The data should be complemented by current DRM support from regional tax networks, international organisations and other providers of DRM assistance. The database would make it possible, among others, to identify those countries that are in need of assistance and usually only receive little attention from development partners.
- 2) **Catalogue of assistance available on DRM**
For partner countries, it would be useful to know what kind of support in the area of DRM is available and who specializes in what field. The ITC could therefore compile a “catalogue of DRM support” that would list e.g. the development partners’ DRM approaches, aid modalities, available training modules, etc.

3. *ATI Monitoring Framework*

- DRM code: A note with the definition (see below) and a proposal for formalisation of the CRS code 15114 has been issued to the OECD DAC Working Party on Statistics with a written procedure proposal. The OECD has forwarded the note to its Tax and Development group on 9 March.

15114 new-formal CRS code	Domestic revenue mobilisation	Support to domestic revenue mobilisation/tax policy, analysis and administration as well as non-tax public revenue, which includes work with ministries of finance, line ministries, revenue authorities or other local, regional or national public bodies. (Use code 16010 for social security and other social protection.)
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The EC mentioned that although it maintains its previously expressed view that DRM fundamentally should remain part of PFM, it agreed to the creation of a separate DRM code for the purpose of streamlined reporting through the OECD. The EC furthermore expressed its concern that it is still unclear in how far the sequencing the creation of the DAC code and the already launched reporting for 2015 could be matched. This would be especially relevant for countries that did not use the dummy DRM code in 2015.

- OECD/DAC reporting: Deadline for submission of the 2015 OECD/DAC data is mid-July. The data is usually online by mid-December. Therefore, the first ATI report cannot be published before the end of the year, but hopefully some preliminary figures could be presented at the GPEDC HLM end of November.
- Baseline year: The baseline year for the ATI Monitoring is 2015. For those countries that have a strong preference for the earlier baseline year and have reported on the DRM Code earlier, reporting on 2014 is also acceptable. Both disbursements and commitments will be monitored.
- UK presented their methodology of how DfID reported different components under different CRS Codes. The methodology will be included in the FAQs on the monitoring framework (see below).
- Open questions: The participants expressed the need for additional guidance on the reporting process. The OECD announced a more detailed guidance note; the ITC will prepare FAQs on the ATI monitoring framework. All questions regarding the ATI monitoring framework can be addressed at any time to: secretariat@taxcompact.net.