

Press release: The Addis Tax Initiative – One Year In

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The Addis Tax Initiative has celebrated the first anniversary since its launch at the Third International Financing for Development conference in Addis Ababa.

To mark the occasion, a side event was held entitled “Harnessing Domestic Resources: How partner countries can benefit from the Addis Tax Initiative” at the UN High Level Political Forum on Sustainable Development in New York, July 18, 2016. This was an opportunity for participants to learn more about the Addis Tax Initiative, its achievements to date, and to discuss the needs of partner countries in the area of domestic revenue mobilisation.

The Addis Tax Initiative (ATI) is intended as a catalyst to significantly increase domestic revenue mobilisation and improve the transparency, fairness, effectiveness and efficiency of tax systems in partner countries. Domestic revenue mobilisation (DRM) – the process in which countries transparently raise and spend their own funds to provide for their people – is the long-term path to sustainable development finance and will help partner countries to leave aid dependency behind. Successful DRM programs can return many times what is invested in them — with revenue increases often amounting to \$20 or more for every assistance dollar invested, according to USAID. With this in mind, ATI development partners have committed to collectively double technical co-operation in the area of DRM by 2020.

Much has been achieved in the ATI’s first year. We continue to grow and have welcomed five new member countries – Georgia, Namibia, Paraguay, Rwanda, and Slovakia. In addition, the Asian Development Bank and the Center of Excellence in Finance have joined as supporting organisations. As of today, the ATI brings together more than 40 countries and international organisations. The addition of these new members and new declarations of support from G7 leaders and G20 Finance Minister demonstrate our collective global effort to increase DRM as a prerequisite for many countries seeking to achieve their national Sustainable Development Goals.

Developing countries are already starting to see the benefit of the increased global effort to build the capacity of tax authorities. A number of ATI partner countries, for example Liberia, have launched new efforts over the past year, with the support of ATI donors, to step up their DRM reforms. Others, such as Rwanda and Ethiopia, have been undertaking IMF TADAT assessments, to help them set priorities for their new initiatives to improve their tax administration. By signing up to the ATI, these and other partner countries are committing to step up efforts to increase DRM in order to spur development, in line with the ATI key principles. All ATI signatories commit to ensure policy coherence for development.

To monitor progress on these commitments, the ATI has established a reporting framework. Development partners will report their spending using the newly created OECD reporting standard code for Domestic Revenue Mobilisation. Partner countries will measure progress based on their own indicators and targets. Preliminary data will be shared during the Second High-Level Meeting of the Global Partnership for Effective Development Co-operation (GPEDC) to be held in Nairobi, Kenya at the end of November.

More information can be found on the ATI website (www.addistaxinitiative.net).

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