



ATI Work Plan 2020

Funded by



Facilitated by



Contents

ATI Work Plan 2020	3
2019	3
2020	7
ATI management	8
2019	8
2020	8
Monitoring the ATI commitments.....	11
ATI Consultative Groups	12
2019	12
2020	13
Summary of activities in 2020	14
ATI management	14
Monitoring of the ATI commitments	14
ATI Consultative Groups.....	14

ATI Work Plan 2020

2019

The Addis Tax Initiative (ATI) has continued to promote dialogue regarding domestic revenue mobilisation (DRM) in partner countries and to strengthen tax and development cooperation among its members. Pakistan joined the initiative in 2019 as an ATI partner country, while the United Nations Department of Economic and Social Affairs (UN DESA) and Save the Children joined as ATI supporting organisations. Mongolia also joined in early 2020 as an ATI partner country. The Addis Tax Initiative now consists of 45 ATI member countries and 16 supporting organisations committed to enhancing DRM and improving the transparency, fairness, effectiveness and efficiency of tax systems.

Box 1: The Addis Tax Initiative

The Addis Tax Initiative (ATI) is a multi-stakeholder partnership that aims to enhance DRM in partner countries. Countries and organisations commit to implement the Addis Ababa Action Agenda in the leading action of raising domestic public revenue and to improve fairness, transparency, efficiency and effectiveness of their tax systems.

The Addis Tax Initiative stresses the importance of promoting policy coherence, establishing strong domestic governance systems and mobilising the political will to drive forward tax policy and system reforms. It plays a coordinating role between its members to increase volume and quality of technical assistance and broad-based capacity building in partner countries. The members of the Addis Tax Initiative agree to three core commitments.

The Addis Tax Initiative continued to advocate for the recognition of DRM as a key contributor to sustainable development throughout 2019. This was achieved by active participation in numerous international events and meetings. In April 2019, the Addis Tax Initiative organised a side event during the UN Financing for Development Forum and used it to present the progress ATI members made towards fulfilling the ATI commitments to experts working in the field of development finance.



ATI Commitment 1

ATI development partners commit to collectively double technical co-operation in the area of domestic revenue mobilisation (DRM) by 2020.



ATI Commitment 2

ATI partner countries commit to step up domestic revenue mobilisation in order to spur development, in line with the ATI key principles.



ATI Commitment 3

All ATI member countries commit to promote and ensure policy coherence for development.

The second ATI/ITC Tax and Development Conference took place in July 2019. Bringing together over 150 stakeholders working in the field of tax and development, the conference provided a platform to allow diverse voices to be heard and new synergies to be built between partner countries and development partners. It allowed participants to reflect on the progress made in enhancing DRM in partner countries and fostering coherent development and tax policies.

The conference also aimed to explore how the Addis Tax Initiative can be further developed to best accommodate the changing needs and priorities of its stakeholders from 2020 onwards. In this context, a back-to-back meeting took place to discuss the road map for the Initiative beyond 2020. 45 delegates representing 34 ATI members attended the meeting on 4 July 2019, with participants evenly distributed over partner countries, development partners and supporting organisations. The meeting identified six priority themes and sub themes, and several potential roles of the Addis Tax Initiative post-2020. It was agreed that a smaller but representative body would be more efficient and effective. The ATI Steering Committee therefore decided to establish an ATI Post-2020 Task Force consisting of representatives of three partner countries, three development partners and three supporting organisations.

The 2017 ATI Monitoring Report was published by the ITC Secretariat and presented at the ATI/ITC Tax and Development Conference in July 2019. 34 ATI members submitted their ATI Monitoring Surveys to monitor the progress made in 2017 towards fulfilling the three ATI commitments. The report contributed to sharing of knowledge and lessons learnt among ATI members, as well as highlighting ATI member countries' achievements and challenges. The report also highlighted the importance of coordination and reporting of ATI development partners' support and contribution towards DRM, stressing the need for further deliberations on the impact of Official Development Assistance (ODA) support to DRM.

Box 2: Key findings of the 2017 ATI Monitoring Report

ATI Commitment 1

The ATI development partners' gross disbursements amounted to USD 260.41 million, commitments amounted to USD 258.22 million, an increase of 21% in gross disbursements and 28% in commitments. The results of the report demonstrate that the ATI development partners have dedicated a considerable amount of resources towards supporting DRM efforts through various projects in both ATI and non-ATI member countries. 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 ODA support to DRM from ATI development partners, with 35% (USD 91.9 million) of gross disbursements going to ATI partner countries. The findings also indicate that five of the largest recipients of DRM-related ODA support received a share of 56.3%. ODA support became less concentrated than in the past (72.5% in 2015 and 82.1% in 2016). Sub-Saharan Africa remains the region with the highest level of support in the current reporting period, with 44.8% of all DRM-related ODA.

ATI Commitment 2

The average tax-to-GDP ratio in ATI partner countries was 15.9%. Just over half of all ATI partner countries have experienced an increase in their tax-to-GDP ratio compared to 2015. Indirect taxes remain the largest source of income, accounting for 45.5% of total revenue. Direct taxes account for 34.2% of total revenue. ATI partner countries continue to implement reforms geared toward enhancing DRM. 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) to assess the strengths and weaknesses of tax administration systems and measures progress under the ATI Commitment 2. 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 to implement international standards, frameworks and agreements, such as the BEPS Inclusive Framework and Automatic Exchange of information (AEOI).

ATI Commitment 3

ATI members continued to work towards policy coherence. The report indicated that ATI members are implementing measures such as Base Erosions and Profit Sharing (BEPS) Inclusive Framework and participating in exchange of information platforms such as AEOI. 23 of 26 ATI members who responded to the survey indicated that they have formal and/or informal coordination mechanisms for DRM in place. 24 ATI member countries reassured their commitment to work on coherent policies and combat illicit financial flows. ATI member countries report progress in the areas of exchange of information and BEPS are important working domains. 10 of 26 responding ATI member countries have a tax treaty policy in place that specifically looks at policy coherence for development. Health, trade and gender are other topics in the area of policy coherence with respect to DRM that are pursued by ATI member countries.

The results of the 2017 ATI Monitoring Report demonstrate that the ATI development partners have dedicated considerable amounts 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. Further, ATI development partners expressed that, despite the time lag, they are optimistic about fulfilling the commitment of doubling their support to DRM reforms by 2020.

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

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 report identified the following main challenges:

1. 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.
2. Improving the representation of all world regions (e.g. Latin America), including those where the Addis Tax Initiative is less visible, by offering ATI deliverables in languages other than English.
3. Highly 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.

2020

This ATI Work Plan sets out the key priorities for the 2020. It takes into account the insights and recommendations from the 2017 ATI Monitoring Report, the 2019 ATI/ITC Tax and Development Conference, the external evaluation of the Addis Tax Initiative and decisions taken by the ATI Steering Committee. Another potential priority challenge will be to ensure that the ATI Post-2020 Task Force mandate is accomplished within the planned time with the active participation of all relevant stakeholders.

Priority challenges in 2020

- Ensure active participation of ATI partner countries
- Improve representation of the Addis Tax Initiative in all world regions
- Increase the visibility and outreach of the Addis Tax Initiative
- Coordinate DRM data for partner country reporting under ATI Commitment 2 for the period 2016-2018
- Development of a method to measure achievements under ATI Commitment 3
- Timely accomplish the mandate of the ATI post-2020 Task Force
- Finalise objectives and commitments for the Addis Tax Initiative post-2020
- Promote commitment of ATI member countries and supporting organisations for the objectives and commitments for the Addis Tax Initiative post-2020

ATI management

2019

ATI governance

At the end of 2019, the ATI membership stood at 25 partner countries, 20 development partners and 16 supporting organisations. The ATI governance document was adjusted in 2019. The main change to the ATI governance document was the replacement of the term ATI signatories by the term ATI member countries. A meeting of the ATI Consultative Groups took place one day before the ATI/ITC Tax and Development Conference 2019.

Box 3: Current governance structure

The ATI Steering Committee oversees the implementation of all ATI planned activities. It provides strategic guidance, agrees on core ATI activities and monitors progress towards meeting the ATI commitments.

The Steering Committee comprises representatives from three ATI development partners and three ATI partner countries. Two co-chairs consisting of one ATI development partner representative and one from an ATI partner country head the Steering Committee. Steering Committee members serve for one year, with the possibility of one-year further renewal.

Visibility and outreach

The ATI website (www.addistaxinitiative.net) was re-launched in June 2019 to better reflect the latest developments of the Addis Tax Initiative and strengthen visibility and communication. The ATI website provides information about the ATI itself and makes relevant documents accessible.

2020

ATI governance

The 2020 annual meeting of the ATI members will take place in the second half of 2020 and be hosted by an ATI partner country. The outcome document for the ATI post-2020 Agenda as well as the 2018 ATI Monitoring Report will be presented at this meeting. In addition, it is foreseen to launch the ATI post-2020 Agenda back to back to a high-level event (e.g. Annual Meetings of the International Monetary Fund and the World Bank Group) in fall 2020.

ATI post-2020 process

The preparation of the ATI post-2020 Agenda will be a core activity in 2020. Given that the ATI commitments are currently only defined until 2020, the question arises of how to further develop, change or adapt the Addis Tax Initiative to best accommodate the changing needs and priorities of its members. The ATI Post-2020 Task Force began its work at the ATI/ITC Tax and Development Conference in July 2019. The ATI post-2020 process is organised in a participative way, which allows ATI members to provide feedback during (at least two) feedback loops and to engage with the representatives of their stakeholder group. In addition, ATI members were invited to contribute to the preparation of the ATI post-2020 Agenda by filling-in a questionnaire, which provided guidance to the ATI post-2020 Task Force. Recommendations and suggestions outlined in the ATI Evaluation Report published also provide valuable input to the work of the ATI post-2020 Task Force. The ATI post-2020 Agenda is expected to be launched at a high-level event in the second half of 2020.

Visibility and outreach

A project map visualising the entries from the DRM Database will be fully integrated in the ATI website (www.addistaxinitiative.net) by mid-2020. Additionally, the ATI matchmaking will be operational in the first quarter of 2020. The online matchmaking aims to support and promote collaboration between the ATI members by pairing countries and organisations on a reciprocal offer/need support basis

Box 4: ATI matchmaking

In the context of discussions held in Paris in November 2018, ATI members identified the need for an ATI matchmaking mechanism to match demand and supply for technical support in DRM in a more efficient and effective way.

The online ATI matchmaking will be launched in 2020 and aims to support and promote collaboration between the ATI members by pairing countries and organisations on a reciprocal offer/need support basis. ATI members will be able to log into a restricted area of the ATI website in which they can view, create and post requests for support and offers of assistance. Requested and offered support can cover technical assistance, expert support, study visits, training and financial assistance.

The ATI matchmaking has a dual purpose: 1) to address DRM areas and obstacles that ATI members have chosen to stress, and 2) to invite ATI development partners and supporting organisations to be part of the solution.

In addition, the ATI Steering Committee agreed to increase the visibility of the Addis Tax Initiative in international events and fora. For instance, the Addis Tax Initiative will use the opportunity to present itself during a session at the Financing for Development Forum in April 2020 and will apply for a side event. The Addis Tax Initiative also aims to improve representation at annual conferences of regional tax networks, for example of the Inter-American Center of Tax Administrations (CIAT) or the African Tax Administration Forum (ATAF).

Activities in 2020

ATI governance

- Annual meeting of the ATI members to be hosted by ATI partner country
- Implementation of recommendations of the 2019 ATI Evaluation Report

ATI post-2020 process

- Implementation of the ATI post-2020 process
- Preparation and follow-up of ATI Post-2020 Task Force meetings
- Consultations with all ATI members on the ATI post-2020 process
- Launch of the ATI post-2020 Agenda

Visibility and Outreach

- Launch of the project map to the DRM Database on the ATI website
- Operationalisation of the ATI matchmaking
- Outreach activities to increase the ATI membership
- Representation of the Addis Tax Initiative at international events

Monitoring the ATI commitments

The 2018 ATI Monitoring Report will be published in 2020. It will include the assessments of all three ATI commitments. The three ATI commitments will be monitored using a broad range of quantitative and qualitative information from different sources, which include (but are not limited to): official and/or publicly accessible databases, country-specific indicators provided by ATI members, and feedback to the ATI Monitoring Surveys. The report will take up the results of the baseline report and the results of the subsequent reports in 2016 and 2017. The report will provide information on the progress made towards attaining the three ATI commitments in the 2018 reporting period. In 2020, a strategy will be developed to communicate the achievements of the ATI, as the commitments are tied to 2020 but the Monitoring framework just allows for monitoring with a two year time lag.

Activities in 2020

- Preparation of the 2018 ATI Monitoring Surveys and collection of inputs from all ATI members
- Preparation and publication of the 2018 ATI Monitoring Report
- Publication of all information from the 2018 ATI Monitoring Report on the DRM Database and visualisation using the project map

ATI Consultative Groups

The ATI Consultative Groups were established in 2018 to foster dialogue and identify opportunities for peer-learning and more effective development cooperation regarding the ATI commitments. The establishment of the ATI Consultative Groups was a crucial step towards formalising the Addis Tax Initiative and contributing to achieving the ATI commitments. By thoroughly engaging with one specific commitment, the groups are able to focus on the knowledge and experience necessary to solve prevalent problems (such as missing or low-quality data), identify or target opportunities and bottlenecks more easily, and determine specific fields of action.

2019

The ATI Consultative Groups met in July 2019 in Berlin to discuss progress made in the overall fulfilment of the ATI commitments and to exchange on challenges and good practices.

ATI Consultative Group 1

The *ATI Consultative Group 1* worked on providing a framework to ATI members on addressing donor coordination in DRM and enhancing support given to partner countries. This resulted in the conclusion of a study on donor coordination and the establishment of the ATI matchmaking, which will provide a platform for ATI partner countries to express their DRM support needs.

ATI Consultative Group 2

The *ATI Consultative Group 2* was tasked with identifying a new set of indicators for monitoring ATI Commitment 2. After a consultative progress with all ATI members and relevant stakeholders, the group developed a list of eleven new indicators that will be used for monitoring the progress of the ATI partner countries in fulfilling ATI Commitment 2.

ATI Consultative Group 3

The *ATI Consultative Group 3* worked on increasing efforts in the context of policy coherence for tax and development, providing a forum for ATI members to present their efforts supporting the fulfilment of ATI Commitment 3. The group identified the need for partner countries to design and implement effective, efficient and beneficial tax incentives regimes. This resulted in the initiation of a tax incentives case study of three ATI partner countries (Ghana, Malawi, Philippines). In that context, the tax incentive regimes of these jurisdictions were analysed with the aid of questionnaires and phone interviews, along with a review of relevant literature and analyses of relevant country documents. The study will be published in 2020.

2020

ATI Consultative Group 1

The ATI Consultative Group 1 decided to establish a core group that will identify recommendations in the *ATI Study on Donor Coordination in Domestic Revenue Mobilisation* and provide suggestions on how to implement these recommendations. The ATI matchmaking will be fully launched in 2020 and the group agreed to define a pool of experts who can support partner countries to fill-in the templates.

ATI Consultative Group 2

The ATI Consultative Group 2 adopted the *new indicators for assessing ATI Commitment 2*. Based on Madagascar's feedback on the indicators' surveys and discussions within the group, members agreed to use the new indicators for the 2018 Monitoring Report. The ITC Secretariat will pre-fill the surveys with available data for members to validate. The group also identified the need to capture how partner countries have progressed in DRM implementation, which will culminate in a compilation of DRM success stories.

ATI Consultative Group 3

The ATI Consultative Group 3 agreed on finalising and publishing the study on tax incentives, which accounts for country-specific examples from the Ghana, Malawi and the Philippines. The group will discuss the results of the tax incentives study and decide on the follow-up.

Activities in 2020

- Meeting of ATI Consultative Groups (back-to-back with ATI General Assembly Meeting in 2020)

ATI Consultative Group 1

- Implementation and operationalisation of the ATI matchmaking
- Follow-up on the ATI Study on Donor Coordination in Domestic Revenue Mobilisation

ATI Consultative Group 2

- Launch of the indicators for monitoring ATI Commitment 2
- Compilation of DRM success cases

ATI Consultative Group 3

- Follow-up on ATI Study on Tax Incentive Regimes

Summary of activities in 2020

ATI management

ATI governance

- Annual meeting of the ATI members to be hosted by ATI partner country
- Implementation of recommendations of the 2019 ATI Evaluation Report

ATI post-2020 process

- Implementation of the ATI post-2020 process
- Preparation and follow-up of ATI Post-2020 Task Force meetings
- Consultations with all ATI members on the ATI post-2020 process
- Launch of the ATI post-2020 Agenda

Visibility and Outreach

- Launch of the project map to the DRM Database on the ATI website
- Operationalisation of the ATI matchmaking
- Outreach activities to increase the ATI membership
- Representation of the Addis Tax Initiative at international events

Monitoring of the ATI commitments

- Preparation of the 2018 ATI Monitoring Surveys and collection of inputs from all ATI members
- Preparation and publication of the 2018 ATI Monitoring Report
- Publication of all information from the 2018 ATI Monitoring Report on the DRM Database and visualisation using the project map

ATI Consultative Groups

- Meeting of ATI Consultative Groups
(back-to-back with ATI General Assembly Meeting in 2020)

ATI Consultative Group 1

- Implementation and operationalisation of the ATI matchmaking
- Follow-up on the ATI Study on Donor Coordination in Domestic Revenue Mobilisation

ATI Consultative Group 2

- Launch of the indicators for monitoring ATI Commitment 2
- Compilation of DRM success cases

ATI Consultative Group 3

- Follow-up on ATI Study on Tax Incentive Regimes

Find us online
www.addistaxinitiative.net

