

# Report on the 7<sup>th</sup> meeting of ATI Consultative Group 4

## Enhancing space and capacity for accountability stakeholders in partner countries in tax and revenue matters.

**Date:** 14 December 2023, 15 :00 – 16 :30 (CET)

**Participants:** Agustín Redonda (CEP), Alistair Lobo (United Kingdom), Federica Boncristiano (Italy), Gabriella Ossicini (Italy), Kevin Gash (USAID), Margaret Berit Myklebust (Norway), Maria Altavilla (Italy), Sofia Berg (CEP), Steven Rozner (USAID), Altayesh Taddese Terefe (ITC), Laura González (ITC), Markus Paffhausen (ITC), Michelle Ordonez (ITC), Tais Chartouni Rodrigues (ITC).

**Agenda:**

1. Welcome and presentation of agenda.
2. Presentation of Pocket Guide on Tax Expenditures for Parliamentarians (incl. Q&A).
3. Proposal for upcoming activities for CG4 in 2024.
4. Open dialogue on the proposals for upcoming activities for CG4 in 2024.
5. Next steps and closing remarks.

## 1. Welcome and presentation of agenda

On 14 December 2023, the Addis Tax Initiative (ATI) Consultative Group 4 (CG4) met at the seventh consultative group meeting since the signature of the [ATI Declaration 2025](#). The meeting was moderated by **Mr. Steven Rozner** – US Agency for International Development (USAID) – the Co-coordinator of CG4. The ATI Secretariat staff in attendance were **Ms. Altayesh T. Terefe**, **Ms. Laura González**, **Mr. Markus Paffhausen**, **Ms. Michelle Ordonez**, and **Ms. Tais Chartouni Rodrigues**.

## 2. Presentation of Pocket Guide on Tax Expenditures (TEs) for Parliamentarians (incl. Q&A)

On behalf of the Council on Economic Policies (CEP), **Ms. Berg** commenced the presentation of the Pocket Guide on Tax Expenditures for Parliamentarians (or members of parliament (MPs)). She began by emphasising the inherently political nature of Tax expenditures highlighting their emergence as outcomes of political deliberations. **Ms. Berg** noted that the Pocket Guide is designed to encapsulate this aspect while delineating the crucial interventions of parliaments and parliamentarians. Subsequently, she illustrated the tax expenditures policy cycle, revealing several interconnected stages, and explained that decisions taken in one stage might have implications for subsequent stages within the policy cycle. Following this, she delved into the setting-up aspects of the TE cycle going through the operating and reporting dimensions of it.

**Mr. Redonda** followed by introducing the evaluation framework with the concept of ex-ante and ex-post evaluation. He delineated the prerequisites for the ex-ante assessment encompassing the definition of objectives, establishment of performance indicators, consideration of externalities, and setting a timeframe. Conversely, in the case of ex-post evaluation, he discussed assessing the benefits derived from

TE provisions, establishing criteria for evaluation, and analysing follow-up results. Mr. Redonda finalised the presentation with the reformation effects of TEs stressing that Parliaments should be properly informed about such outcomes.

**Mr. Rozner** then opened the floor for questions. He initiated the discussion by asking about existing technical capacity for MPs, either within or outside the parliament, required to execute the technical components outlined in the Pocket Guide. In response, **Mr. Redonda** indicated that the applicability of the Guide was country-specific and the conditions were different for developed and developing countries. Governments in developed countries are well-staffed which makes the Guide better suited for use among experts closely collaborating with parliamentarians. On the other hand, in developing countries where there is a shortage of support/trained personnel, the key support for parliament in utilising this tool is often provided by budget department offices. In line with that, **Mr. Rozner** underlined that, to support partner countries, it is important to know how to effectively engage with their institutions and offices.

In a subsequent intervention, **Mr. Gash** from USAID mentioned the importance of the originating side of policies highlighting its equal importance alongside the evaluative aspect. This consideration is particularly noteworthy given the potential variations in the origination processes between countries with a presidential system and those operating under parliamentary systems. **Mr. Redonda** agreed that legislators play a role in the originating part of policy making although this aspect is not adequately addressed during the early stages. He further provided an example illustrating how interventions by other institutions can disrupt the process. This problem, he pointed out, led to the creation of the ex-ante process as a preventative measure.

**Mr. Gash** also raised the role of Supreme Audit Institutions (SAIs) in the evaluation of programs regarding TEs and expressed curiosity regarding the further dissemination of the Pocket Guide and its potential applications. **Mr. Gash** suggested reaching out to the Community of Practice on Post-Legislative Scrutiny (CoP-PLS) to share the Pocket Guide and capitalise on its benefits. Reacting to the questions, **Ms. Berg** noted that she has not observed substantial efforts by SAIs in the evaluation process of TEs, but that it could be due to limited public information in the area with most information being in the form of concise summaries or reports. She, however, mentioned the experiences of the Netherlands and South Korea that use external evaluators and structured processes.

To Mr. Gash's inquiries regarding the further dissemination of the Pocket Guide and the role of SAIs, **Mr. Paffhausen** indicated the ATI Secretariat's input under the next agenda item where a presentation was given about upcoming events in 2024. Additionally, **Mr. Lobo** shared potential other avenues for the Pocket Guide dissemination and possible considerations. He agreed with the importance of SAIs and parliamentary budget offices (PBOs) and mentioned the important work the National Audit Office in the UK has done. Moreover, **Mr. Lobo** praised the Pocket Guide and underscored its usefulness to parliamentarians and how it could go beyond the parliamentary level. Finally, he mentioned the importance of thinking how we could maximise the Guide's utility. Following this intervention, **Mr. Redonda** stated that CEP is launching a series of blogs on the role of parliaments within TE policymaking. The idea is to invite different stakeholders involved in TE policymaking and have them to regularly interact with parliamentarians by writing a blog outlining their experiences in the process. **Mr. Redonda** clarified that this initiative is in its early stages and will involve perspectives from both developed and developing countries.

After wrapping up the discussion under this agenda item, **Mr. Rozner** transitioned to the next one.

### 3. Proposal for upcoming activities for CG4 in 2024

Building on current activities, **Mr. Paffhausen** introduced the first event proposal for the 2024 workplan for CG4:

1. **Event on the Pocket Guide and the broader engagement of accountability stakeholders:** in order to fortify relationships with stakeholders, the ATI Secretariat plans an event for the Pocket Guide dissemination among parliamentary staff, such as Parliamentary Budget Officers. This would be extended to region-specific case studies and experiences with different cooperation partners.

After that, **Ms. Terefe** continued with the description of the second planned event included in the 2024 workplan.

2. **Webinar on Supreme Audit Institutions (SAIs) as accountability stakeholders for tax systems that advance the SDGs:** the ATI will host this webinar with the aim of highlighting the role of SAIs (i) on the public revenue side and (ii) in advancing financing for Sustainable Development Goals (SDGs). The webinar will have a presentation from AFROSAI focusing on [Public Financial Management Reporting Framework \(PFM-RF\)](#). Additionally, the event will feature country experience from Brazil, while the ATI Secretariat is seeking to obtain the participation of Kenya from Africa. This event will take place at the end of January or beginning of February 2024.

**Mr. Paffhausen** encouraged all participants to share ideas and suggestions on the proposed activities as well as forward new ones. In addition, he informed the participants that the ATI Secretariat had recently engaged in discussions with the Council of Finance Ministers of Central America, Panama, and the Dominican Republic (COSEFIN) that developed a guide on tax culture in the Central American region, drawing insights from the experiences of various countries. He proposed the possibility of organising a webinar or other activities centered around this theme if it was of interest for the participants. Additionally, he invited interested parties to reach out and share their ideas if they are inclined toward enhancing voluntary compliance and fostering tax culture.

**Ms. Terefe** mentioned that the ATI Secretariat will draft a workplan for next year's activities welcoming everyone to propose amendments, provide comments, or add additional elements to it once is shared.

### 4. Next steps and closing remarks

With the invitation to share ideas for the workplan with the ATI Secretariat both through online and in-person exchanges, **Mr. Rozner** closed the meeting expressing gratitude to all the participants, presenters, and the ATI Secretariat for their work and support.