

ATI Consultative Group 3

Inception meeting on 19 November 2020

The newly constituted ATI Consultative Group 3 met for the first time on 19 November 2020 during the virtual 2020 ATI General Assembly to discuss possible activities and ideas related to ATI Commitment 2 of the ATI Declaration 2025: “ATI members commit to apply coherent and coordinated policies that foster DRM and combat tax-related IFFs.” The following items were discussed.

Tax-related IFFs

Members of ATI Consultative Group 3 stressed that it is crucial to have a clear understanding of what IFFs entail. Rather than having a common clear definition, members agreed that it is important to have good practices as a common denominator for joint work. Sharing good practices and mapping capacity-building activities towards combating IFFs were proposed as potential activities. Additionally, members stressed that a bottom-up approach is crucial to avoid covering unnecessary practices and to enhance knowledge sharing. Another proposal was to examine in which ATI partner countries there has been sufficient support to combat IFF and, contrarily, where action is still lacking or has been neglected. Some ATI partner countries, such as Senegal, highlighted that combating IFFs has become one of the country’s priorities.

Spillover effects

Members highlighted the analyses of spillover effects as an important activity where ATI Consultative Group 3 can play a role. A potential activity would be to share best practices on spillover analysis and underline them with concrete examples by ATI members, such as the Netherlands or Norway.

Tax expenditures

The importance of improving transparency on tax expenditures for enhanced fairness and effectiveness of tax systems was emphasised. In that context, members of ATI Consultative Group 3 pointed out the necessity of setting out criteria for a common understanding of transparency, as well as defining concrete aspects of tax expenditures transparency on which to focus. Here as well, a mapping of support needed and provided to partner countries was seen as potentially helpful to determine which type of support can still be offered.

The presentation of success stories from ATI member countries was another proposal raised. They could take place, for instance, through follow-up sessions, webinars and/or publication on progress towards tax expenditures transparency. Senegal or Mongolia, for instance, would be available to share their experiences. Senegal’s annual reporting on tax expenditures could serve to draw lessons learned.

The importance of providing information to the general public in order to facilitate the analysis and assessment of tax expenditures transparency was highlighted. The decision-making process, the

need to guarantee coordination and avoid bottlenecks when rationalising tax expenditures, and interconnections (e.g. impact of tax expenditures in the overall economy) were also mentioned as a potential topics for future discussions.

Tax incentives and ODA taxation

Members of ATI Consultative Group 3 suggested to build on previous work of the ATI on tax incentives, which included a brief on “[Perspectives from ATI partner countries on the design of tax incentive regimes](#)” and a corresponding webinar. Some ideas for future activities include following-up with challenges identified in the case studies, such as the lack of data or human capital.

Improving the taxation of ODA was also highlighted as one topic of interest. ATI development partner that reformed their policies in this regard, such as the Netherlands or Norway, could share good practices.

Policy coherence

Finally, members of ATI Consultative Group discussed the issue of **promoting policy coherence**, acknowledging that identifying key challenges, including accountability stakeholders, considering political issues and fostering inter-agency are essential. Learning points from already existing work on policy coherence can be found. In Sweden, for instance, formal meeting sequences are held every three months to discuss how to proceed. Additionally, experiences from the OECD work on the development of a whole-of-government approach were also mentioned. The results of its ongoing work can be shared in an informal meeting to enhance peer-learning within the consultative group.