

Report of the 3rd meeting of ATI Consultative Group 1

The 3 E's of good tax systems

- Date: 01 December 2021 / 14:00h – 15:30h (CET) / virtual
- Participants: Alpha Ngom (Senegal), Anders Gerdin (SIDA), Ashima Neb (World Bank), Benedikt Madl (EC), Brian McAuley (ADB), David Dod (USAID), Ezera Madzivanyika (ATAF), Fariya Mohiuddin (IBP), Holmedahl Vegard (OECD), Laura Wilson (UK), Lodovico Muratori (Italy), Nathan Coplin (Oxfam), Oliver Petzold (OECD), Simen Bjørnerud (Norad), Steve Rozner (USAID), J. Sebastián Rico P. (ITC), Michelle Ordóñez (ITC), Peter Wiesel (ITC), Stefanie Rauscher (ITC), Taís Chartouni Rodrigues (ITC).
- Agenda:
1. Overview of the development of the ATI CG1 work plan 2021/2022
 2. Open dialogue
 3. Next steps and closing remarks

Introduction and recap

The third meeting of ATI Consultative Group 1 since the launch of the ATI Declaration 2025 with the new four commitments was organised by the International Tax Compact (ITC) in its role as Secretariat of the Addis Tax Initiative (ATI), and chaired by **Alpha Ngom (Senegal)**, in his role as co-coordinator of the group. The meeting had two objectives:

- 1) Present the status and updates on the ATI Consultative Group 1 work plan for 2021/2022
- 2) Agree on priority topics and further areas of engagement for the group in 2022

Overview of the development of the work plan 2021/2022 for ATI Consultative Group 1

The ITC kicked off the meeting by presenting the advancements of the work of each one of the four work streams in which ATI Consultative Group 1 agreed upon in March 2021¹ and, subsequently, received feedback on the work streams from the participants.

¹ In the second meeting of ATI Consultative Group 1 held in March 2021, the participants discussed the priorities and activities for the group to engage during 2021 and agreed on a [work plan for 2021/2022](#) (see minutes [here](#)).

Monitoring framework

ATI members are developing a new monitoring framework to measure progress towards the achievement of the four new ATI commitments laid out in the ATI Declaration 2025. The first draft of the post-2020 monitoring framework was shared and discussed with the ATI Consultative Group 1 sub-group formed to participate in the development of this product. This process has been carried out with the support of an external consultant, Jana Leutner (Wins Global Consult), who is now working on a second draft document that will soon be shared with ATI members for a final discussion. The idea is to have up to two indicators for each of the relevant dimensions of Commitment 1, i.e. for monitoring enhanced domestic revenue mobilisation (DRM), equitable tax systems, as well as efficient, effective and transparent revenue administrations in ATI partner countries. Members of ATI Consultative Group 1 will be invited for a final meeting to agree on the final ATI post-2020 monitoring framework.

Equitable taxation

Within the work stream of “equitable taxation”, a set of activities are foreseen, including a case study compilation of ATI partner countries which have implemented reforms towards more equitable tax systems and additional events linked to the topic of equity and taxation.

The brief on ATI partner countries’ perspectives moving towards equitable taxation is on track and will include cases from Ethiopia, Sierra Leone and Uganda. The next step is to conduct the respective interviews with relevant stakeholders connected to such a process in their countries.

Furthermore, within the work stream of equitable taxation, the group is organising an event to present the “Fair Tax Monitor (FTM)”, a tool developed by Oxfam Novib and Tax Justice Network Africa for assessing the progressiveness, transparency and accountability of national tax systems. The event will take place on 09 December 2021 and will include the example of its implementation in Zambia (see [event](#)). Likewise, the ITC welcomed the suggestion to organise in 2022 an event series on equitable taxation in collaboration with Germany to present the country’s work on (i) the “Handbook on fiscal policies to reduce inequality”, (ii) Fiscal Incidence Analysis (FIA) tool, and (iii) the Equity budgeting tool (EBT).

As a follow-up on the policy advocacy performed by the ATI early in 2021, the ITC together with **Nathan Coplin (Oxfam)** informed about the successful inclusion of a policy commitment on DRM with a link to equitable revenue policies in the latest draft of the IDA20 Replenishment. This commitment takes into account fairness and progressivity when evaluating equitable tax systems among IDA countries. Oxfam recommended bringing together ATI member countries that have cooperated in topics related to the promotion of equitable tax systems (e.g. by organising a joint presentation where a project is presented).

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Subnational taxation

A webinar series on the role of local governments in raising revenues for public service delivery was organised by the group, in cooperation with Norad and the Development Partners Network on Decentralisation & Local Governance (DeLoG). The first webinar took place in April 2021, focusing on raising awareness and advocate for the importance of subnational public revenue mobilisation (see [news article](#)), while the second one was held in May 2021, discussing property tax reforms (see [news article](#)). To follow-up, the ITC proposed to continue the discussions on the topic in 2022, potentially focusing on topics such as improving DRM cooperation for subnational taxations, digitalisation, and the role of accountability stakeholders in this tax area.

Oxfam suggested that an approach towards enhancing the work on this topic would be to cooperate with network of local governments and organise side events connected to one of their large events. The group also mentioned that it would be also interesting to see what central governments are doing to support subnational taxation.

Revenue administration & reform

An event is being conceptualised for 2022 in the topic of *sharing data* and *digital solutions* for revenue administrations. Regarding the latter topic, a webinar to present the CIAT's Digital Economy Compliance (DEC) tool took place in September 2021 (see [news article](#)). In addition, a webinar/round table on ATI partner countries' experiences with formulating and implementing national revenue or reform strategies is planned for 2022. **Simen Bjørnerud (Norad)** highlighted that Norad is currently working on these topics and would like to closely participate and follow their development.

The ITC shared with the participants that a strategy to unfold the potential of the [ATI Matchmaking Platform](#) is being developed, including the outreach to ATI members to discuss about the challenges and opportunities of this platform and an ATI Matchmaking Week for the beginning of 2022. This platform should serve as a vehicle to address country-specific concerns regarding revenue administrations' efficiency, effectiveness and transparency.

Open dialogue

The ITC presented the following topics that could be of interest for ATI Consultative Group 1 for 2022: wealth taxation, taxation of the extractive industries, environmental and environmentally related tax issues, and tax and gender.

In this sense, **Laura Wilson (UK)** supported the topic of wealth taxation and questioned whether the topic of extractive industries might be too broad, and whether other topics such as taxation of the digital economy, digital services taxes, or the two-pillar approach would be of higher interest for ATI partner countries.

Supporting UK's preference on wealth taxation, **Benedikt Madl (EC)** suggested to dive more into property taxation, and raised other potential topics, such as the recent international tax agreement, or environmental taxes as a result of the discussions in the last UN Climate Change Conference (COP26).

Alpha Ngom (Senegal) commented on the suggested topics. In regards to the taxation of the extractive industries, the scope should be clearly defined and an important point is also how to manage the many incentives given to extractive sectors in the African context. Another goal should be to evaluate how ATI development partners could support partner countries so that they can benefit from Pillar Two. Lastly, regarding wealth taxation, Alpha Ngom pointed out that the problem is that even if the tax law of many developing countries aims to tax high net worth individuals (HNWIs), these laws are not implemented effectively. In this topic, Oxfam also supported digging deeper into the topic of wealth taxation, for instance delving into how to collect information about high net worth individuals (HNWIs) and assure that these individuals pay their share of taxes.

Next steps and closing remarks

On behalf of the four co-coordinators of ATI Consultative Group 1, **Nathan Coplin (Oxfam)**, summed up the main takeaways of the discussion, highlighting that equitable taxation is a topic of high interest for the group, similar to wealth taxation. For the latter, a more refined reflection should be made in order to define this work stream in a manner that the ATI does not duplicate efforts of other organisations. Nathan Coplin highlighted the importance of delineating more clearly the work stream of subnational taxation. In relation to the Matchmaking Platform, it is essential to make an evaluation and see how to continue with it as this is a key element of the work on revenue administrations and reforms.

The ITC/ATI Secretariat will organise a next meeting in the first quarter of 2022, in which the group will have the chance to discuss and deliberate on additional products to be developed by the ATI regarding the identified priority topics and further areas of engagement

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