Addis Tax Initiative

Tax systems that work for people and advance the Sustainable Development Goals

REPORT

2022 ATI General Assembly

23 – 24 MARCH 2022 | 13:00 TO 17:00 (CET)

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2022 ATI General Assembly

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Addis Tax Initiative

The members of the Addis Tax Initiative (ATI) held the first 2022 ATI General Assembly on 23 and 24 March 2022 in a virtual format. The event convened more than 150 participants from the 65 partner countries, development partners and supporting organisations of the ATI. The first day was themed 'taking stock and fortifying political commitment on DRM' and had five main sessions – the keynote address, presentation of the 2019 ATI Monitoring Report, the presentation of the upcoming ATI regional workshops on tax expenditures, a spotlight session on the work of ATI members, and a high-level panel discussion on a "just transition and green recovery and its role in promoting DRM". The second day of the General Assembly was dedicated to an open discussion on relevant topics related to the implementation of each commitment of the ATI Declaration 2025 in the four ATI Consultative Groups, including the presentation of the ATI post-2020 monitoring framework and a session on the ATI Matchmaking Platform.

The 2022 ATI General Assembly was moderated by **Nozipho TSHABALALA**. The event was organised by the International Tax Compact (ITC) Secretariat, funded by the German Federal Ministry for Economic Cooperation and Development (BMZ), and supported by the European Union (EU).

DAY 1
TAKING STOCK AND FORTIFYING POLITICAL COMMITMENT ON DRM

Introduction and welcome

Antti KARHUNEN - Director for "Sustainable Finance, Investment and Jobs; Economy that works for the People" of the Directorate-General for International Partnerships at the European Commission – warmly welcomed the participants and officially opened the first 2022 ATI General Assembly. The event is the first of its kind since the successful international launch of the ATI Declaration 2025 in April 2021. Mr Karhunen underlined that the event came in the middle of continued uncertainties faced by the world due to the prolonged COVID-19 pandemic and further aggravated by a new crisis caused by the Russian attack on Ukraine. On top of the millions of lives lost to the crisis, the world is facing far-reaching economic and welfare devastation. Within-country inequality and poverty have particularly been worsened in low-income regions, while the debt sustainability, economy, and health systems of developing countries have been strained.

Acknowledging the increased DRM needs caused by these factors, Mr Karhunen reflected on the role the ATI can play. Since its foundation in 2015, the ATI has been playing an essential role in DRM matters by serving as an inclusive platform for agenda setting, peer-learning, and enhancing political commitment towards DRM needs of developing countries. It has also been working to increase financing for improved DRM through donor coordination. With the urgency to put sustainable and equitable DRM at the heart of a speedy COVID-19 recovery and the 2030 SDG goals, Mr Karhunen stated the European Union's endorsement of the ATI Declaration 2025 in December 2021. He welcomed members to boost commitment towards 'tax systems that work' and to the two-day General Assembly.

Keynote address

Navid HANIF, Director of the Financing for Sustainable Development (FfSD) Office at the Department of Economic and Social Affairs of the United Nations (UN DESA), delivered the keynote address shedding light on the connection between the several challenges caused by COVID-19 and a recovery through socially just and strong tax policies. He opened his speech highlighting the work and commitments of the ATI, which are in line with the Sustainable Development Goals (SDGs) and the work of UN DESA. Among others, the ATI contributes to bridge gaps in development finance through collective action which improves tax systems based on the needs of partner countries. By providing the necessary space, the initiative further allows its members to collaborate on DRM matters, engage in peer-learning, and exchange knowledge and good practices. The role of the ATI Declaration 2025 was particularly underlined as a key guide in the first half of the Decade of Action to support financing the SDGs through DRM.

Mr Hanif acknowledged that the Tax4Dev approach to SDGs seeks to use well-planned, efficient, and equitable taxation to pursue economic growth, reduce inequality, combat poverty, and provide social services. However, he noted, the progress toward realising SDGs has been sluggish. On top of previous challenges, the Covid-19 pandemic has exacerbated debt vulnerability and heightened the need for immediate and additional revenue. The pandemic has resulted in increased poverty and food insecurity, reduced access to healthcare, and interrupted educational attainment. Women and children have suffered disproportionately.

In his address, Mr Hanif further focused on the role of fair and effective tax systems in the context of the COVID-19 response and recovery and underlined some of the challenges faced by developing countries. He identified three broad areas of action – "tackling tax evasion and aggressive tax avoidance, money laundering and illicit financial flows (IFFs)", "taxing the digitalised and globalised economy", and "strengthening support for capacity building with greater impact on country efforts toward the SDGs".

First, IFFs undermine the integrity of tax, financial, and governance systems, drain resources, and are a common concern for developed and developing countries. Mr Hanif highlighted the findings of the FACTI Panel report (2021), the commitments under the SDGs and the Addis Ababa Action Agenda, and existing challenges for developing countries to effectively use international instruments aimed to enhance tax transparency and combat IFFs. He added that the UN Secretary-General included the fight against IFFs as part of the COVID recovery plan in a recent report, Our Common Agenda. Second, the increasingly digitalised and globalised economy has continued to pose great challenges to the fairness and efficiency of tax systems. Mr Hanif pointed to the role of the emerging responses – e.g., the UN Tax Committee guidance on the taxation of automated digital services, the G20/OECD Inclusive Framework on BEPS, etc. – as an area of action. Third, recognising capacity building as key to achieving SDGs, UN DESA is collaborating with the UN Tax Committee in relevant topics of tax and DRM, with the goal of addressing context-specific gaps, needs and priorities of developing countries. ATI members are invited to join in these efforts, sharing their feedback, lessons learnt in the uptake, and effective use of UN guidance products.

Through the three channels and beyond, Mr Hanif underlined the continued relevance of promoting reforms for more transparent, equitable, and efficient DRM, while pointing to the progress made and challenges faced by partner countries in this area. He welcomed the recent role of UN DESA as an ATI supporting organisation as a positive development. The engagement is expected to bring more insights as well as strengthen collaboration with ATI members for financing for sustainable development.

2019 ATI Monitoring Report

The session devoted to the 2019 ATI Monitoring Report hosted a discussion on the progress ATI partner countries and development partners have made towards achieving the three commitments under the original ATI Declaration of 2015, as well as a set of expert pieces aimed at guiding the work of the ATI under the ATI Declaration 2025.

Presentation of the 2019 ATI Monitoring Report

Steven ROZNER, Senior Advisor at the United States Agency for International Development (USAID) and ATI Co-Chair, discussed the progress documented by the 2019 ATI Monitoring Report. The Report is part of ATI's work to create a space for peer-learning, exchange on good practices, and identification of trends in DRM. The key findings presented are summarised below.

ATI Commitment 1: ATI development partners' ODA support for DRM in 2019 showed an increase compared to the 2015 baseline, but more effort is still required. ATI development partners have more than doubled their ODA commitments for DRM, while ODA disbursements increased by 69% since 2015. Compared to 2018, however, the progress was modest, with an increase of only 0.3% in ODA disbursements. Five ATI partner countries – Afghanistan, Benin, Ghana, Rwanda, and Tanzania – were among the top 10 recipients of ODA disbursed by ATI development partners. Sub-Saharan Africa and Least Developed Countries (LDCs) received the largest share of ODA – receiving, respectively, 34.2% and 43.9% of total ODA grants. Like in 2018, project-type intervention was the most used modality of delivering support, while multilateral institutions were the most significant delivery partners.

ATI Commitment 2: ATI partner countries' effort to step up DRM has shown progress in 2019. Their average tax-to-GDP ratio has increased from 15.43% in 2018 and 14.7% in 2015/6 to 15.47% in 2019. Moreover, the share of taxes on goods and services has declined from 44.4% in 2018 to 43.9% in 2019, while the more progressive direct taxes averaged at 37.1%, increasing from 35.6% in 2018 and 2017. On progress regarding revenue administration performance, between 2015 and 2019, 19 ATI partner countries conducted TADAT and 20 conducted PEFA assessments. Based on the ISORA survey which collects information on public accountability, ATI partner countries have shown improvements in available information on three (of the five) areas considered.

Transparency and accountability, however, remain a significant challenge in partner countries. Further, tax expenditures transparency amongst ATI partner countries has not shown any improvement, whereas some ATI partner countries are making a positive progress on their Commitment to Reducing Inequality Index (CRII).

ATI Commitment 3: ATI member countries continue to make progress towards fostering policy coherence across different DRM-related areas. Some focus areas included IFFs, double taxation agreements (DTAs), transparency and exchange of information, and DRM for green growth. The participation in the OECD/G20 Inclusive Framework on BEPS of all ATI development partners and most ATI partner countries is also a notable development.

Overall, while the 2019 ATI Monitoring Report shows that progress has been achieved, but further efforts are needed to accomplish the commitments defined under the ATI commitments. Looking into the future and new priorities, Mr Rozner stated that the ATI Declaration 2025 is the new call for action which challenges members to look beyond the traditional boundaries of taxation, include a wide array of stakeholders, and look at DRM as a solution to many of the challenges faced by the world. Members recommit themselves to promote tax equity, transparency, and tax-based solution to promote gender and environmental priorities, as well as promoting inclusive approaches to DRM cooperation

Presentation of expert pieces

As part of the 2019 ATI Monitoring Report, three expert pieces on DRM issues related to each of the former three ATI commitments were presented.

Giulia MASCAGNI, Research Director at the International Centre for Tax and Development (ICTD), discussed the topic of “Taxing more and taxing better: what can development partners do to support reforms” under Commitment 1 which aims to double DRM support. Addressing the issue of development partners’ role in DRM matters, she underlined the ongoing shift from ‘boosting revenue’ to ‘improving tax systems’, which is also reflected in the ATI Declaration 2025. Ms Mascagni pointed to three principles of reform to guide development partners’ cooperation – ‘fair enforcement of existing tax rules’, ‘facilitating taxpayer compliance’, and ‘promoting trust’.

Ms Mascagni presented the second piece, “Broadening the tax base: how and to whom?”, under Commitment 2 on partner countries’ pledge to increase DRM to spur development. She started by noting the modest tax-to-GDP increase shown in the 2019 ATI Monitoring Report as a positive step. Regarding the challenge of broadening the tax base while improving tax equity, she discussed a common narrative which focuses on formalising the informal sector for increased DRM, fairness, and citizen engagement. She further reflected on three main flaws of this reasoning: (1) the lack of a clear boundary in informal vis-à-vis the formal sectors, (2) the limited yield from previous mass tax registration campaigns, and (3) the existence of informal taxes and payments the informal sector faces which affects the fairness of imposing more taxes.

Lastly, Martin HEARSON, Research Fellow at ICTD, presented the piece "Measuring success in international tax: looking beyond the membership statistics" under Commitment 3 of policy coherence. Reflecting on the challenge of ensuring positive outcomes in adopting international standards, he discussed current risks and opportunities for ATI partner countries. Some risks include undermining national DRM efforts by drifting priorities and creating constraints, e.g., in the case of DTAs. When balancing risks and opportunities, he emphasised that the appropriateness and the DRM motivation of the standards under consideration are key factors to consider. The expert pieces can be read in full in the 2019 ATI Monitoring Report.

ATI knowledge-building: Looking ahead to the Regional Workshops on Tax Expenditures

Following the 2021 joint workshop on tax expenditures organised by the ATI, the German Development Institute (DIE), and the Council on Economic Policies (CEP), **Agustin REDONDA,** Senior Fellow at CEP, briefly presented the upcoming regional workshop series planned for 2022-2023. The issue of tax expenditures is an important part of Commitment 3 of ATI Declaration 2025 where members commit to "...improve tax transparency by publishing tax expenditures regularly to facilitate cost-sharing assessments, ultimately helping to reduce wasteful tax expenditures..."

The regional workshops are planned to take place initially in Western Africa, Eastern Africa, and Asia. The target participants include ministry of finances, revenue agencies, Members of Parliaments from ATI membership, and other stakeholders. The focus will be on tax expenditures reporting, estimation, and evaluation and hence, aiming to improve the effectiveness and transparency of tax expenditures. The series is planned to be followed by technical meetings, while remote support is available for countries upon request.

Spotlight on ATI members' work: Exchange of experiences and lessons learnt

As part of the effort to create the space for peer-learning and experience sharing, the spotlight session hosted some hands-on perspectives from ATI members in the area of DRM and in the context of COVID-19 recovery. ATI member countries and supporting organisations presented valuable inputs about their experiences and lessons learnt in relation to the implementation of DRM-related reforms and/or the provision of DRM support.

Organisation for Economic Co-operation and Development (OECD)

Vegard HOLMEDAHL - advisor at the Secretariat of the OECD's Forum on Tax Administration (FTA) - presented the FTA's initiatives on digitalisation and digital transformation. The discussion paper "Tax Administration (TA) 3.0", together with the ongoing Action Plan and other initiatives guide the FTA's work on the digital transformation of tax administrations. Even though the initiatives are not explicitly aimed at capacity building, they play a crucial role in that regard. The TA 3.0 paper describes how embedding tax administration processes into taxpayers' "natural systems" could lead to more seamless tax administrations and reduce tax compliance burdens.

Using the TA 3.0 as a starting point, in the Action Plan, FTA promotes digital transformation in support of tax administrations worldwide. Action 1 of this plan led to the publication of the Digital Transformation Maturity Model (DTMM) a few months ago, which assists administrations to self-assess their level of digital maturity. So far, DTMM has been used by 46 administrations, including 13 developing countries. Action 2 focuses on innovation and plans to launch the Inventory of Tax Technology Initiatives (ITTI) in April 2022. ITTI was developed in partnership with eight regional and international organisations, and from an online global survey completed by about 75 tax administrations. It is an online database which allows tax administrations to get information on new technology initiatives, access a range of supporting materials for domestic reforms, and identify possible collaboration channels with other tax administrations. Further, Action 6 focuses on capacity building and, in December 2021, a new report on 'supporting the digitalisation reforms of developing country tax administrations' was published. The report, done in collaboration with ATAF, was based on research and interviews with over 30 tax administrations and organisations and highlights common elements of successful digitalisation reforms. Mr Holmedahl invited participants to review the other parts of the Action Plan – Action 3 on digital identity, Action 4 on electronic invoicing, Action 5 on sharing tax processes, and Action 7 on knowledge sharing – which also contribute to digital reforms for better DRM.

Paraguay

Lilian Raquel ROMAN FLORENCIO - technical advisor at the Undersecretariat of State for Taxation in Paraguay - elaborated on the tax reform whose proposal entered and was approved by the congress in 2019 and effectively came into force in 2020. The tax reform's aim – reaching a fairer, more equitable and simplified tax system – was challenged by the pandemic at the beginning of 2020. Thus, an Emergency Law was drafted and implemented within only two months, rapidly tackling the adverse economic, social, and health effects of COVID-19. The measures adopted included the relaxation of tax rules, such as the extension of deadlines for payment of obligations, and the exemption and suspension of other obligations, as well as the transition towards a higher digitalisation of the national tax administration, and an increase of the universe of taxpayers. Ms Roman outlined that these reforms were implemented with the support of various international organisations, which have issued guidelines for governments to evaluate them and adapt them to the local context.

Save the Children

Ibrahim ALUBALA – Head of Advocacy, Program Development and Quality at Save the Children Kenya – and **Ricardo BARRIENTOS** – Senior Economist at the Central American Institute of Fiscal Studies – shared highlights from the experience of a project implemented jointly. Mr Alubala started by stating that fair finance is a key principle of Save the Children's theory of sustainable and effective development. A progressive and accountable tax policy is necessary to provide public services, especially to vulnerable and excluded sections of society. In Kenya, Save the Children collaborated with sub-national Child Rights Networks and local business communities, and supported legal framework reform for fair and accountable DRM. Mr Alubala added that the establishment of Social Accountability Forums as a space for citizens to hold leaders accountable in governance and service delivery has been useful. Through the forums, citizens were able to directly voice their needs to local governments, and these voices turned into actions, such as road repairs, water supply, sanitary facilities, etc. Consequently, tax compliance has also increased, e.g., land and property taxes collected by local governments.

Mr Barrientos shared the Guatemalan experience, emphasising the link between the low tax-to-GDP ratio of the country and the low-level of public investment in children and adolescents. Due to this strong connection, their work focuses on gaps in the tax system – particularly, on tax proposals which give way to abusive tax privileges and tax expenditures. They formed the Observatory of the Public Investment in Children and Adolescents which provides technical information on how tax revenue is translated into public finance for the needs of children, and spur policy debate with government officials. The aim is, he stressed, to improve not only the revenue collection but also the quality of public spending to strengthen the legitimacy of the government.

Slovak Republic

Silvia KARELOVÁ, Head of the International Taxation Methodology Unit at the Ministry of Finance of the Slovak Republic, discussed Slovakia's support for transfer pricing rules implementation in North Macedonia. The project is part of the "public finance for development program" established by the Slovak Ministry of Finance and the United Nations Development Programme (UNDP) and aims to support partner countries in their effort to set up and reform public financial management. The original idea of the program was to offer Slovakia's expertise in the area of public finance. Thus, the North Macedonia project, implemented in 2019, aims to support the Macedonian Ministry of Finance and Public Revenue Office (PRO) on accountable public finance management at the central and local levels. Three key areas were selected – reducing the informal economy and fighting tax evasion and tax fraud, strengthening the fiscal autonomy and revenue mobilisation capacity of local governments, and strengthening the efficiency of financial management and public services. The technical assistance focused on transfer pricing (TP) and involved legal framework revision, policy reform advice, administrative and institutional capacity building of targeted government officials – on TP rules (MoF) and TP audits (PRO), peer-to-peer learning, and study visits. Ms Karelová underlined the successful establishment of a specialised TP unit within the PRO as one project milestone.

South Centre

Abdul Muheet CHOWDHARY, Senior Program Officer at the South Centre Tax Initiative, shared the work of the South Centre to support developing countries on transfer pricing disputes submitted under the mutual agreement procedure (MAP). The statistics show that transfer pricing MAP cases are higher in number than other cases. Mr Chowdhary noted this is an important issue as, from the perspective of developing countries, transfer pricing MAP cases are complex and have a longer resolution time, thereby keeping a large sum of money on hold. Furthermore, he pointed out to their relevance in the context of Amount B of Pillar One included within the Two-Pillar Solution of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Project. As such, these statistics set out three capacity-building priority areas to consider by developing partners: (i) MAP processes – both the legal framework and domestic implementation, (ii) transfer pricing analysis and methodologies, and (iii) risk assessment using country-by-country reporting (CBCR) data. On the latter point, Mr Chowdhary agreed with Mr Hearson regarding the difficulties to access CBCR information and added the complexity of using this data despite counting with it. Tackling these areas together, he stressed, would reduce the time to resolve MAP disputes, and provide more tax certainty in the context of the upcoming Pillar One process.

Sweden

Tommy CARLSSON, Project Manager at the Swedish Tax Agency, shared the challenges faced by the Agency in connection to the COVID-19 pandemic. The first challenge related to security, e.g., boarder closure, which caused the Agency to immediately call-back its field officers and was able to deploy them back only after six to eight months into the pandemic. A second challenge was linked to technical quality and enhanced platform problems faced both by the Agency and its sister organisations based in other countries. Further, the capacity-building work was challenged by the move to the digital space. As such, the opportunities and lessons learnt include the need to improve security preparedness and flexible planning, use the digital platform for joint planning with the project management and expert teams, and increase investment in the digital space, which reduces travel time and costs.

Tax Justice Network Africa (TJNA)

Chenai MUKUMBA, Policy Research and Advocacy Manager at Tax Justice Network Africa (TJNA), discussed a TJNA program on the African Parliamentary Network for IFFs and taxation. The flagship program aims at engaging parliamentarians to champion the issue of tackling IFFs and tax justice in Africa and aims to utilise the various legislative instruments at their disposal – i.e., the oversight, representation, budget approval and law-making functions. The program includes four projects : "strengthening the network of MPs", both at the national and regional level, "building capacity", "sharing experiences and good practices", and "advocating for the adoption of IFFs and tax justice legislations". The initial idea was to organise continent-wide meetings bringing together MPs from across the continent. Due to the pandemic and the restrictions followed, however, the focus was shifted to national level engagements. Together with national partners, CSOs, expert groups, and others, the National Parliamentary Focuses on IFFs and taxation – coalitions of MPs with partners – were established. The platforms, with 15 MP members, are headed by a national coordinator and a national MP. In 2021, focus points were established in Malawi, Liberia, and the DRC, with immediate positive outcomes observed – e.g., drafting anti-money laundering bills, amending mining acts.

With the relaxation of pandemic restrictions in late 2021, MPs from the established focus points came together to share their experiences. Following that, a high number of MPs expressed their interest to establish focus points in their respective countries. By the end of 2021, registered MP members reached to 258 with the current membership covering about 2/3rd of the target countries.

Panel Discussion: Just transition and green recovery and its role in promoting DRM

The panel discussion on a "Just transition and green recovery and its role in promoting DRM" was moderated by **Nozipho TSHABALALA**, who welcomed the three speakers, Ms Emily MUYAA, Mr Logan WORT and Mr Per Fredrik Ilsaas PHARO to share their experiences and insights on the topic.

Emily MUYAA, Chief of the Capacity Development Unit at the International Tax and Development Cooperation Branch of UN DESA, opened the panel discussion on just transition and green recovery by explaining the degree to which environmental taxation can play a positive and active role in increasing economic prosperity while driving sustainable growth. She emphasised that environmental taxes must be well-designed and implemented to address reducing carbon emissions, which is envisaged under the Addis Ababa Action Agenda and parts of the commitments of countries under the 2015 Paris Agreement on Climate Change.

Ms Muyaa highlighted that carbon taxes should not only be viewed as a source of revenue but also looked at from a more general perspective of fulfilling the SDGs. More importantly, she explained that there is no "one-size-fits-all" solution: each country must take its realities and domestic situation into consideration and analyse how environmental taxes can inform the whole picture of sustainable growth. Furthermore, other policies could be used complementary to environmental taxes. The UN Secretary-General has called upon countries to shift away from taxing income to taxing carbon and thereby focus on the polluter instead of the taxpayer. Commenting on the role of multilateral institutions and the UN Tax Committee in building capacity and addressing the political challenges as well as other existing gaps to promote a green recovery, Ms Muyaa emphasised that climate change is a global challenge. The solution to a global challenge is to fuel efforts at the local, country, and global levels, considering the differentiated responsibilities. She highlighted that multilateral institutions such as the UN Tax Committee play a prominent eminent role in ensuring that "no one is left behind" and that countries have sufficient tools, guidance, and resources to address the issue of a just transition and a green recovery. In terms of environmental taxation, the UN Tax Committee has contributed to support developing countries align their fiscal policies with the commitments of the 2030 Agenda and the Paris Agreement, having published the carbon taxation handbook for developing countries.

"For the policy to work and it to be a just policy, we must be sure that we do not force Africa into a carbon tax regime that may not be appropriate for its countries' individual domestic situation." – Logan WORT

Logan WORT, Executive Secretary of the African Tax Administration Forum (ATAF), started with a thought-provoking message on the connection between the DRM agenda, taxation priorities, and its contribution to a green recovery and long-term sustainable growth in the context of the Covid-19 pandemic. He emphasised that the need for post-Covid-19 recovery is urgent globally, of course not least for Africa because of the massive, reduced growth percentage projected and over 70 billion USD lost during the pandemic.

Mr Wort argued that is difficult to come to a concrete conclusion on whether the move from the income tax to taxing carbon is the suitable policy in the African context. According to an ICTD study, Africa is responsible for only 3.8% of global emissions (North African countries and South Africa contributing heavily). Hence, there is a potential for revenue gains from carbon taxes, although not to the extent as in the developed world. Historically, Africa's emissions arise from land use, land clearance, forestry, etc., and almost 90% of people use natural wood for charcoal and consumption. The benefit of a carbon tax would mainly be experienced in the form of a behavioural change and for income in industrialised countries in the North and South of Africa. From a policy perspective, Mr Wort considers the carbon tax to be important. However, he emphasised that one should not disproportionally burden African countries, where the level of emissions is significantly lower. Recovery from the pandemic entails upholding the principle of justice and ensuring that the poor aren't taxed disproportionally. Personal income taxes should be dealt with more progressivity and the focus should be on high-net-worth individuals and companies with large profits (especially during the pandemic).

Responding to how policies can be better adapted to the context of developing countries and how one can see the challenges faced by African countries to meet the internationally agreed environmental goals, Mr Wort underlined that policies must be practical, well-implemented, and targeted at companies that are responsible for high levels of emissions. In the broader DRM and post-Covid environment, one of Africa's main problems is illicit financial flows (IFFs). Putting the carbon tax on an agenda might prove difficult, as 68% of revenue are lost as a result of bad corporate practices and private company corruption. Mr Wort further pointed out that there are many fiscal choices and opportunities that echo the usefulness of carbon emission taxes. One major obstacle is that countries are dealing with changing governments with a 5-year term, while the just transition and green recovery call for a 20-year generational agreement and behaviour change. Unless policy solutions respond to the short-termism of policymakers, the problem will not be solved.

“Unless it’s both just and green, we are all in deep trouble.” - Per Fredrik Ilsaas PHARO

Per Fredrik Ilsaas PHARO, Director of Partnership and Shared Prosperity at the Norwegian Agency for Development Cooperation (Norad), reflected on how the agendas of sustainable development and DRM should be combined towards a just transition and green recovery in partner countries. Mr Pharo explained that we are extremely underfinanced for the green recovery. Low and Lower-middle-income countries do not have the tax potential to finance these transitions through public finance. Hence, engaging large-scale private finance to the SDGs and the just transition and green recovery and establishing good partnerships is crucial for all countries. Regulatory regimes and payments for inconsistent services could be a starting place since this promotes the protection and restoration of carbon-rich eco-systems, such as wetlands, but also has the advantage of favouring particularly vulnerable segments of the population.

Mr Pharo emphasised the importance of implementing progressive taxes. Carbon taxes are particularly important for developed countries, which account for the largest share of carbon emissions, but are relevant in lower and middle-income countries if targeted towards big-emitting companies as well as the high-end consumption of the richest population. Reflecting on the green transition and recovery, Mr Pharo concluded that it will lead to ‘winners and losers.’ Effective solutions (particularly local solutions) need to be tailored to specific contexts and particular circumstances (whether that is taxes, policies, public finance or other measures). The transition will also require supporting policies, such as re-scaling training and services for workers in transition, unemployment benefits and poverty alleviation programmes. Development partners must support a range of actors. In his view, a vigorous public debate, transparency, and accountability are essential for the green transition to also be just.

Regarding the role of the international donor community supporting partner countries to foster DRM and promote a green recovery, Mr Pharo underlined

Logan Wort's argument on short-termism and the need for broader reforms. The evidence is that Africa would be a massive winner with the green transition, but the process is challenging, and short-term interests must be addressed. The main challenge is that globally, the tax system and the international financial architecture are broken, and financial secrecy is fuelling all kinds of undesirable outcomes. The international system allows large shares of public revenues to be channelled to private accounts through tax evasion and IFFs. The international community and the ATI have high stakes in this very important role by advocating for effective reforms. One core element is to support partner countries in broadening their tax base in various ways, as well as supporting transparency, accountability, efficiency, and the reform of the international financial system.

Next steps by ATI Co-Chairs

Jeneba BANGURA, Deputy Commissioner General of the National Revenue Authority in Sierra Leone and ATI Co-Chair, addressed a special thanks to all presenters and participants for their valuable and insightful contributions. She highlighted that the event provided an opportunity for peer-learning on DRM support coordination. Ms Bangura explained that the ATI and its Consultative Groups have been working on developing a comprehensive new monitoring framework to follow progress under the ATI Declaration 2025. Details of the final monitoring framework of each ATI Commitment are presented on the second day of the 2022 ATI General Assembly in the meetings of ATI Consultative Groups. The ATI Consultative Group meetings are an opportunity for ATI members to actively engage and discuss relevant topics relating to the implementation of each ATI Commitment.

Closing

Dr Juergen ZATTLER - Director General of "International Development Policy, 2030 Agenda, and Climate" at the German Federal Ministry for Economic Cooperation and Development (BMZ) - closed the first day of the 2022 ATI General Assembly by thanking the high-level speakers, participants, and the ATI Secretariat for the fruitful discussions. Dr Zattler emphasised that the event was a great opportunity to come together to renew the commitment towards the ATI Declaration 2025 in support of DRM in partner countries in the context of the COVID-19 recovery while fortifying political commitment among ATI members.

Dr Zattler highlighted the increasing importance of fair and effective tax systems in the face of the pandemic and growing investment needs. The panel discussion on the just transition and green recovery was very insightful and highlighted a clear consensus that strengthening DRM and acting against climate change must not come at the expense of the poor. The energy transition cannot be financed without reforming the tax systems. Additionally, Dr Zattler pointed out that not only the consequences of the pandemic are testing our social security systems, but also other current crises and conflicts, such as the most recent in Europe. In the wake of the Ukraine crisis, energy and food prices have risen worldwide. The conflict is hitting the most vulnerable in our society the hardest and hence, we must find effective ways to protect these groups quickly and transparently from the consequences of such crises and provide public support. In this context, tax policies are of paramount importance.

To provide these essential public services and other public goods, sufficient domestic revenues must be mobilised. A socially equitable, gender-sensitive and transparent tax system can help raise needed domestic revenues while reducing inequality within a country and fostering a green, resilient, and inclusive economic recovery from the COVID-19 pandemic at the same time. To conclude, Dr Zattler emphasised that the four ATI commitments strengthen members' collective action and put us on the right track to achieve this goal cooperatively and sustainably. They also provide us with a good opportunity to discuss and share good practices, while creating momentum towards achieving a tax system that works for people. He called upon members to build on this momentum to make further efforts to achieve the ATI goals as well as the SDGs.

DAY 2
WORKING TOGETHER TOWARDS THE IMPLEMENTATION OF THE ATI DECLARATION 2025

On the second day of the virtual 2022 ATI General Assembly, the ATI Consultative Groups met to discuss relevant topics and products which will be part of the 2022/2023 work plan. The groups also presented the post-2020 monitoring framework that will measure progress towards achieving the commitments under the ATI Declaration 2025. The session on the ATI Matchmaking Platform enabled a discussion on the use of the platform and its challenges.

ATI Consultative Group 1

Mr Daniel NUER (Ghana), co-coordinator of ATI Consultative Group 1, moderated the meeting of the group working to promote Commitment 1 of the ATI Declaration 2025 – "ATI partner countries commit to **enhance DRM** on the basis of **equitable tax policies** as well as **efficient, effective**, and **transparent revenue administrations**. ATI development partners commit to **supporting such reforms**."

The meeting started with a presentation of the guiding principles used to develop indicators for the post-2020 monitoring framework: **simplicity, availability** of data, and **balance** between accuracy and efforts needed to collect data. The conceptual framework went through three discussion meetings and various feedback loops before it was presented to the ATI Steering Committee for final approval. The indicators for ATI Commitment 1 are categorised into six topics tailored to the different ATI membership constituencies. Five of the topics – "enhance DRM", "equitable tax systems", and "efficient, effective, and transparent revenue administration" – are related to partner countries, while the "commitment to support such reforms" is targeted at development partners. Both primary and secondary information sources are to be used – i.e., partner country surveys, qualitative narratives, assessment by an external consultant, and secondary and publicly available data sources. Secondary (the principal) data sources include the IMF, ISORA, OECD DAC, TJN, ATAF and the ATI DRM database, the Commitment to Reducing Inequality Index (CRII), government websites, etc. The report, to be published every two years, will have 2020 as the baseline year. A methodological note describing all the indicators used will be available on the ATI website.

The second agenda point discussed was the work plan of ATI Consultative Group 1. Under the equitable taxation workstream, the brief on ATI partner countries' perspectives on moving towards equitable tax systems, with case studies from Uganda and Sierra Leone, is being finalised and will potentially include one additional country example. Furthermore, the group discussed the past workshop on DRM cooperation for equitable tax systems, organised by Oxfam, the coffee-break on the Fair Tax Monitor (FTM) tool, with Oxfam and TJNA, and the upcoming webinar series on equity and taxation, held in cooperation with Germany. Under the **subnational taxation** workstream, the ATI organised a webinar series in 2021 with the Development Partners Network on Decentralisation & Local Governance (DeLog) and the Norwegian Agency for Development Cooperation (Norad). The first webinar aimed at raising awareness on the role of local governments in tax collection and better public service provision, while the second focused on the challenges and opportunities of property taxes for development. Under the **revenue administration and reform** workstream, a webinar on the Digitalisation Maturity Model was held in collaboration with the OECD's Forum for Tax Administration (FTA).

Some follow-up events proposed by the ATI Secretariat include a workshop on policy design for subnational taxation with the participation of subnational decision-makers (in cooperation with Germany, ICTD & the Local Government Revenue Initiative -LOGRI), a webinar series on data sharing and digital solutions for revenue administrations, and a webinar series on ATI partner countries' experiences on formulating and implementing national revenue reform strategies. Lastly, on other potential additional topics, wealth taxation and a focus on large taxpayers and high net worth individuals (HNWI), as well as environmental taxation as a means for just transition and green recovery, were raised. The full report of the meeting is available on the ATI website.

ATI Consultative Group 2

The Commitment 2 of the ATI post-2020 monitoring framework states that "ATI development partners collectively commit to **maintain** or **surpass the 2020 global target level (USD 441.1 million)** of **DRM cooperation** for **country-owned tax reforms**". The ATI Consultative Group 2 meeting had the objectives of introducing the post-2020 monitoring framework for this commitment and discussing the latest developments in the group work plan for 2022/2023, including the presentation of the preliminary results of the country ownership in DRM support study.

The ATI Secretariat gave an overview of the post-2020 monitoring framework for Commitment 2. The first aspect that will be measured is whether ODA disbursements by ATI development partners for DRM reforms have increased (or were maintained) in relation to 2020 target levels, based on data from the OECD Development

Assistance Committee's Creditor Reporting System (DAC CRS), purpose code 15114 (available annually with a two-year time lag). The data will be complemented by development partners, considering additional DRM from programmes coded under "budget support". Concerning the second section of ATI Commitment 2 (country-owned tax reforms and country ownership), ATI members agreed that development partners will submit an explanation on how they ensure support for partner countries' priorities. This should include as much as possible a description of DRM aid flows, uses and results as well as a narration of stakeholder consultations that have been held before the development cooperation was signed with the partner country.

Continuing with the next agenda point, ATI members had identified country-ownership as a key issue to improve the quality of technical assistance for DRM. For this purpose, the ATI started the development of two documents: a "Selection of Good Practice Case Studies" and a "Framework for country-owned technical assistance to foster tax reforms". The first one seeks to promote peer-learning, while the second provides guidelines on features of country ownership (principles, activities, and modalities in DRM reforms), enabling countries to adapt it to their contexts. Three case studies on Ghana, Nepal, and the Philippines were chosen, and the study methodology included literature review and interviews with the experts involved. The study results were presented and can be found in the meeting report.

Furthermore, the ATI Secretariat presented additional developments on the ATI Consultative Group 2 work plan. Priority topics for the group include quality of DRM support, diagnostic tools, country ownership, coordination of DRM support, further operationalisation of the ATI Matchmaking Platform, and a webinar on joint programming. With regards to the ATI Matchmaking Platform, an outreach campaign was conducted, and the ATI Secretariat is planning to provide consultation hours in English and French. Webinars are planned to discuss joint programming and the "Team Europe" initiative, besides a webinar to discuss the case studies and framework on country ownership and other activities.

Revisiting the ATI Matchmaking Platform

The session on the ATI Matchmaking Platform was moderated by **Wapinu NDULE,** Institutional Development and Corporate Affairs officer in the West African Tax Administration Forum (WATAF). With over one year lapsing since its inception, the Matchmaking Platform has attracted the registration of a substantial number of ATI members. However, until the 2022 ATI General Assembly, the Platform received only four submissions. With the aim of boosting active participation, the session spotlighted the Platform with a brief description of its application and the participation status. The brief introduction and application was presented by **the ITC,** followed by a panel discussion focused on the experiences of three invited ATI members – CIAT, Liberia, and Sweden – with the Platform.

Isaác Gonzalo ARIAS ESTEBAN, Director of Cooperation and International Taxation at CIAT, highlighted the advantages of the ATI Matchmaking Platform by reflecting on CIAT's experience and lessons learned in using the System of Offer and Demands (SOD), a similar tool developed in 2010 for CIAT member countries to match the offers and demands of their tax administrations and organisations. The main value-added for ATI members, especially partner countries, is the Matchmaking Platform's focus on a culture of cooperation and its global scope. He emphasised that having the access to knowledge in the areas of technology, management, risk assessment, digital economy, and other complex international taxation issues via a global platform is key to overcoming regional knowledge barriers. Moreover, the ATI Matchmaking Platform is more dynamic and practical than SOD for requesting support since tax administrations are not required to upload all their priorities but only upload their specific demands for which it is necessary to receive support in the short/mid-term. The main challenge remains in motivating countries to share their experiences according to their available capacities.

Darlingston TALERY, Commissioner in the Domestic Taxes Department at the Liberia Revenue Authority (LRA), explained that tax expenditure is a critical area for the LRA to build its capacities. While they have a lot of experience in administering the customs department, they lack the experience in domestic revenue administration. Consequently, they have set up a unit in their department to capture all the exemptions and will upload their request on the Matchmaking Platform. Mr Talery underlined the importance of the platform and the ATI, as this process will put the LRA in a position to have the necessary assistance from development partners that will help them develop their programme and enable them to produce their annual tax expenditure reports, which is required by Liberian law. Building their capacities around tax expenditure, where domestic taxes are concerned, is also in line with Liberia's 2018 DRM strategy. Reflecting on potential obstacles, he commented on the relevance of having in-country technical assistance and the erratic nature of the internet services in Liberia.

Stina FÄRJE, Project Manager in the Office for International Projects at the Swedish Tax Agency, discussed their positive experience in participating in the Matchmaking Platform. The Swedish Tax Agency has over 40 years of experience in international (bilateral) cooperation in tax and development. On the Matchmaking Platform, Sweden has a broad approach to what they can provide support in, as they would like to assist partner countries in all areas that they have relevant experiences. They also cooperate with other Swedish agencies if there is a need. In her opinion, an advantage of the platform is that they can reach out to new and different partners and support them in the best way possible virtually but also provide technical assistance on site.

More information on the ATI Matchmaking Platform can be found on the ATI website.

ATI Consultative Group 3

Mr **Junaid MURTAZA** (Pakistan), co-coordinator of ATI Consultative Group 3, moderated the meeting of the group working to promote Commitment 3 of the ATI Declaration 2025 - "ATI members commit to apply coherent and coordinated policies that foster DRM and combat tax-related illicit financial flows (IFFs)." Mr Murtaza started by presenting the post-2020 monitoring framework for ATI Commitment 3, which covers two dimensions: (i) promoting coherent and coordinated policies that foster DRM and (ii) combatting tax-related illicit financial flows (IFFs).

The measurement of coherent and coordinated policies focuses on policies that avoid negative impacts on tax mobilisation in ATI member countries. These include a) preventing abusive tax practices through engagement in international tax cooperation and b) reducing harmful tax incentives in partner countries. Development partners should make sure that their tax systems do not harm efforts to raise taxes in partner countries. To measure this, the framework assesses the topics defined as BEPS minimum standards on harmful tax practices, treaty shopping, country-by-country-reporting (CBCR), and mutual agreement procedures, as well as the development of spillover analysis by development partners. On the other hand, partner countries should make sure that tax expenditures do not disproportionately affect the aim to increase revenues. This includes three relevant aspects: (i) transparency of tax expenditures, (ii) evaluation of their effectiveness, and (iii) procedural questions, incl. scrutiny of parliament and inter-agency cooperation on tax expenditure decisions.

Regarding the dimension of combating tax related IFFs, the indicators include the implementation of standards for Exchange of Information, Automatic Exchange of Information (AEoI) and the EoI on Request (EoIR) for Tax Purposes, as well as the existence of beneficial ownership (BO) registers. A methodological note with a detailed explanation of each indicator on the post-2020 monitoring framework will be available online.

Furthermore, the ATI Secretariat gave an overview of the developments on the ATI Consultative Group 3 work plan, which is structured on three major topics: (i) the ATI post-2020 monitoring framework, (ii) combatting tax-related IFFs, and (iii) strengthening policy coherence, including the topics of tax expenditures, tax incentives, ODA taxation and analysis of spillover effects of tax policies. An ATI study on partner countries' perspectives on tackling tax related IFFs is being conducted by the International Bureau of Fiscal Documentation (IBFD). Ms Belema Obuoforibo, member of the IBFD executive board and chair of the Centre for Studies in African Taxation, and Mr Birhanu Daba, senior associate at IBFD, presented their work and the status of the research.

ATI Consultative Group 4

Finally, the ATI secretariat presented the developments on additional topics on policy coherence for DRM. The full report of the meeting is available on the ATI website.

On behalf of the co-coordinators of the group, **Mr Austin NDIOKWELU** (IBP) and Ms **Fariya MOHIUDDIN** (IBP) moderated the meeting of ATI Consultative Group 4. The group works to promote Commitment 4 of the ATI Declaration 2025 – "ATI members commit to **enhance space** and **capacity for accountability stakeholders** in partner countries **to engage in tax and revenue matters.**"

Being identified as a priority area by the ATI Consultative Group 4, the finalised monitoring framework including its indicators was presented by the ATI Secretariat. Indicators for transparency, engagement, and capacity are included to monitor the ability of accountability stakeholders to participate at different levels of the decision-making process in tax and revenue matters. As enhancing the capacity of accountability stakeholders has been emphasised by the group, a set of indicators to quantify the amount of DRM support channelled towards non-state actors was included as part of the indicators.

In the next agenda point, the ATI Secretariat addressed the progress made on the work plan built on three workstreams and cross-cutting elements. Next to the finalised ATI post-2020 monitoring framework, a summary of the progress of the other workstreams – "Foundational issues" and "Innovation, sharing, and learning" – as well as "Cross-cutting elements" was presented. Regarding foundational issues, the Accountability Stakeholder Mapping was completed and recently published. Moreover, in the area of innovation, sharing, and learning, the presentation of the Fair Tax Monitor (FTM) Tool was also completed. Lastly, on the cross-cutting issues, which are topics correlated with the activities of other ATI Consultative Groups, indicators to report on direct/indirect DRM cooperation with accountability stakeholders were incorporated into the monitoring framework, and guidance for these actors to engage in tax equity will be covered in the brief on equitable taxation – a study being developed in ATI Consultative Group 1.

Following the presentation of progress on the work plan, the ATI Secretariat underlined the need to determine what the enhancement of space and capacity for accountability stakeholders means, as well as to delineate a potential case study compilation of partner countries' interactions with accountability stakeholders. Members pointed out the importance of analysing the different levels of engagement of accountability stakeholders in partner countries. This analysis should not only focus on actors who are already actively involved in DRM matters but on those who are not part of these discussions and the reasons behind that. Moreover, the group stressed the role of subnational actors in tax dialogues and the possibility to support them through the ATI Matchmaking Platform. Regarding the support to subnational actors, the reliance of ATI on the contacts and liaisons of members of ATI Consultative Group 4 to those was highlighted. The ATI Secretariat also called for further collaboration of development partners as well as for the support of organisations to gather inputs on good practices in these matters of accountability stakeholders' engagement.

The meeting was concluded with an agreement to conduct a case study focused on how to enhance the space and capacity of accountability stakeholders, with a focus on a subset of accountability stakeholders. The full report of the meeting is available on the ATI website.