



Frequently Asked Questions

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The International Tax Compact (ITC) is a neutral platform that aims to enhance domestic revenue mobilisation in partner countries, and to promote fair, efficient and transparent tax systems. The German Federal Ministry for Economic Cooperation and Development (BMZ) has launched the platform in 2009 and commissioned the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to facilitate the ITC Secretariat. Since April 2017, the European Union supports the International Tax Compact through a co-financing agreement. The Ministry of Foreign Affairs of the Netherlands (BZ) provides in-kind support.

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1. What is the Addis Tax Initiative (ATI)?

The Addis Tax Initiative (ATI) is a multi-stakeholder partnership that aims to enhance domestic revenue mobilisation (DRM) in partner countries and to improve the fairness, transparency, efficiency and effectiveness of their tax systems. Committing to the ATI fosters partner countries' efforts to increase reliance on domestic revenues to fund their development agendas and meet the Sustainable Development Goals (SDGs) by 2030.

The Addis Tax Initiative was initiated in 2015 by the governments of Germany, the Netherlands, the United Kingdom and the United States in the course of the *Third International Conference on Financing for Development* in Addis Ababa, Ethiopia.

2. What is the aim of the ATI?

The ATI aims to enable partner countries to mobilise own revenues more effectively for financing development and attaining the SDGs. All countries subscribing to the ATI declare their commitment to enhance the mobilisation and effective use of domestic resources and to improve the fairness, transparency, efficiency and effectiveness of their tax systems. They commit to increase technical assistance to DRM, to advance efforts to enhance DRM, and to ensure policy coherence for development.

The ATI stresses the importance of establishing strong domestic governance systems and mobilising the political will to drive forward tax 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.

3. How does the ATI work?

To date, the ATI assembles *45 countries and 16 supporting* organisations that have committed to the following ATI commitments:

- 1. ATI development partners commit to collectively doubling technical development cooperation to DRM by 2020.*
- 2. ATI partner countries commit to stepping up DRM as a key requirement for attaining the SDGs and spurring inclusive development.*
- 3. All ATI member countries commit to pursuing policy coherence for development.*

The ATI provides a unique opportunity for its members to collaborate with each other and serves as a platform to match the needs for support with available resources. The ATI makes available an extensive *DRM Database*, publishes yearly *monitoring reports* on the progress made against attaining the ATI commitments as well as *research studies and briefs*, and organises conferences, workshops and webinars on topics related to tax and development. In doing so, ATI members can identify novel areas for DRM reform that may have remained unexplored by technical international development cooperation.

The Secretariat of the ATI is facilitated by the International Tax Compact (ITC) and all ATI activities are overseen by the ATI Steering Committee. The ATI does *not* have funding to initiate or implement programmes in partner countries, which remains the responsibility of development partners and/or supporting organisations.

4. Who can participate in the ATI?

To join the ATI and become an ATI member country, your country must:

- 1. provide development assistance to enhance DRM in partner countries,*
- 2. and/or be interested in receiving technical assistance for enhancing DRM in your country,*
- 3. and commit to the ATI Declaration.*

Non-governmental organisations that provide Official Development Assistance (ODA) to fund technical assistance in the area of DRM in partner countries – such as international organisations, civil society organisations (CSOs) or think tanks – and that endorse the objectives of the ATI can join the ATI as ATI supporting organisations.

5. What are the benefits of participating in the ATI?

Benefits for ATI partner countries:

- ATI partner countries make a national commitment to undertaking DRM reforms at the highest level.
- Being an ATI partner country signals a strong interest in receiving technical assistance and support to DRM, encouraging ATI development partners to offer assistance without a prior official request.
- ATI partner countries benefit from an enhanced coordination of and collaboration among ATI development partners.
- ATI partner countries have the opportunity to connect with a broad international network of development assistance providers.
- ATI development partners help to integrate ATI partner countries into the global tax debate.
- With the support of ATI development partners and supporting organisations, ATI partner countries profit from the progress that has been made in the international tax agenda, such as the OECD/G20 Base Erosion and Profit Shifting (BEPS) project and tax information exchange via the Automatic Exchange of Information (AEOI).
- ATI partner countries get assistance in finding support for undertaking TADAT (Tax Administration Diagnostic Assessment Tool) assessments, in order to identify bottlenecks within their national tax administrations.

Benefits for ATI development partners and supporting organisations:

- ATI development partners and supporting organisations benefit from an enhanced ability to connect with a broad international network of stakeholders active in the field of tax and development as well as countries committed to the spirit of the ATI.
- ATI development partners and supporting organisations benefit from an improved coordination among development partners and partner countries alike, including South-South cooperation initiatives.
- ATI development partners and supporting organisations have the possibility to share best practices and lessons learned through the *ATI Monitoring Report* and regular consultations.
- ATI development partners and supporting organisations have the possibility to display the progress from DRM capacity building activities through the *DRM Database*.

An ATI membership is *not* a prerequisite for partner countries to receive technical assistance, nor does it imply preferential treatment from ATI development partners. Giving up tax exemptions under ODA in partner countries is also *not* part of the scope of the.

6. By joining the ATI, do partner countries automatically receive (more) DRM assistance?

While joining the ATI does not guarantee (more) development partner-funded DRM support, 20 development partners have pledged to fulfil the ATI commitments and 16 supporting organisations have expressed support. Therefore, by becoming an ATI member, partner countries gain access to development partners specialised in, and generally interested in assisting with, DRM reforms. The ITC maintains a network of focal points in the ATI member countries and supporting organisations who can provide information about possibilities for cooperation on request.

7. What are the implications of becoming a member country of the ATI?

Partner countries that join the ATI pledge to fulfil *commitments* 2 and 3, effectively signalling the aim to enhance DRM as a key means of financing their development priorities and achieving the SDGs. Adhering to the ATI does not require meeting specific targets for ATI partner countries. However, they are encouraged to share their DRM strategies and to actively contribute, where possible, to monitoring progress on DRM through national indicators.

Development partners that join the ATI pledge to fulfil *commitments* 1 and 3. Progress towards commitment 1 is measured through annual reporting of their international development assistance to DRM (for more information please refer to the *ATI monitoring framework*). ATI development partners are also invited to share information regarding technical assistance projects and the types of DRM assistance they can provide to partner countries. Foregoing tax exemptions against ODA in partner countries is *not* a part of the scope of the *ATI Declaration*.

Both ATI partner countries and ATI development partners are included in all official ATI communication and are invited to participate and contribute to ATI activities and discussions. All *ATI members*, i.e. member countries and supporting organisations, are encouraged to actively support, present and advocate for the ATI.

8. Can countries join the ATI both as development partners and partner countries at the same time?

By becoming an ATI member country, a country that provides DRM assistance to any other country will be considered an ATI development partner and commits itself to doubling this assistance as per ATI Commitment 1. A country that plans to enhance its own DRM by receiving technical assistance will be considered an ATI partner country and is expected to follow (and report on) ATI Commitment 2.

Therefore, if a country provides development assistance while also seeking or receiving technical assistance to DRM, it would be considered both an ATI development partner and an ATI partner country. In this case, commitments 1 and 2 would apply (plus commitment 3, which applies to all ATI member countries).

9. What does “support for technical cooperation” entail, as defined in ATI Commitment 1?

Support for technical cooperation includes all activities that contribute to DRM, as defined by the *OECD DAC and CRS code list* (code 15114), in countries and territories on the *DAC List of ODA Recipients*. These activities can be delivered bilaterally or through contributions to multilateral development institutions, entailing all transfers of resources (in cash or service forms), including the provision of experts to missions in countries that qualify for ODA. This means:

OECD CRS Code 15114: Domestic Revenue Mobilisation

“Support to DRM/tax policy, analysis and administration as well as non-tax public revenue, which includes work with ministries of finance, line ministries, revenue authorities or other local, regional or national public bodies.”

The monitoring of ATI Commitment 1 is based on OECD DAC statistics. There are no additional quantitative reporting requirements. Should a country join the ATI and does not report its ODA to the OECD DAC, proper reporting procedures will be determined on a case by case basis.

10. What if ATI development partners wish to more than double their support for DRM projects?

ATI development partners are most welcome to do so, as there is nothing in the *ATI Declaration* that states otherwise.

11. What are the implications of becoming a supporting organisation of the ATI?

ATI supporting organisations are included in all official ATI communication and are invited to participate and contribute to ATI meetings and discussions. They are expected to participate in donor coordination activities, contribute to the annual *ATI Monitoring Report* and the online *DRM Database* to ensure its comprehensiveness and timeliness. ATI supporting organisations are invited to actively support, present and advocate for the ATI in their respective member countries, where possible and relevant.

12. How can a country or organisation join the ATI?

Countries can join the ATI by sending a letter of intent by email to the ITC, which facilitates the Secretariat of the ATI, declaring their intention to commit to the *ATI Declaration* and nominating an ATI focal point.

Organisations can join the ATI as supporting organisations by sending an email to the ITC indicating their intention to support the initiative and nominating a focal point.

The ITC (secretariat@taxcompact.net) will forward the letter to the ATI Steering Committee for information and approval.

13. Are there any formal requirements regarding the letter of intent for joining the ATI?

The letter of intent should explicitly declare a country's intent to commit to the *ATI Declaration* and to fulfil the *ATI commitments*. It should be signed by an appropriately authorised institution that can provide the political support necessary to fulfil the ATI commitments, such as the Ministry of Foreign Affairs, the Ministry of Finance or similar.

14. Are there any fees or other costs associated with joining the ATI?

No, there are no fees or any other costs associated with joining or being a member of the ATI. However, there may be financial implications in fulfilling the ATI commitments, for example in doubling technical assistance or in stepping up national efforts to enhance DRM.

15. If a partner country decides not to join the ATI, will it still be eligible to receive ODA?

Yes, countries that do not join the ATI are still eligible for ODA. That said, by joining the ATI, partner countries send a strong signal that they are committed to enhancing DRM as a means to financing sustainable development. This could potentially garner even greater offers of ODA support from development partners in the ATI.

16. What does the governance structure of the ATI look like?

ATI Steering Committee

All ATI activities are overseen by the ATI Steering Committee, which provides strategic guidance and is responsible for pursuing the objectives of the initiative, as defined in the *ATI Declaration*. This includes ensuring that the monitoring and reporting on the ATI commitments are on track, cooperating closely with the Secretariat of the ATI, consulting with the ATI members, and approving the annual monitoring report by the Secretariat of the Addis Tax Initiative.

The ATI Steering Committee consists of representatives of three development partners and of three partner countries. It is headed by two co-chairs, with one co-chair from a development partner and the other from a partner country. The Steering Committee members serve for one year, one time renewable. Currently, ATI Steering Committee consists of representatives from the following countries:

- Afghanistan
- European Commission
- Italy
- Senegal
- Tanzania
- United Kingdom

The ATI Steering Committee meets virtually and on an ad-hoc basis. If necessary, other ATI member countries or supporting organisations can participate as observers. To ensure transparency, minutes are taken at all meetings and provided to all ATI members.

Secretariat of the Addis Tax Initiative

The Secretariat of the Addis Tax Initiative is facilitated by the International Tax Compact (ITC), which is based in Bonn, Germany. As such, the ITC is responsible for all activities, including the support of the ATI Steering Committee, the outreach to potential new members, the support of ATI members and the monitoring of the ATI commitments.

17. How does the monitoring of the ATI commitments work?

The annual monitoring report looks at the progress made against meeting the ATI commitments. It provides all ATI member countries with the opportunity to share relevant data, best practices and lessons learnt, as well as an outlook on their future activities. For details, please refer to the [*ATI monitoring framework*](#).

Find us online
www.addistaxinitiative.net

