REGIONAL WORKSHOP ON TAX EXPENDITURES

WORKSHOP REPORT

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Facilitated by

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INTRODUCTION

Tax expenditures (TEs) have a significant impact on countries' ability to mobilise domestic revenue, fight climate change, recover from the COVID-19 pandemic and, ultimately, attain the Sustainable Development Goals (SDGs). If not monitored closely and assessed consistently, TEs may jeopardise the transparency of national budgets and lower the effectiveness of tax systems. The ATI acknowledges the relevance of the topic for its member countries. Commitment 3 of the ATI Declaration 2025 states: "We will improve tax transparency by publishing tax expenditures regularly to facilitate cost-benefit assessments, ultimately helping to reduce wasteful tax expenditures, improving taxpayers' trust, and creating a more level playing field for all types of businesses. We will improve inter-agency cooperation on tax expenditures and foster the coordination of granting tax concession activities."

The workshop builds on this commitment and the Global Tax Expenditures Database (GTED), which was launched by the Council on Economic Policies (CEP) and the German Development Institute (DIE, now German Institute of Development and Sustainability, IDOS) in June 2021. With its worldwide coverage, the GTED helps to increase transparency on TEs and sheds light on their critical role in tax systems around the globe. As shown by the GTED, the number of countries reporting on TEs has been growing steadily over the years. However, the scope and quality of reports still vary significantly. Moreover, only few countries in the world have started to systematically evaluate the TEs they use to find out whether they are cost-effective policy tools.

The workshop in Nairobi, Kenya, was the second in a series of regional workshops organised by ATI, CEP, and IDOS. With around 50 participants from 9 countries attending, the workshop showed great engagement from different stakeholders in the region and other invited countries. On this occasion, the Kenya Revenue Authority (KRY) and the African Tax Administration Forum (ATAF) joined as local partners. The event provided a unique opportunity to ATI member countries and other interested governments to exchange with regional partners and international experts on the governance, estimation, reporting, and evaluation of TEs. More specifically, the workshop aimed to:

- **Discuss core aspects** of TE management, reporting, estimation, and evaluation, such as data collection and processing, approaches to benchmarking and revenue forgone estimation, design of cost-benefit models, etc.
- **Give an overview of good practices and standards** to evaluate the effectiveness and efficiency of TE provisions and assess existing evaluations against those practices and standards.
- **Map pathways to reform** and discuss opportunities and challenges to further improve TE reporting and evaluation.
- **Provide a platform for peer learning and exchange by tapping the knowledge and wealth of experiences of workshop participants.**
- **Initiate the set-up of regional TE networks for continued exchange and peer-level support of reforms.**

The workshop was structured in eight sessions: Session 1 focused on the governance framework for estimating, reporting, and evaluating on TEs, Sessions 2 and 3 discussed two topics that are highly

interconnected: benchmarking and the estimation of revenue forgone through TEs, and the last session of the day looked into TE reporting. The second started with two sessions discussing the use of TEs in the extractives industries and the international tax systems, respectively. Session 7 focused on TE evaluation, and the last session was focused on the urgent need and challenges for TE reform.

SESSION 1 – A GOVERNANCE FRAMEWORK FOR ESTIMATING, REPORTING & EVALUATING TAX EXPENDITURES

Objective

This session provided an overview of current experiences and good practices with setting up governance frameworks for TEs, based on international as well as regional inputs.

Background

A sound legislative and regulatory framework surrounding the management of TEs is vital. For instance, all TEs should be captured in the relevant tax laws and not in secondary legislation. Likewise, TE reporting should be closely linked to the budget process. Responsibilities for the appraisal, management and monitoring of TEs should be concentrated at the ministry responsible for overall fiscal policy. Policy objectives pursued by TEs should be clearly spelled out and embedded in a framework ensuring policy coherence across TEs and other spending programs or commitments. This framework should also cover both ex-ante assessments as well as ex-post evaluations of TEs.

Speakers

Christian Hallum (Oxfam) and Christian von Haldenwang (IDOS & GTED team), followed by a dynamic exercise based on buzz groups involving all participants.

Main Takeaways of Session 1

Christian von Haldenwang presented the outlines of a tax expenditures governance framework based on the "TE value chain", which covers the set-up, management, and assessment of TEs. Though it is fair to say that we do not yet have a codified body of knowledge on TE governance, it is possible to identify certain principles governments might want to consider in each of these stages. For instance, it would be reasonable that the set-up of TEs involves both the Ministry of Finance (MoF) and Parliament, as both tend to play important roles at subsequent stages. Assessing possible impacts of new TEs helps to improve their design. Simplicity and transparency of procedures are important to avoid market distortions and abuse of TEs. Regular reporting and evaluations are helpful to assess whether TEs achieve their respective goals, and at what price.

Christian Hallum provided additional content to this approach by highlighting the relevance of TE governance in the pursuit of progressive tax systems and the fight against inequality. To achieve this, it is pivotal to reach out to stakeholders, promote citizen participation, and ensure a high level of coordination between different government agencies and different levels of government. TE governance should also account for the fact that TEs frequently generate cross-border spillovers and may contribute to harmful tax competition between countries.

The session concluded with the feedback provided by the participants in the room, who were split in groups of three to discuss the following questions: *"Which specific challenges do you experience in your country with the governance of tax expenditures (setting up – running – assessing TEs)? How do you deal with those challenges?"* Whereas some of the points brought to the table were country-specific (e.g., issues with tax morale among domestic companies due to the extensive TE regime for multinationals), many issues were shared by several countries represented in the event. For instance, the lack of coordination and often conflicting interests between the institutions involved at different stages of the TE process were highlighted as some of the main challenges by representatives from several countries. The lack of clear policy objectives for some TEs and the lack of transparency when some TEs are adopted (i.e. newly adopted TEs not being announced in the official gazette) were other issues that resonated with most participants the room. In addition, some issues raised by the participants were taken up once again in the later sessions of the workshop. Lack of data, for instance, was mentioned here, but also discussed in Session 3 (Estimating revenue forgone), the need of an evaluation process and follow-up framework was taken up in Session 7 (Ex-ante assessment & ex-post evaluation of TEs). Finally, the lack of political will and coordination among institutions were mentioned as key barriers to change or promote reforms during the final panel in Session 8.

Presentations

The presentations of Session 1 can be found here.

Additional material

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SESSION 2 – ESTABLISHING A BENCHMARK

Objective

This session provided a platform to discuss key normative and technical aspects of benchmark definitions and their influence on TE regimes.

Background

TEs are defined as deviations from a “benchmark taxation system,” which should be grounded in the key principles of good tax policy design, such as fairness, efficiency, transparency, and simplicity. The benchmark definition should be as broad as possible and aim at avoiding exceptions from the general rule. Yet, in some cases, benchmark definitions can be controversial. In Germany, for instance, reduced VAT rates on foodstuff are excluded from TE reporting and evaluation since they are considered part of the benchmark tax system. Some countries such as Canada and the UK differentiate between “structural” and "non-structural" TEs, the former being deviations from the benchmark that are considered an integral component of the system, such as a basic allowance for the taxation of personal income.

Speakers

Inputs by Lucie Niyigena and Israel Bikorimana (Rwanda), Kyle Mc Nabb (ODI) and Seppo Shigwele (Namibia), followed by a panel with Members of Parliament Hon. Gladys Ganda (Malawi) and Hon. Denis Lee Oguzu (MP Uganda).

Main Takeaways of Session 2

The session kicked-off with a presentation by Kyle Mc Nabb, who gave an overview on how to establish a benchmark tax system. Besides discussing some technical and methodological aspects regarding benchmarking, Kyle’s main message was clear: defining a benchmark is not always straightforward, there is no general blueprint, and, in some cases, it is simply impossible to determine whether a specific provision should be considered part of the benchmark tax system or classified as a TE. For instance, the TE report published by the UK states that some provisions exhibit features of both TEs and structural reliefs.

Lucie and Israel provided a deep dive into benchmarking of VAT, income tax, and customs in Rwanda. They discussed the overall methodology used, as well as the difficulties of determining benchmarks and TEs with regard to some tax bases (i.e. income tax) and types of TEs (i.e. depreciation vs. accelerated depreciation). They also shared insights regarding the governance, estimation, and reporting of TEs in Rwanda.

To complement this picture, Seppo Shigwele provided an overview of the TE system in a non-reporting country, Namibia. He discussed Namibia’s institutional setup, its existing benchmark system, common types of TEs used in the country, as well as the challenges that need to be overcome for the country to produce its first TE report (e.g. lack of capacity, lack of coordination between agencies, strict confidentiality rules, etc.).

The session finished with a panel with members of parliament (MoP) Malawi and Uganda. The panelists discussed their countries' TE regime, how widespread the use of TEs is, and what the public perception of TEs is in their countries. The panellist from Malawi discussed a recent initiative to start reporting on TEs, whereas the representative from Uganda discussed the challenges this country faces in defining the benchmark tax system to be used as a basis for Uganda's TE report. During the discussion some participants mentioned the risk that governments might "temper" with benchmark systems to avoid reporting on specific tax reliefs. In this regard, a narrow benchmark definition based on clear principles as well as international and regional good practice should always be preferred.

Presentations

The presentations of Session 2 can be found here.

Additional material

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SESSION 3 – ESTIMATING REVENUE FORGONE

Objective

This session introduced approaches to revenue forgone estimation with reference to different tax bases.

Background

Almost all countries that provide figures on the fiscal costs of TEs use the so-called "revenue forgone" approach, which estimates the amount by which taxpayers have their tax liabilities reduced as a result of a TE based on their actual current economic behaviour. This approach does not account for behavioural changes resulting from a removal of the TE provision. The exact methodology and the data required to estimate the revenue forgone from different TEs, however, depend on the tax base as well as the type of TE. For instance, estimations of TEs channelled through consumption taxes are often based on national accounts (including customs) data and/or household expenditure data and can be computed by multiplying the pre-tax consumption value of a tax-preferred item with the size of the rate reduction, i.e. the difference between the standard and the reduced tax rate. This approach is not applicable to direct taxes, because, unlike indirect tax rates, direct tax rates differ between individuals and often also between companies. Hence, other techniques including microsimulation need to be used, which implies different types of administrative capacity and data requirements.

Speakers

Inputs by Agustín Redonda (CEP and GTED team), Cyrus Mutuku (Kenya) and Kyle McNabb (ODI), followed by a panel with representatives from tax authorities: Antsa Harinoro Salimo (Madagascar), Mahnaem Ndaitavela (Namibia), and Ronald Nyenje Makumbi (Uganda).

Main Takeaways of Session 3

Agustin Redonda's presentation provided insights on the different methods to estimate revenue forgone. He briefly mentioned the possibility of using microsimulation models, and then provided a few concrete examples of revenue forgone estimation for different types of TEs such as deductions, tax credits and reduced rates. Whereas the first two ones were based on ad-hoc examples related to consumption taxes, the last example was based on fuel tax reduction mechanism used in Brazil.

In his presentation, Kyle McNabb focused on income taxes. Based on the case of Uganda, he brought to the table relevant issues that had, until then, not been discussed: the uncertainty that can exist behind some revenue forgone estimates (due to, e.g. data or modelling limitations), the importance (and sometimes difficulty) of coming up with a counterfactual scenario, timing issues (for instance, when it comes to loss caried forward) and the lack of incentives to audit taxpayers on tax revenue not received due to TEs.

Cyrus provided an overview of the TE process in Kenya, a country that has recently released the first TE reports with data from 2017 to 2021. As in many countries in the region, TE based on domestic VAT are the largest contributors to revenue forgone in Kenya.

The session concluded with a panel with representatives from the tax authorities of Madagascar, Namibia and Uganda, who commented on the specific challenges they face when estimating revenue forgone in their countries. Some recurrent issues were related to difficulties with tracking the cost of certain exemptions, which allows companies to not file tax returns, at all as well as more general difficulties with forecasting the potential future cost of proposed TEs. Panellists and other participants also discussed challenges with assessing the benefits of certain TEs due to the lack of data as well as the lack of initiative. On the latter, panellists focused particularly on discussions around tax incentives for investment which in most investor surveys are placed on the bottom of priorities-list for investors, but yet remain prevalent among most of the countries participating in the workshop.

Presentations

The presentations of Session 3 can be found here.

Additional material

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SESSION 4 – REPORTING ON TAX EXPENDITURES

Objective

This session presented an overview of the design and scope of TE reports worldwide, by zooming in on regional cases and their specific achievements and challenges with regard to TE reporting.

Background

Despite their significant impact on government budgets (on average, 3.7 percent of GDP and 23.5 percent of tax revenue), TEs are opaque and very often not subject to the same level of scrutiny in the budget process as direct spending. Based on the latest figures released by the Global Tax Expenditures Database (GTED), 116 out of 218 jurisdictions worldwide have never published an official TE report. Also, the scope and detail of most of the reports leaves a lot of room for improvement. For instance, many countries only report aggregated revenue forgone data, mostly by tax base, and most countries continue to refrain from detailing the policy objectives and the legal reference of their TE provisions.

Speakers

Inputs by Flurim Aliu (CEP and GTED team) and Frankie Mbuyamba (ATAF), followed by presentations of national cases of TE reporting by Silver Namunane (Uganda) and Tantely Ravelomanana (Madagascar).

Main Takeaways of Session 4

This session started with a detailed overview of the current state of the art when it comes to tax expenditure reporting worldwide. Flurim Aliu presented key findings from the GTED. In a nutshell, more governments have started to publish data on TEs in the recent past, including several countries from the region. However, at the global level, the number, quality, and scope of TE reports is still worrisome. Only 42 countries worldwide publish reports with provision-level data on a regular basis. Also, information on beneficiaries and policy objectives of individual TEs is often missing in the report.

The presentation by Frankie Mbuyamba summarised the work done by ATAF on TE reporting and highlighted the benefits of regional and international initiatives on TEs. Frankie also introduced the ATAF online Data Portal as a valuable data source on VAT and customs TEs, many of which are specified in trade or investment agreements.

The session concluded with the presentation of two country cases discussing the challenges and opportunities of TE reporting in Madagascar and Uganda. The presentations highlighted the benefits a legal directive or framework to guide TE reporting can have. Overarching challenges mentioned by the presenters were the structure of the data collected by the tax administration, which does not always allow to estimate revenue forgone, absence of coordination on TEs between different government institutions, and lack of resources (not

only human resources, but also tools for data collection and processing) in the Ministry of Finance to prepare complex TE reports. The delegate of Madagascar mentioned the absence of a mechanism to translate recommendations in TE reports into policy changes as a crucial challenge. This is a topic that was taken up again in sessions 7 and 8. The delegate of Uganda also mentioned difficulties with determining the correct benchmark to be used in the TE report and the different approaches the country took in its last TE reports. However, presenters also highlighted opportunities for reform and increased revenue collection that TE transparency and public scrutiny can bring. They also highlighted the importance that pressure by international organisations such as IMF can have in improving TE transparency and scrutinising TE regimes.

Presentations

The presentations of Session 4 can be found here.

Additional material

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SESSION 5 – TAX EXPENDITURES IN THE EXTRACTIVE SECTOR

Objective

This session focused on the use of tax incentives in the extractives industries (in particular, the mining sector).

Background

The granting of tax incentives in the extractives sector is a widespread phenomenon and it is particularly relevant for those African countries that rely heavily on the production and export of minerals and fuels. Tax incentives for mining or drilling are often among the most relevant TE provisions in terms of revenue forgone.

Speakers

Inputs by Melusi Tshuma (Zimbabwe) and Viola Tarus (IGF), followed by buzz group discussions.

Main Takeaways of Session 5

This session started with the presentation by Viola Tarus which was focused on the use of tax incentives in the mining sector, discussing the types of tax incentives that are more prevalent, their redundancy (when incentives are not necessary) as well as the dimensions (effectiveness and efficiency) that governments need to consider when designing and implementing them. Viola also presented an evaluation tool designed by the IGF to assess the cost and benefits of tax incentives in the mining sector. As a key message of her presentation she highlighted the risks of profit-based compared to cost-based TEs, with the former particularly prone to abuse. Another issue referred to the widespread use of stabilisation (or "frozen law") clauses, which tend to slow down TE reforms in that sector.

Then, Melusi Tshuma brought to the table the case of Zimbabwe, where the governance in the tax incentives field is in "its infancy because of data constraints, insufficient human and financial resources and restrictive statutes". He also provided an overview of the existing tax incentives for the mining sector in Zimbabwe.

The session finalised with buzz group discussions that, given the engagement of the audience, confirmed the relevance of the extractive industries for the region. The relevance of investment incentives was discussed again, highlighting the imbalance between what investor surveys show (low prioritization of investment incentives among investors) versus the experience of government officials, with companies often fiercely demanding TEs and framing TEs as the most crucial factor of their investment decisions. Issues with companies misusing tax-holidays – aggressively extracting during the tax holiday with disregard of environmental or extraction standards ("high grading", forming new entities to benefit from the tax holiday again, or leaving the country after a tax holiday expires – were also discussed. The lack of transparency of contract-based incentives was another issue that resonated among participants. This was discussed both from the perspective of Ministries of Finance who were often not aware of such incentives granted by other ministries as well as from the perspective of the Tax Authorities who experienced challenges administrating tax returns due to the lack of clarity with regards to

applicable incentives to some companies. Lastly, profit-shifting and the misuse of double-taxation agreements were also discussed as key issues in the extractive sector.

Presentations

The presentations of Session 5 can be found here.

Additional material

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SESSION 6 – TAX EXPENDITURES IN THE INTERNATIONAL TAX SYSTEM

Objective

This session discussed the use of TEs against the background of recent or ongoing reforms in the international tax system. It provided orientation to governments regarding the possible impact of the Base Erosion and Profit Shifting (BEPS) process on the use of TEs. Further, it has been discussed how bilateral tax and investment agreements should be treated with regard to benchmarking and TE reporting.

Background

The international dimension of taxation shapes the way how governments use TEs. On the one hand, the current debate on BEPS under the roof of the OECD, which includes deliberations on the introduction of a global minimum tax, changes the conditions under which certain TEs will be granted – in particular those TEs that have an impact on the effective corporate income tax rate. On the other hand, bilateral double tax or investment agreements lead to situations where developing countries grant preferential tax treatments to investors from abroad. Strictly speaking, many of these benefits constitute TEs, but are sometimes considered part of the benchmark system by governments.

Speakers

Inputs by David Bradbury (OECD) and Ezera Madzivanyika (ATAF).

Main Takeaways of Session 6

This session started with a presentation by David Bradbury, who gave an overview of a recently released OECD database on tax incentives for investment covering 48 developing countries. David's presentation then focused on the impact that the recently agreed global minimum tax deal, and the Pillar Two in particular, will have on the use of tax incentives for investment. Many of the aspects covered in other sessions throughout the workshop were included in David's recommendations for reform paths, e.g. estimation and evaluation.

Then, Ezera Madzivanyika presented on developing countries' hopes and concerns regarding the global minimum tax deal. The conversation once again focused around tax incentives for investment and their redundancy. The presentation compared the effectiveness and efficiency of timing-focused TEs (i.e. accelerated depreciation schemes) versus TEs that reduce or eliminate taxes payable altogether (i.e. tax holidays), arguing that the latter are less efficient and prone to abuse.

The session finalised with a Q&As session that, again, confirmed how relevant and timely the topic is for countries in the region. Many questions centered around OECD's expectations on how effective the Pillar Two will be to normalise tax versus developing countries' fears that the 750 Million Euro revenue threshold for companies to be affected by this agreement is too high and will only have marginal effects. There were also discussions about the methodology used to calculate the effective tax rate and whether there is a consensus on which methodology

countries should use. It was also observed that only a fifth of the respective companies operating in Africa paid effective tax rates below 15%, while in other world regions low taxation concerns 60-70% of those companies.

Presentations

The presentations of Session 6 can be found here.

Additional material

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SESSION 7 – EX-ANTE ASSESSMENT & EX-POST EVALUATION OF TAX EXPENDITURES

Objective

This session introduced the approaches and requirements of ex-ante assessments as well as ex-post evaluations of TEs. It also gave an overview of existing experiences with both approaches at an international scale, including topics such as revenue forecasting, requirements for setting up new TEs, indicators against which to evaluate, the challenges of evaluating direct vs. indirect taxes, evaluating tax incentives for investment and on natural resources as well as, not least, the question of evaluation models and methodological approaches and the related data requirements.

Background

Given the magnitude of TEs, the forecasting, estimation, and reporting of the fiscal cost they entail should be a priority for governments worldwide. Such estimates are not only crucial when it comes to transparency and accountability, but also a necessary input to evaluate TE provisions against their effectiveness to reach the stated goals they should serve as well as against the potential side effects and externalities they could trigger. Indeed, comprehensive assessments of TEs are vital to identify those provisions that are value for money and those that need to be reformed or simply dismantled. Ex-ante assessments are equally important in a framework of revenue forecasting and medium-term revenue and expenditure planning, since once TEs are introduced, it is often very difficult to remove them, even when they have proven to be ineffective.

Speakers

Pre-recorded input by Jan Loeprick (IMF), and inputs by Amina Ebrahim (UNU-WIDER) and Flurim Aliu (CEP), followed by a breakout session where participants were split in three groups: delegates from i) ministries of finance, ii) from tax administrations, and iii) from parliaments and civil society organisations.

Main Takeaways of Session 7

This session started with a pre-recorded input by Jan Loeprick presenting a forthcoming IMF How-to-Note on TE evaluation. Mr. Loeprick's presentation highlighted the importance of ex-ante and ex-post TE evaluations for informed policymaking. It also provided an overview of tools and methods governments can use to evaluate the effectiveness and the efficiency of different types of TEs.

Jan's presentation was followed by a brief overview by Flurim Aliu on examples of TE evaluation frameworks from different countries. Flurim's presentation focused on the ex-ante evaluation framework of Ireland and the

ex-post evaluation framework of the Netherlands. Both frameworks are based on lists of guiding questions that help to assess the effectiveness and cost-efficiency of individual TEs.

Finally, Amina Ebrahim gave a presentation of the "Southern Africa Towards Inclusive Economic Development" (SA-TIED) program, an initiative seeking to support policymaking for inclusive growth and economic transformation in the southern Africa region. The initiative is based on collaborative research of the United Nations University World Institute for Development Economics Research (UNU-WIDER) and a group of institutions in South Africa, including the Treasury and the revenue authority (SARS). Amina emphasised the importance of good quality data for TE evaluation and provided a concrete example based on the Employment Tax Incentive (ETI) in South Africa.

The session concluded with the participants splitting up into three breakout groups: delegates from ministries of finance, delegates from tax administrations, and members of parliaments together with representatives from civil society. The three groups discussed what would be needed to set up and implement evaluation frameworks in their countries, and what specific roles they would see for their institutions. Representatives from the tax administrations agreed that the role of their institutions was not to lead the TE estimation and evaluation process but to assist the MoFs with data and technical expertise. They also recognised challenges their institutions would face in implementing this role, most notably: issues with data structure within their systems (aggregation of data not allowing for evaluation of specific provisions), data privacy concerns, misalignment between business registry numbers and taxpayer numbers, capacity issues etc. Representatives from the MoFs agreed that the MoF should be the custodian of the monitoring and evaluation of TES. They also agreed on the need to improve coordination among the institutions in the TE process, e.g. revenue administrations as well as other line ministries. The access to and the quality of data was mentioned as one of the main barriers to develop a sound evaluation framework. Lack of capacity and understaffing was another point made by the group. Members of Parliament and civil society organisations stressed the relevance of raising public awareness on TEs. They saw a key role for parliaments in debating and approving a sound legal framework, as well as being a body of oversight of the government. Holding government accountable was also considered a core function of civil society organisations. Capacity and data availability were identified as main bottlenecks.

All stakeholder groups agreed that the lack of coordination between institutions, the lack of transparency when implementing new TEs, and the conflicting interests involved in the TE process were the key barriers for the implementation of TE evaluations.

Presentations

The presentations of Session 7 can be found here.

Additional material

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SESSION 8 – DRIVING TAX EXPENDITURE REFORM

Objective

This session provided a platform for the exchange of experiences with driving TE reform in the region.

Background

TE estimation, reporting, and evaluation are key to drive evidence-based reform of TE systems. Indeed, rationalising inefficient and obsolete TEs can be highly beneficial for developing economies and could have a significant impact on countries' capacity to mobilise domestic resources and finance governments' development strategies. It can also contribute significantly to aligning tax systems with the sustainability and inclusive growth agenda of governments.

Speakers

Input by Silver Namunane (Uganda), followed by a panel where Silver was joined by David Bradbury (OECD), Hon. Esther Matiko (Tanzania), Viola Tarus (IGF) and Hon. Wilberforce Oundo (Kenya).

Main Takeaways of Session 8

The session started with a presentation by Silver Namunane, who first emphasised the need to generate evidence on TEs. But with or without such evidence, TEs patently exist, and reforming them necessarily involves politics. Reforms should aim at strengthening the social contract by improving the progressivity of the tax system and ensuring new funding for essential social services. For this to happen, transparency (for instance by means of comprehensive TE reports) is not sufficient but must be accompanied by broad-based and sustained stakeholder inclusion. Silver also mentioned the relevance of international rules to rationalise TE use.

The following panel consisted of members of parliament as well as representatives of civil society and international organisations, who gave their views regarding the main challenges and opportunities around the reform of TE systems. Several aspects treated during the workshop were once again taken up: the benefits of regional approaches to TE reform, the importance of interagency collaboration and close cooperation between different branches of government (executive – legislative) and the key role of data for the assessment of TEs were mentioned by the speakers. Panellists also discussed issues such as lobbying and conflicts between different stakeholders within countries as well as the impact of global trends (e.g. high energy prices) in the desirability of reform for certain TEs. Bringing politics and policies together at different levels was identified as a key factor for successful TE reform.

Overall, there was a broad consensus among participants that TE reforms can (and should) be a core tool to strengthen legitimacy and good governance in the TE field.

Presentations

The presentation of Session 8 can be found here.

Additional material

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MAIN TAKEAWAYS AND NEXT STEPS

Governments all over the world are struggling to mobilise domestic resources. The same governments, however, typically provide generous tax breaks, exemptions or incentives to companies and private households – often without even knowing the real costs of those mechanisms in terms of revenue forgone. Equally important, the potential benefits that such TEs should generate are usually not assessed.

The overall main takeaway of the workshop in Nairobi is clear: countries in the region have been increasing their efforts to improve TE systems, but much remains to be done. A better governance framework in the TE field is urgently needed in most of the countries. More and better data, not only on revenue forgone through the implementation of TEs but also on their policy goals and beneficiaries, is needed. Such data is key *per se* so that transparency and accountability increase and, at the same time, is one of the main inputs for TE evaluations. Finally, reforming TE systems is a political process that needs to be based on sustained political will and supported by a sound framework including the participation of and coordination among several institutions such as the Ministries of Finance and other line ministries, revenue administrations as well as parliaments.

Against this backdrop, the regional workshops on TEs carried out by the ATI with CEP and IDOS is not designed as a series of one-off events. One of the main goals of the initiative is, indeed, to strengthen regional and global TE networks and promote peer exchange and peer learning, embedded in ATI activities. Hence, each workshop is going to be followed by a technical meeting (to be set up roughly 6-8 months after the initial workshop), where ATI, CEP and IDOS, jointly with regional stakeholders, will discuss the progress made as well as the main challenges faced after the initial workshop, and exchange on potential strategies to deepen the collaboration in the field.

PERSPECTIVES FROM PARTICIPANTS

"To me, the workshop was very informative in the sense that it showed the gap that my country has towards publishing TEs reports. However, I realised that Tanzania already has most of the tools in place to manage tax expenditures transparently and efficiently as some of the information is available or may be extracted from available systems. I will present the lessons learned and a medium-term strategy to my supervisor so that we can start working on the TEs as soon as possible". - **Robert Rutajama, Manager Tax Exemptions, Tanzania Revenue Authority**

"Based on the interaction with peer groups from the region as well as international experts, the importance of tax expenditures for our economy and the loss of domestic revenues has become more than clear. I will be writing an official letter to the Minister of Finance detailing the urgency of the issue and the need for action." - **Honourable Denis Lee Oguzu, Member of Parliament of Uganda**

SPEAKERS

GTED Team

Agustin Redonda is a Senior Fellow with the Council on Economic Policies (CEP), where he focuses on fiscal policy and has been co-leading the Global Tax Expenditures Database (GTED) project. Prior to joining CEP, he was a research and teaching assistant with the Economics Department (IdEP) of the University of Lugano. He has also worked with the Organisation for Economic Co-operation and Development (OECD), as well as for the National Plan to Reduce Informal Activity (PNRT) at the Ministry of Labour, Employment and Social Security (MTSS) in Argentina. Agustin holds a PhD in Economics from the University of Lugano (USI).

Christian von Haldenwang is a Senior Researcher and project lead with the German Institute of Development and Sustainability (IDOS), formerly German Development Institute (DIE), where he works on taxation, decentralisation & urban governance, digitalisation, and legitimacy. He is the co-lead of the Global Tax Expenditures Database (GTED) project and the Institute's Regional Coordinator for Latin America. From 2003 to 2007 he was GTZ programme coordinator at UN-ECLAC in Santiago de Chile. Christian holds an M.A. in Political Science and Philosophy and a PhD in Political Science from the University of Tübingen (Germany).

Flurim Aliu is a Fellow with CEP where he focuses on fiscal policy. He is co-leading the Global Tax Expenditures Database (GTED) project, a joint initiative between CEP and IDOS. Prior to joining CEP, Flurim worked at the World Bank, where he contributed to policy research at the Infrastructure Chief Economist's office and the Infrastructure Vice President's office. He also held other research positions at private firms and research institutes in the US and Germany. Flurim holds an MA in International Commerce from Seoul National University in Korea and a BA in Political Science from Georgia Gwinnett College in the United States.

Invited Speakers & Moderators

Amina Ebrahim is a Research Fellow at UNU-WIDER based in Helsinki, where she is a core researcher in the Domestic Revenue Mobilisation programme. She previously worked on UNU-WIDER's Southern Africa – Towards Inclusive Economic Development (SA-TIED) in Pretoria, South Africa. Her research interests include labour and public economics, focusing on employment, tax, and social policies. She works on making large administrative tax data available for research and collaborates with African revenue authorities.

Anne Wanyagathi is a tax practitioner in Kenya and a PhD candidate at Leiden University, Netherlands, researching on natural resource governance within East Africa. She has published on Kenya's extractive industry fiscal regime, consumption taxes, informal sector taxation and local government property tax administration. Anne has a Masters degree in Tax Policy and Tax Administration from Berlin School of Economics and Law, as well as MA and BA degrees in Economics from the University of Nairobi.

Chenai Makumba is the Policy Research and Advocacy Manager at the Tax Justice Network Africa. Based in Nairobi, she leads the policy unit and coordinates the institution's research and policy engagement on tax justice issues at regional and global levels. She was recently elected Vice Chair of ATAF's African Women in Tax Network board. She previously worked as Director of the think tank Consumer Unity and Trust Society (CUTS) Internationaland at the World Trade Organization in the Agriculture and Development Divisions. Chenai holds a Masters in International Relations from Wits University, Johannesburg.

Christian Hallum co-leads Oxfam's work on tax justice. Christian has worked with civil society groups across Africa, in Belgium and in his home country, Denmark, to promote tax justice. He has also worked for the Danish tax administration as a compliance analyst. Christian's areas of expertise include global corporate taxation, the taxation of extractive industries, progressive domestic revenue mobilisation and responsible taxation of the private sector.

Cyrus Mutuku works in the section of Research and Surveys within the Department of Strategy Innovation and Risk Management at the Kenya Revenue Authority. He holds a BA (Economics), Master of Economics and Master of Banking and Finance. His field of expertise include the preparation of tax expenditure reports; revenue outlook reports; revenue modeling and forecasting; development of data collection tools, designs and data analysis; publishing research work on taxation.

David Bradbury is the Head of the Tax Policy and Statistics Division at the OECD's Centre for Tax Policy and Administration. He leads a team of economists, lawyers and statisticians who are focused on producing internationally comparable tax statistics and delivering high quality economic analysis and tax policy advice. David was a key contributor to the OECD's work in securing last year's ground-breaking international tax agreement to address the tax challenges arising from the digitalisation of the economy. Prior to joining the OECD, David was a tax lawyer, a Member of the Australian Parliament, and a Minister in the Australian Government.

Everlyn Kavenge Muendo is the Policy Assistant with Tax Justice Network Africa under the Tax and Incentives program. She works to promote domestic resource mobilization, regional and continental tax harmonization, transparency and accountability in tax incentives governance, and national investment regimes and instruments such as double taxation agreements. Everlyn is a lawyer and trainee advocate. She was previously interning at the East African Tax Governance Network and was a student researcher at the Committee on Fiscal Studies at the University of Nairobi.

Ezera Madzivanyika is the Manager of Research & Statistics at the African Tax Administration Forum (ATAF). He is a certified TADAT Assessor. Prior to joining ATAF he worked for the Zimbabwe Revenue Authority for 20 years in various roles. He holds a PhD Degree in Economics, MSc Degree in Economics, BSc Honours Degree in Economics, and Master of Philosophy Degree in Taxation. At ATAF, Ezera undertakes and supervises various tax research projects in the areas of environment, informal sector, extractives, management of tax arrears, tax administration efficiency, and management of tax expenditures.

Israel Bikorimana is an Economist in Charge of Tax Policy at the Ministry of Finance and Economic Planning, Rwanda. He mainly worked on policy costing, evaluating and tax modelling at the Ministry. He studied Monetary Economics at the University of Rwanda.

James Muturo is a Manager at the Domestic Taxes Department, Policy & Tax Advisory - Quality Assurance in the Kenya Revenue Authority (KRA). He has over 30 years of experience in tax audit and compliance, tax refunds, dispute management and legal interventions. He led the KRA team in the IMF East Africa Technical Assistance Mission. He was also engaged in the Tax Expenditures Consultative Forum by Tax Justice Network Africa, the Africa Centre for People Institutions and Society and the EATGN. He is member of the team in Preparation of the National Treasury Report 2022 on Tax Expenditures. He holds a Bachelor's in Commerce and a Bachelor's and Post Graduate Diploma in Law.

Jan Loeprick is a Senior Economist with the International Monetary Fund (IMF). Prior to that he worked for the World Bank and in the international tax department at the Austrian Ministry of Finance. He has taught as a lecturer at Dresden University. Jan holds a PhD in economics from the Vienna University of Business and Economics.

Kyle McNabb is a Research Associate for the Development and Public Finance programme and a Tax Policy Advisor for the TAXDEV programme at ODI. Based full time in Kampala, he works with Uganda's Ministry of Finance, Planning and Economic Development and Uganda Revenue Authority on research and analysis into tax policy, including tax expenditure reporting. Prior to joining ODI, he was a research fellow at UNU-WIDER in Helsinki where he was responsible for the UNU-WIDER Government Revenue Dataset project.

Leila Kituyi is Manager of Strategic Partnerships & International Cooperation at the African Tax Administration Forum.

Lucie Niyigena is a Data Analyst working at the Rwanda Revenue Authority. She has a Master's degree in Applied Statistics, and a Bachelor's degree in Statistics applied to Economy.

Markus Paffhausen is an Advisor to the International Tax Compact (ITC), which facilitates the secretariats of the Addis Tax Initiative (ATI) and Network of Tax Organisations (NTO). At ITC, Markus deals with issues of accountability in tax and revenue matters, environmental taxation, and international cooperation. Previously, he worked for the United Nations in the areas of development coordination and peacebuilding support. Markus holds a Master's degree in International Economics from University of Göttingen and a Bachelor's degree in Latin American Studies and Economics from the University of Cologne.

Melusi Tshuma is an economist and tax specialist at the Ministry of Finance and Economic Development of Zimbabwe. He has proven knowledge in tax assessment, tax collection and tax policy. He attained an MA in International Studies (Development & Cooperation) from Korea University and a Bsc (Honours) Degree in Economics from the University of Zimbabwe. Further in-house and short training courses include: Intermediate Taxation, Advanced Taxation, Revenue Forecasting and Analysis, Mining Resources: Regulation and Revenue Management, VAT Analysis, among others.

Mwana Frankie Mbuyamba is a Senior Specialist - ATO, Applied Research and Data with the African Tax Administration Forum (ATAF). He joined ATAF in April 2013. Among other activities, Frankie supervised the "African regional studies on tax reform priorities" and he leads the ATAF flagship publication "African Tax Outlook" since 2016. Frankie holds a BSc Honours in Applied Economics from the University of Lubumbashi (DRC). He also completed a BCom honours in Economics and MCom in Economics from the University of Johannesburg.

Peter Wieżel is an Advisor to the International Tax Compact (ITC), which facilitates the ATI Secretariat. In his current role, Peter deals with issues of domestic resource mobilisation, taxation, and development policies. Prior of joining the ATI Secretariat, he worked as a senior advisor in the international tax and transfer pricing unit of an international consulting firm. Peter holds a Master's degree in Economics from the Free University of Berlin and a LL.M. degree in international corporate tax law from the University of Cologne.

Seppo Shigwele is a Deputy Director at the Inland Revenue Department of the Ministry of Finance of Namibia. His duties include conducting legislative and policy research, providing rulings on tax matters to the public and regional offices, drafting legislation and international agreements, advising senior management and liasing with the office of the Government Attorney on international agreements, participating in strategy formulations aimed at increasing revenue collection, and representing the department at the Tax Tribunal.

Silver Namunane is a Tax Policy Specialist and a technical lead on Domestic Revenue Mobilization issues at the Ministry of Finance in Uganda. He has over ten years of tax policy experience, with expertise in tax policy design and empirical analysis. Silver holds a Ph.D. in Applied Economics from the University of Minnesota; a Master of Arts in Policy Economics, Williams College; and a Bachelor of Statistics, Makerere University.

Tantely Ravelomanana is Tax Inspector, Head of Tax Policy Unit in Madagascar, with over fifteen years working in tax policy and administration. She has extensive experience in implementing tax expenditures analysis, performing revenue and economic impact analysis, and designing tax administration reforms. She holds a MPA major in Taxation from Ecole Nationale d'Administration de Madagascar and a PHD in Social Sciences from Paris Sorbonne University.

Viola Tarus is a Policy Advisor, Tax and Extractives with the International Institute for Sustainable Development (IISD), working on the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) Secretariat's project on base erosion and profit shifting (BEPS) in mining. Prior to joining IISD, Viola held positions with Oxfam and the National Oil Corporation of Kenya. She holds a Master's degree in Energy Studies, specialising in oil and gas economics, from the University of Dundee (Scotland), and earned a Bachelor of Economics and Statistics from the University of Nairobi.

WORKSHOP AGENDA

Day 1: Governance, Estimation, and Reporting of Tax Expenditures

08:30 –09:00 *Registration*

09:00 –10:00 **Welcome Address & Introduction**
ATI, ATAF, KRA, IDOS & GTED team

10:00 –11:30 **Session 1** – A Governance Framework for Estimating, Reporting & Evaluating Tax Expenditures

11:30 –12:00 *Coffee Break*

12:00 –13:30 **Session 2** – Establishing a Benchmark

13:30 –15:00 *Lunch Break*

15:00 –16:30 **Session 3** – Estimating Revenue Forgone

16:30 –17:00 *Coffee Break*

17:00 –18:30 **Session 4** – Reporting on Tax Expenditures

18:45 –20:00 *Reception*

Day 2: Tax Expenditure Evaluation and Reform

08:30 – 08:50 *Arrival*

08:50 – 09:00 **Welcome to Day 2 & Setting the Stage**

09:00 – 10:30 **Session 5** – Tax Expenditures in the Extractive Sector

10:30 – 11:00 *Coffee Break*

11:00 – 12:30 **Session 6** – Tax Expenditures in the International Tax System

12:30 – 13:45 *Lunch Break*

13:45 – 15:00 **Session 7** – Ex-ante Assessment & Ex-post Evaluation of Tax Expenditures

15:00 – 16:15 **Breakout Session** – Evaluation

16:15 – 16:45 *Coffee Break*

16:45 – 18:15 **Session 8** – Driving Tax Expenditures Reform

18:15 – 19:00 **Closing Remarks**

LIST OF PARTICIPANTS

No.	Name	Country	Institution
1.	Muhammed Adem	Ethiopia	Ministry of Finance
2.	Tadesse Mesfin Gulilat	Ethiopia	Ministry of Revenues
3.	Allan Madoka	Kenya	Kenya Revenue Authority
4.	Brian Steve Obonyo	Kenya	Kenya Revenue Authority
5.	Catherine Mutava	Kenya	Strathmore University
6.	Clement Otindo	Kenya	Kenya Revenue Authority
7.	Cyrus Mutuku *	Kenya	Kenya Revenue Authority
8.	Ephraim Munene	Kenya	Kenya Revenue Authority
9.	James Muturu *	Kenya	Kenya Revenue Authority
10.	Judy Wangui	Kenya	Kenya Revenue Authority
11.	Leonard Wanyama	Kenya	Tax Justice Network Africa
12.	Nicholas Muvila	Kenya	Kenya Revenue Authority
13.	Veronicah Ndegwa	Kenya	Institute of Public Finance Kenya
14.	Violet Kariuki	Kenya	Kenya Revenue Authority
15.	Wilberforce Oundo	Kenya	National Assembly/Parliament
16.	Winnie Auma Ogweno	Kenya	Office of the Auditor General
17.	Antsa Rakotoarisoa	Madagascar	Direction Générale des Douanes
18.	Tantely Ravelomanana *	Madagascar	Ministry of Economy and Finance
19.	Alick Masala	Malawi	Malawi Revenue Authority
20.	Chikaiko Catherine Chilima	Malawi	Ministry of Finance and Economic Affairs
21.	Gladys Ganda	Malawi	Parliament of Malawi
22.	Mahnaem Ndaitavela Haidula	Namibia	Namibia Revenue Agency
23.	Seppo Shigwele *	Namibia	Ministry of Finance
24.	Israel Bikorimana *	Rwanda	Ministry of Finance and Economic Planning
25.	Lucie Niyigena *	Rwanda	Rwanda Revenue Authority
26.	Daniela Dicusar	Switzerland	Council on Economic Policies
27.	Esther Matiko	Tanzania	Parliament of Tanzania

28.	Robert Rutajama	Tanzania	Tanzania Revenue Authority
29.	Denis Lee Oguzu	Uganda	Parliament of Uganda
30.	Ronald Nyenje Makumbi	Uganda	Uganda Revenue Authority
31.	Silver Namunane *	Uganda	Ministry of Finance and Economic Development
32.	Arnold Chimfwembe	Zambia	Zambia Revenue Authority
33.	Elizabeth Nanyangwe	Zambia	Ministry of Finance
34.	Ferdinand Chikambwe	Zambia	National Assembly of Zambia

** Participant presented a country-case and is also listed on the list of speakers.*