

REPORT

# 2023 ATI General Assembly

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## Stepping up financing for sustainable development

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## DAY 1 : Enhancing political commitment to DRM and stepping up financing for sustainable development

### Introduction and welcome by ATI co-chairs and the host country

The moderator **Ms. Nozipho Tshabalala** warmly welcomed all the participants of the 2023 ATI General Assembly. In her opening remarks, she emphasised the relevance of domestic resource mobilisation (DRM) in the context of financing the Sustainable Development Goals (SDGs), and the opportunity that this General Assembly provides for members to enhance political commitment to DRM, as well as to share and discuss key issues that are the top of their DRM agenda.

The ATI Co-Chairs, **Mr. Steve Rozner** and **Ms. Mari Khurtsidze** also welcomed the participants to the 2023 ATI General Assembly. **Mr. Rozner** began his speech by underlining the importance of adopting a more progressive tax and fiscal system to address global development challenges, macroeconomic vulnerabilities, and economic distress. On the other hand, **Ms. Mari Khurtsidze** stressed the necessity of addressing these fragilities and the importance of DRM to strengthen the countries' resilience in times of crises. The Co-Chairs invited members to engage in fruitful debates to advance ATI's vision of "tax systems that work for people and advance the SDGs" and further strengthen ATI's role as platform to advance political commitments, donor coordination and agenda setting towards the DRM needs of developing countries.

Representing the host country, **Ms. Nsandi Manza**, Acting Accountant General at the Ministry of Finance and National Planning of Zambia, extended a warm welcome to everyone and commenced her speech by underlining the relevance of DRM as a sustainable source of financing for social programs and initiatives that promote inclusive growth and poverty reduction. Addressing the present development challenges in Zambia, she explained that the ATI Declaration 2025 sets forth significant commitments: not only increasing DRM, but also designing equitable tax policies, and tackling tax-related Illicit Financial Flows (IFFs). Tax evasion reduces the government revenue and increases unfair tax burden on taxpayers, which makes it difficult to enforce tax law and increase resources for public service delivery.

## Keynote address

The keynote address delivered by **Hon. Irene Ovonji-Odida** highlighted the pressing need to address the multiple crises affecting our world today. From economic distress to climate-change, these challenges are more profound and far-reaching than ever. The Covid-19 pandemic brought the world together, but its impact was not evenly distributed. While we all faced the same pandemic, some were in privileged positions, while others faced immense hardships. Vulnerable groups, particularly women, girls, and the poor, bore the brunt of the pandemic's consequences, leading to increased social and economic disparities within and between countries. This injustice was exacerbated by an unfair international tax system, which allowed extreme inequality to persist, protecting the wealthy while threatening the existence of the poor.

Insufficient funding hinders many countries' ability to effectively tackle these crises. African countries, burdened with overwhelming debt and diminishing financial support, face economic instability that severely impacts their growth and development prospects. The pandemic highlighted the crucial role of the public sector in addressing large-scale issues, underscoring the need to prioritize public finance and governance of the global financial system to tackle these challenges effectively.

Current taxation systems, due to their regressive nature, contribute to widening inequalities rather than alleviating them. Indirect taxes disproportionately burden disadvantaged groups, while the wealthy exploit tax avoidance strategies to minimise their tax contributions. These disparities have far-reaching implications, affecting social services, economic rights, and gender dynamics. The international context exacerbates the problem, as globalization and the new production systems demand a re-evaluation of the existing tax architecture. The current system is ill-equipped to handle the effects of profit shifting, tax competition, digitisation, and tax havens in both developed and developing countries. Reforms to close tax loopholes, implement wealth registers, and ensure fair taxation for corporations and the wealthy require political will, recognising that the current system primarily benefits only a small minority.

**Hon. Ovonji-Odida** argued that addressing the challenges of base erosion and profit shifting by multinational corporations in the global tax architecture requires global cooperation and the implementation of measures that calculate taxes based on economic presence, eliminating the incentives for profit manipulation. From her perspective, the United Nations offers a significant opportunity to establish a global tax framework that incorporates crucial measures for fair taxation and cooperation among countries. Developing countries, by collaborating

and speaking with one voice, can address power imbalances in international negotiations. They must also critically evaluate whether the BEPS Inclusive Framework deal benefits their countries and consider alternative approaches to ensure fairness and revenue generation. Developing economies, particularly in Africa, suffer significant annual losses due to IFFs, primarily caused by corporate tax abuse. Holistic approaches are necessary to address both legal and illegal activities, as they often exploit the same channels.

In conclusion, **Hon. Irene Ovonji-Odida** expressed enthusiasm for a global compact on taxation that promotes inclusive development and addresses systemic weaknesses. By supporting a UN Tax Convention and prioritising the interests of developing countries, we can build a future where everyone benefits from wealth and profits generated from their resources. It is an opportune time for ATI and its members to take action for inclusive development and reshape the global tax governance for a fairer future.

## High-level statements from ATI members

The session continued with high-level statements, delivered both on-site and virtually through pre-recorded videos.

**Mr. Darlingston Talery**, Commissioner for Domestic Taxes from the Liberia Revenue Authority, outlined Liberia's strategy to finance the development agenda, focusing on inclusive and sustainable growth to achieve the SDGs. He emphasised expanding the tax base and improving the efficiency of tax revenues and procedures. **Mr. Joseph Dokekana**, Commissioner in the Inland Revenue Division from the Ministry of Finance of Solomon Islands, delivered the second speech, stressing the importance of embracing a shared engagement to implement the ATI commitments. He went on to highlight the revenue mobilisation reforms undertaken in Solomon Islands in 2019. The first virtual high-level statement was presented by **Mr. Li Junhua**, the UN Under-Secretary General. He underlined development financing in three key areas: tackling debt distress, providing affordable long-term and contingent financing for development. He outlined the need for equitable tax policies, transparent tax administrations, strengthening tax cooperation, and scaling up capacity building activities.

Next, **Ms. Anne Beate Tvinnereim**, Minister of International Development of Norway, presented a video statement underlining how tax revenues play a crucial role in the redistribution of resources and reducing inequalities in society. She expressed Norway's commitment to the ATI Declaration since 2015 and continuing support for the ATI Declaration 2025. **Dr. Bärbel Kofler**, the State Secretary of Germany, delivered the third virtual speech, emphasising the

need for new sources of financing to implement the SDGs. She reaffirmed Germany's commitment to the ATI Declaration 2025 and to increasing ODA commitments from 2015 to 2020. Subsequently, from the video statement by the Secretary of Finance of the Philippines **Benjamin Diokno** recalled the Philippines hosting the recent ATI regional workshop on tax expenditures to foster knowledge and discussions around tax expenditures transparency, evaluation and the needed reforms. **Mr. Diokno** also highlighted the government's efforts to exercise fiscal prudence and increase investments in digitalisation for efficient and transparent revenue collection.

**Mr. David Mwangi**, Ag. Commissioner for Domestic Taxes from Kenya Revenue Authority, delivered his high-level statement, addressing the 2021-2025 plan approved by the Kenyan government to increase strategic initiatives aligned to the ATI Declaration 2025. He mentioned measures undertaken by KRA, including policies to ensure consistency in tax expenditure and a medium-term revenue strategy to increase revenue collection and combat IFFs. Next, **Mr. Babatunde Oladapo**, Executive Secretary of the West African Tax Administration Forum (WATAF), stressed the importance of tax administrations and their capacity to contribute to development goals. In particular, he highlighted the negative impact of IFFs on tax collection in West African countries and pointed out the important role that regional cooperation plays in this context, emphasising the opportunity provided by the ATI to encourage the harmonisation of strategies to build resilient and sustainable economies.

In a video statement, **Mr. Denivel Germain**, Director General of Taxes from Madagascar Ministry of Economy and Finance, affirmed the relevance of ATI's commitments about policy coherence and combatting tax related IFFs. Madagascar has made progress in improving institutional capacity and will remain committed to address IFFs and mobilise more resources in line with the ATI Declaration 2025. Subsequently, **Mr. Marnix van Rij**, State Secretary for Tax Affairs and Tax Administration of the Netherlands, expressed in his video statement the support for all four commitments of the ATI Declaration 2025, including doubling its technical assistance and establishing a tailored national plan to support DRM in developing countries. **Mr. Oscar Orué**, Deputy Minister of Taxation from the Ministry of Finance of Paraguay, explained Paraguay's pathway towards the modernisation and simplification of the National Tax System through comprehensive tax reform in line with ATI commitments. **Ms. Isabella Coleman**, Deputy Administrator of USAID, reaffirmed the strong commitment of USAID and the US as supporters of DRM and stressed the need for transparent tax system to address pressing concerns effectively.

Next, **Ms. Chenai Mukumba**, Acting Executive Director of Tax Justice Network Africa (TJNA),

presented a statement highlighting TJNA's mission to build tax justice through DRM. She stressed the importance of political commitment within the international community to uphold tax agreements that can address global development challenges. **Mr. Logan Wort**, Executive Secretary of the African Tax Administration Forum (ATAF), emphasised the importance of home-grown solutions for DRM, as it has been encouraged by ATAF's regional programmes across continents to expand the countries' technical capacity in tax matters. He highlighted those domestic resources to finance development goals as a commitment to safeguard the prosperity of the future generations and to respond to partner countries' commitments and challenges.

In a subsequent video statement, **Mr. Christophe Guilhou**, Director for Sustainable Development at the Ministry of Europe and Foreign Affairs of France, outlined France's renewed commitment to the ATI and its strategy to support DRM in developing countries, to establish transparent and fair tax policies, promote the modernisation of the tax administrations, and fortify international partnerships. **Ms. Ana Patricia Munoz**, Executive Director of the International Budget Partnership (IBP), spoke about IBP's initiatives to strengthen civil society organisations in promoting equitable taxation systems. **Mr. Carlos Correa**, Executive Director of the South Centre, highlighted the organisation's historical participation in negotiations of international agreements, advocating for the interest of its member states, and presented the work of the South Centre's Tax Initiative to promote South-South cooperation in international tax matters.

**Ms. Fati N'Zi Hassane**, Director of Oxfam in Africa, provided key figures illustrating the unequal socio-economic scenario that marginalises vulnerable groups and proposed recommendations for tax equity and gender equality within the tax systems. The last high-level video statement was presented by **Mr. Marcio Ferreira Verdi**, Executive Secretary of the Inter-American Center for Tax Administrations (CIAT), reaffirming the challenges for tax administrators in collecting revenue and the need for a renewed legal framework to improve the efficiency and effectiveness of tax revenues.

Finally, the address by **Ms. Jutta Urpilainen**, European Commissioner for International Partnerships at the European Commission, concluded the session by highlighting the transformative role DRM plays in achieving equitable development and the green transition, and by illustrating the EU commitment through the "Collect More Spend Better" framework.



## Panel discussion: Mobilising domestic resources in the context of multiple crises

The opening panel discussed gathered representatives of ATI partner countries, development partners, experts and representatives of international organisations to discuss approaches for addressing fiscal challenges, promoting sustainable development, and leveraging taxation as a tool for driving economic resilience and inclusive growth in the face of complex global dynamics.

**Mr. David Mwangi**, Ag. Commissioner for Domestic Taxes at the Kenya Revenue Authority discussed various implications and responses to the polycrisis. Kenya faced a heavy debt burden and the Covid-induced economic lockdown impacted sectors like tourism, hospitality, and transportation, leading to revenue losses. To mitigate Covid's effects, Kenya implemented measures such as tax rate reductions, including VAT and corporate tax rates, and increasing the pay-as-you-earn threshold. To counter the revenue losses, Kenya introduced a digital service tax, offered amnesty on remittances, and also implemented voluntary tax disclosure to detect revenues that may not have been declared. The digitalisation of the economy and investment in tax dispute resolution mechanisms further contributed to stabilising revenue. As a result of these efforts, Kenya's tax-to-GDP showed an upward trajectory, reaching 15% in 2021-2022 after declining to a low of 14% during the height of the Covid-19 pandemic.

**Ms. Anca-Maria Szigeti**, Senior Policy Officer at the European Commission, discussed how DRM can address high indebtedness in developing countries in multiple ways. She pointed out how DRM can enhance fiscal sustainability by reducing reliance on external sources of financing, reducing exposure to external shocks such as fluctuations in global financial markets and interest rates and also bolstering a country's creditworthiness. Furthermore, tax administration and policy reforms can combat corruption, promote accountability, and strengthen institutions. While DRM's potential is undermined by IFFs, intensifying coordinated action at national, regional, and international levels is key. The European Commission is strongly committed to tackling this matter, working with the African Union Commission, and collaborating with its members states in a "Team Europe Initiative" that has committed a budget of 200 million euros for the next seven years.

In coping with Zambia's high indebtedness, **Mr. Samson Phiri**, Principal Economist at the Ministry of Finance and National Planning of Zambia, emphasised the pivotal role played by DRM. With around 66.7% of government revenues and approximately 20.9% of the country's

overall GDP derived from domestic resources, DRM has proven to be a valuable tool in dealing with the debt situation. The Zambian government has implemented various programmes to strengthen DRM, including establishing a stable tax regime, which helps curbing the appetite for borrowing, digitising the tax administration, and incorporating the informal sector within the tax net.

In response to severe debt problems, **Mr. Wilson Prichard**, Executive Director of the International Centre for Tax and Development (ICTD) invited governments to focus on taxing the wealthy. Taxes targeting the wealthy, including property and personal income taxes, are significantly under-performed in low-income countries. This discrepancy is primarily driven by low taxation of non-employment income sources such as rental incomes, professional gains, profits, among others that mostly benefit the affluent. Enhancing the taxation of the affluent not only holds the potential to boost revenue but also foster legitimacy, trust, and fairness within tax systems. Despite the political challenges that have historically deterred the imposition of taxes, there are notable successful experiences such as in Uganda, with the establishment of High-net worth individual taxation unit, and the reform of property taxes in Freetown, Sierra Leone. These accomplishments were made possible by strong political leadership and strategic investments in administrative structures, data sharing, and technology.

**Mr. Ahtesham Khan**, Head of Tax for SDGs initiative at the United Nations Development Programme (UNDP), discussed the challenges related to financing the SDGs, the importance of taxation in generating revenue, and the role of global initiatives in coordinating tax efforts and linking them to SDG fulfilment. First, he noted that in 2023, progress towards achieving the SDGs is insufficient, with a financing gap of USD 3.9 trillion. Low growth, rising interest rates, and high debt pose challenges for governments in raising revenues to finance the SDGs. Going to private markets for funds often leads to more debt, and fiscal rules limit borrowing from external markets. This debt burden has an intergenerational impact, with future generations having to repay. Taxation becomes vital in this context, not just for revenue generation but also for realigning externalities like climate and health. To make the most of tax opportunities, a comprehensive reformation of tax structures and administration is needed. Global initiatives like the ATI are essential for coordinating tax efforts and linking them to SDG fulfilment. They can support revenue-raising efforts and build political capital for tax reforms through dialogues.

Several panellists offered insights concerning the interplay between taxation and gender, offering perspectives rooted in their respective areas of expertise. **Mr. Khan** asserted the centrality of gender equality to the realisation of SDGs. Efforts are being made to ensure that

crisis-response measures and DRM efforts are gender-sensitive. For instance, UNDP has been working on rendering tax administrations more sensitive to gender equality considerations by providing capacity building and certification processes. Addressing the differential impact of tax policies on women requires ongoing commitment from countries. **Mr. Mwangi** shared how Kenya has taken steps to integrate a gender lens into its taxation policy through increased female representation in policy and law-making organs. Gender mainstreaming is also part of government policy across all institutions, including the KRA who achieved a balanced gender representation among its employees. **Mr. Piri** declared that Zambia has implemented a gender equality strategy to ensure women's inclusion in tax policy. According to him, Zambia is making positive strides in tailoring taxation policies to address gender-specific concerns. **Ms. Szigeti** emphasised the importance of intentionally incorporating a gender lens in taxation policies, mentioning challenges and advancements made by the European Commission in terms of incorporating the gender dimension in within its actions and PFM programmes.

Finally, **Mr. Prichard** discussed the role of tax instruments in financing the green transition. He highlighted the need to be cautious and consider the specific context of lower-income countries when implementing green taxes. Lower-income countries are minor contributors to global carbon emissions and do not bear historical responsibility for the climate crisis. Hence, the focus should be on how these taxes fit into their broader national development strategies and promote environmentally advantageous pathways. While environmental taxes are essential for changing behaviour to achieve environmental goals, they are not expected to transform budgetary outcomes significantly. Nonetheless, they have a crucial role to play. Opportunities lie in taxes on fuels combined with compensation measures and investments in public transport and sustainable waste management. Additionally, taxes on forestry and fisheries can promote sustainable resource management, but administrative challenges need to be mitigated with local government involvement and ownership for successful implementation.

Subsequently, the panellists engaged in a discussion with the questions posed by the audience.

## Presentation of the 2020 ATI Monitoring Report

**Ms. Mari Khurtsidze** and **Mr. Steve Rozner** presented key findings from the 2020 ATI Monitoring Report. This Monitoring Report marks an inflection point for the ATI, concluding the commitments of the ATI declaration 2020 and shifting focus to the new commitments under the ATI Declaration 2025. assesses progress against the ATI Declaration 2020 and provide a baseline for future monitoring exercises against the 2025 ATI Declaration.

Reflecting on the findings of the report, particularly on ATI Commitment 1, [Mr. Wilson Prichard](#), as ICTD’s Executive Director, presented an expert piece on behalf of its author [Ms. Giulia Mascagni](#), Research Director at ICTD, about tax revenue mobilisation during the Covid-19 pandemic, emphasizing challenges in revenue collection, but also opportunities for better taxation. **Mr. Prichard** conveyed four key recommendations. Firstly, he stressed the significance of tapping into underperforming revenue sources, particularly taxes on the wealthy to broaden the tax base and enhance compliance. Secondly, he cautioned against excessive focus on taxing the informal sector, as it may exhaust scarce resources without yielding substantial revenues and compliance. Instead, he advocated for strengthening effective digitalisation in tax administration, alongside adopting a problem-focused approach, the right legal framework, skills, and interdepartmental cooperation. Engaging with smaller taxpayers to establish trust, increase their familiarity with digital tools, and address any political resistance is crucial for smooth implementation. Demonstrating fairness, equity, and clear public benefits of taxation can build trust between taxpayers and administrations and cultivate public support for expanded taxation. Civil society can play a pivotal role, combining critical oversight with proactive efforts to foster positive tax bargains based on mutual responsibility. By embracing these strategies, countries can enhance tax systems and ensure sustainable revenue generation for the future.

Next, [Ms. Samira Rogers](#), Manager of Domestic Tax Department (DTD) at Sierra Leone’s National Revenue Authority presented one of the case studies of the 2020 ATI Monitoring Report titled “Gender and Taxation in Sierra Leone”. The presentation shed light on the policies implemented by the government of Sierra Leone to address gender inequalities, including tax-related measures. The National Revenue Authority (NRA) plays a vital role in implementing tax policies with a gender-strategic orientation, such as applying employment quotas for women and offering tax incentives for appointing women in managerial positions. The speaker emphasised the need for more research and monitoring of government policy implementation, increased development cooperation to support women’s participation in the labour force and revenue mobilisation, and stronger commitment from the central government and relevant agencies in implementing existing women empowerment legislation.

## ATI Consultative Group 1 meeting: Addressing potentials and challenges for revenue raising and fighting inequalities

Facilitated by **Ms. Michelle Ordóñez**, representing the ATI Secretariat, and moderated by **Mr. Daniel Nuer**, the ATI Consultative Group 1 meeting centred around the theme of “addressing potentials and challenges for revenue raising and fighting inequalities”. The meeting aimed to see the progress in the realisation of ATI Commitment 1, as outlined in the ATI Declaration 2025. The session was structured into two parts: one focussed on presentations and discussions related to taxation of High-Net-Worth Individuals (HNWIs), while the other involved a review of the ATI Work Plan 2022-2023.

The first part of the meeting highlighted the importance of addressing inequality through progressive taxation measures and called for greater political will and public support to overcome the obstacles associated with taxing the wealthy effectively. The session featured a presentation by **Mr. Christian Hallum** from Oxfam, focusing on the role of progressive taxation in addressing inequality. He divided the presentation into three main sections: the impact of regressive taxes in an unequal world, the potential of progressive taxes in developing countries, and the actionable steps that ATI members could take towards progressive taxation. Tax systems in many countries favour the wealthy, resulting in the under-taxation of the rich due to loopholes and preferential treatments, while the poor end up paying disproportionately higher taxes. In curtailing these widening disparities, **Mr. Hallum** discussed the revenue-generating potential of progressive taxes drawing on experiences from Uganda and South Africa. He then invited ATI partner countries to incorporate equity concerns in DRM efforts and explore the potential of taxes with significant effects on inequality, such as property taxes, personal income taxation, and wealth taxes, corporate taxes, as well as support the call for a UN tax convention. ATI development partners should support these measures. The session also featured a presentation from **Mr. Abdul Chowdhary**, who discussed the significant tax revenue that could potentially be collected from the wealthy at a global level, with Oxfam estimating it to be around \$1.7 trillion annually. He acknowledged the challenges in taxing the rich, including difficulties in valuing their assets and the presence of hidden wealth in tax havens, with uncooperative jurisdictions. Additionally, political pressures may hinder efforts to impose such taxes. He highlighted the UN’s recent interest in wealth tax and its efforts to provide countries with guidelines to make informed decisions on implementing these taxes. Reviewing both advantages and disadvantages associated with wealth taxes, **Mr. Chowdhary** urged careful consideration before implementation. In this exercise, revenue estimate methodologies are key to a more accurate valuation of the expected tax collections. During the

concluding questions and answers session, participants raised various concerns related to taxing the rich, including the difficulty of implementing wealth taxes, concerns about wealthy individuals moving their assets for tax avoidance purposes, and the importance of political support to advance progressive taxation policies.

During the second part of the meeting, participants addressed various aspects related to progressive taxation and offered suggestions for the ATI's focus. Below are some of the key points and propositions raised during the meeting:

- **Enhancing Existing Taxes vs. Introducing New Instruments:** Some participants argued that revising current tax instruments related to income or property taxes might be more politically feasible and cost-effective, rather than struggling to introduce new taxes that could face (political) resistance.
- **Tax exemptions for non-business entities:** Participants pointed out that these tax exemptions to NGOs, IOs and governments challenge developing countries and recommended addressing them to promote tax equity comprehensively.
- **Sharing successful case studies:** Participants highlighted the need to collect and disseminate experiences, with special attention to examples from Latin American countries that have successfully implemented progressive taxation measures. These case studies could serve as valuable references for other countries i.e., ATI members seeking to implement similar reforms.
- **UN Guidelines on Wealth Taxation:** Participants stressed the importance of ATI member countries to provide input to ensure the guidelines are comprehensive and applicable to diverse contexts.
- Calls for the ATI to focus on equity in local revenue collection and explore gender and environmental aspects in tax policies.

The ATI Secretariat provided an update on their 2022/2023 work plan, which includes completing the monitoring framework for ATI Commitment 1 and evaluating its progress. They also highlighted a webinar series on evidence-based fiscal policy tools for equity, a literature review on equitable taxation, and virtual workshops on subnational taxation and revenue administration reform.

More details regarding the topics addressed in the meeting of the ATI Consultative Group 1 are available on the [ATI website](#).

### ATI Consultative Group 2 meeting: Strengthening support for DRM in partner countries

**Mr. Peter Wiesel** from the ATI Secretariat opened the meeting by referring to the ATI discussion paper on strengthening country-ownership in technical assistance for DRM as well as a [study](#) recently published by Oxfam<sup>1</sup> on the quantity and quality of official development assistance (ODA). **Mr. Christian Schütz**, the author of the ATI discussion paper, explained that the paper shall initiate discussions on DRM and ownership and is divided in two parts: a) good practice country examples from Ghana, Nepal and the Philippines as well as b) a country ownership framework, including principles and recommendations on how to achieve country ownership in technical assistance for DRM. **Mr. Christian Schütz** concluded his presentation with a summary of recommendations from the discussion paper for both development partners and partner countries in order to enhance their country ownership in DRM cooperation.

In addition to the presentation and launch of the discussion paper, **Mr. Isaac Amoako** from the Ghana Revenue Administration (GRA) briefly presented GRA's experience towards stronger country ownership in technical assistance for DRM cooperation. GRA in recent years went through an internal restructuring process from which a dedicated Donor Management Unit was created. This aim of the unit focuses mainly on the coordination, harmonisation, and alignment of donor activities in the field of DRM against the backdrop of Ghana's own national development and DRM policies and priorities.

The last presentation was held by **Mr. Kwesi Obeng** from Oxfam, and he revealed findings from studies conducted between 2017-2020. While some of the key findings outlay development partners have improved their ODA flows for DRM during the last five years, **Mr. Obeng** also underlined that donors did not meet the ATI commitment<sup>2</sup> to double support for technical cooperation in the area of taxation/DRM by 2020. The main outcome of the presentation is that ODA flows for DRM need to be scaled up to achieve the ATI commitment on ODA for DRM as well as strengthen the country ownership to increase the social contract between the state and taxpayers.

After presenting the previous work plan and activities related to ATI Commitment 2, the par-

<sup>1</sup> Cohen, M. J., Coplin, N., & James-Finel, M. (2023). Does Aid to Domestic Revenue Mobilization Support Tax Fairness? : A synthesis of Oxfam research. Oxfam International

<sup>2</sup> ATI Declaration 2015-2020: ATI Commitment 1 (<https://www.addistaxinitiative.net/sites/default/files/resources/ATI-Declaration-EN.pdf>)

ticipants were divided into two breakout groups to discuss potential ideas for the workplan 2023-2025. The two groups were allocated into topical areas connected to “coordination” as well as “alignment/country ownership”. The main ideas discussed withing the subgroups towards activities for the period until 2025 are summarised in the minutes of the ATI Consultative Group 2 meeting and can be accessed on the [ATI website](#).

## DAY 2 : Diving into DRM policy reform strategiest

### Spotlight session

Featuring presentations from different ATI members on their recent work on DRM issues, the spotlight session was an opportunity to share valuable hands-on experiences and lessons learned.

**Mr. Mulay Weldu Asegehegn**, Head of the Tax Policy Department in Ethiopia’s Ministry of Finance, highlighted the country’s recent efforts to promote domestic DRM amid multiple crises. The country’s commitment to political reforms sets it apart, but the challenges are complex due to ongoing reforms. The tax-to-GDP ratio has been consistently declining, reaching 7.1% in 2022/23 from 12.3% in 2012/13, highlighting the need for improvement. Looking ahead, Ethiopia endeavours to identify potential areas for revenue growth, establish national medium-term tax revenue strategies (MTRS), renegotiate treaties and excise policies, and modernize tax administrations, all with the ultimate goal of achieving the essential 16% tax-to-GDP ratio necessary for effective government functioning.

**Mr. Abdou Namaouia**, Technical Assistant to the Director General of Taxes in Niger’s Ministry of Finance, shared insights into his country’s successful experience with the reform on certified invoices. The reform aims to combat tax fraud by implementing standardised billing practices, validated and monitored by the tax administration. It leverages a technical architecture that ensures transaction traceability, streamlines taxpayer management, and increases tax revenue. The reform benefits the state with reliable transaction data, taxpayers with streamlined governance and reduced tax disputes, and the population with proof of acquisitions and VAT reimbursement assurance.

**Mr. Babatunde Oladapo**, the Executive Secretary of WATAF, discussed the organisation’s support for DRM in member countries, focusing on the development of a compliance risk management (CRM) framework and parliamentary engagement. WATAF’s key initiatives to promote DRM include capacity building workshops, a CRM toolkit, and the establishment of



think-tank networks like WATAF-TAN and WATAF-CRMNet. The importance of engaging parliamentarians as critical stakeholders for sustainable tax laws and effective budget monitoring was particularly emphasised, showcasing successful collaborations with ECOWAS parliament and specific countries like The Gambia and Cabo Verde.

**Mr. Daniel Atwere Nuer**, Head of the Tax Policy Unit in the Ghana's Ministry of Finance, discussed the country's efforts to digitise its tax processes for enhanced efficiency and compliance. Despite having a well-structured tax system, compliance in Ghana remains low due to manual or partially automated administration. The reform involves automating tax processes using digital tools for revenue collection and the Electronic Transfer Levy assessment. Ghana's Revenue Authority (GRA) has various digital systems in place, including GITMIS and Electronic Invoicing for cashless revenue collections, while also working on an IT Hub for capacity building and software to assist taxpayers with compliance activities. Ghana seeks support to develop its IT Hub, enhance the E-Levy assurance system, and improve data warehousing.

**Mr. Elysee Nyuzwenimana**, Tax Policy Specialist in Rwanda's Ministry of Finance and Economic Planning, presented the country's approach to combat VAT collusion and boost DRM, focusing on VAT rebate as an incentive for requesting electronic receipts. The primary aims of the program are twofold: to encourage tax compliance by incentivising electronic invoice requests, and to reduce VAT evasion in business-to-consumer transactions. Rwanda's approach involves offering consumers a 10% VAT share if they opt for electronic receipts through the Electronic Billing Machine (EBM) system, thereby compelling traders to comply. This should lead to more accurate sales records, reducing evasion opportunities and increasing domestic tax revenues.

**Mr. Papa Mamadou Ndiaye**, Head of the Direct Taxation Unit at the Senegalese Direction Générale des Impôts, reviewed the country's strategies aimed at boosting tax revenue and overcoming administrative challenges. Existing inefficiencies include a limited tax base with untapped potential, poor coordination between the different departments within the DGI and the information technology they use, and inadequate control over land assessments. Senegal aims to increase tax revenue by one percentage point annually with a target of % by 2023 through legislative adaptations, operational measures, and improved communication and collaboration among different government departments.

**Ms. Varsha Singh**, Head of Strategy, Planning and International Cooperation at ATAF, discussed the organisation's perspectives and experiences on successful implementation of DRM-related reforms. Since it was founded in 2009, ATAF has trained over 19,000 tax offi-

ATAF facilitates technical assistance to 27 countries, represented Africa's voice on tax issues at 72 forums, and helped implement 20 transfer pricing laws in over 12 countries to combat tax evasion and avoidance. ATAF facilitated 1.73 billion USD in additional tax revenues and collaborates with global partners like the African Union and OECD. The organisation's current priorities include the taxation of high net-worth individuals, fostering African expertise on international taxation matters, and addressing tax and gender issues.

**Ms. Stina Johanna Färje** from the Swedish tax agency shared the country's experience with a comprehensive population registry. Operated for over 400 years, the registry contains vital information about all Swedish citizens and residents and serves as a reliable database role to authorities, businesses, and municipalities for planning and decision-making purposes. The registry plays a significant role in determining taxation, social benefits, voting rights and more. Sweden is exploring potential collaborations with Africa to enhance and build capacity in the area.

**Mr. Jan-Petter Holtedahl**, Senior Advisor at the Norwegian Agency for Development Cooperation (Norad), presented the organisation's tax for development programme aimed at supporting the UN Agenda to finance the SDGs. The programme focuses on two result areas: promoting effective and fair national tax systems and fostering global tax cooperation aligned with the needs of developing countries. Norad collaborates with various partners, including the Norwegian tax administration, Statistics Norway, multilateral and regional partners, civil society, journalists, and research institutions, to achieve results. Three examples were shared during the presentation, showcasing successful partnerships with UNU-WIDER, UN Habitat, and Oxfam in different countries, with positive impact on tax administration, local taxation in fragile settings, and community empowerment for responsible resource management respectively.

**Mr. Christian Hallum**, Tax Lead at Oxfam, and **Mr. Kwesi Obeng** presented Oxfam's project on progressive DRM through multi-stakeholder capacity building on transfer pricing in Sierra Leone. The project aimed. This collaborative effort between the Sierra Leonean government, ATAF for technical support, and civil society networks aimed to address concerns regarding the mining sector's tax payments, links to tax havens and potential transfer mispricing. Ensuing results included the development of comprehensive transfer pricing legislation, a new transfer pricing unit within the revenue authority, continuous training of officials, and the establishment of a steering group with civil society for discussions on transfer pricing and revenue utilisation. Oxfam is keen to replicate this model of capacity building, combining

technical support with political engagement, utilizing regional expertise, and linking global and local efforts in other contexts, potentially focusing on taxing high net worth individuals or implementing other progressive tax measures.

**Mr. Joseph Stead**, Senior Policy Analyst at the OECD, presented the organisation’s technical assistance work on taxation, focusing on the global minimum tax under Pillar 2 of the OECD/G20 Inclusive Framework on BEPS. In an attempt to curb profit shifting and tax competition, this reform seeks to ensure that large multinational companies pay at least a 15% effective tax rate. Countries are encouraged to act promptly and adopt the rules under Pillar 2 to safeguard their tax revenues. The OECD and development partners are offering various forms of support including outreach, training, pilot programs and the tax inspectors without borders initiative to assist countries in this endeavour,

**Mr. Ishmael Zulu**, representing the Tax Justice Network Africa (TJNA), shared a notable success story from the work of the African Parliamentary Network on Illicit Financial Flows (IFFs) and Taxation. A group of MPs from the Democratic Republic of the Congo (DRC) conducted a “fact-finding” investigation into mining companies’ operations, uncovering harmful tax practices and environmental impact. This positive outcome can be attributed to APNIFFT’s capacity building of Congolese MPs around IFFs and tax justice issues, which occurred a few months prior to the fact-finding mission. With 720 MPs from 43 African countries, APNIFFT acts as a platform for peer learning, capacity building among MPs, and discussions on IFF-related matters. The network’s efforts cleared the path for successful outcomes in different African countries, including the rejection of harmful mining deals and the introduction of motions and bills on tax transparency.

**Ms. Fariya Mohiuddin**, Senior Program Officer at the International Budget Partnership (IBP), discussed IBP’s collaboration with civic actors, governments, and international organisations in over 120 countries to promote responsible, effective, and equitable management of public funds. The organisation focuses on improving tax governance advocacy through capacity building of civic coalitions, including grassroots groups, trade unions, and private sector associations. Lessons from their work with social movements include the effectiveness of grass-root groups leading budget or fiscal coalitions, strategic relationship management with oversight actors, and the importance of informal coalitions sustained through aligned interests.

**Mr. Siebe Stellingwurf** from the International cooperation agency of the association of Netherlands municipalities (VNG International), discussed the organisation’s role in implementing sub-national taxes and revenue projects in the context of fiscal decentralisation. VNG International focuses on Own Source Revenue (OSR) in various countries, with the aim of strength-

ening tax compliance at the local level, addressing issues related to the adaptation of legal frameworks, accountability mechanisms, financial transparency, and technical capacities for efficient revenue collection.

### **ATI Consultative Group 3 meeting: Coherent and coordinated policies that foster DRM and combat tax-related illicit financial flows**

The ATI Consultative Group 3 meeting was moderated by **Ms. Valerie Schulte Nordholt**, Co-Coordinator of the Group and Policy Advisor at the Ministry of Foreign Affairs of the Netherlands. The first part of the meeting commenced with an insightful presentation of the study on the ATI partner countries' perspectives on tackling tax-related illicit financial flows (IFFs). The comprehensive study conducted by the International Bureau of Fiscal Documentation (IBFD) aimed to foster knowledge sharing among ATI members and encourage peer-learning regarding both challenges and successes in combatting tax-related IFFs. **Mr. Birhanu Tadesse Daba**, a Senior Research Associate at IBFD, underscored the negative impact of IFFs on DRM and outlined that the study embraces a broader definition of IFFs, encompassing practices such as tax avoidance. Given the complexity of the phenomenon, the research employed a comprehensive methodology, incorporating desk research, surveys, interviews, and literature review. The findings show that there is lack of a cohesive strategy and effective coordination within partner countries to tackle the issue. Challenges identified ranged from the lack of reliable data, insufficient legal frameworks against IFFs, limited awareness and capacity, and lack of interagency cooperation. The study's primary recommendations advocate for a holistic approach, enhancing capacity-building initiatives and international cooperation efforts. The [complete study](#) is available on the ATI website.

The subsequent part of the meeting focused on the forthcoming undertakings of ATI Consultative Group 3. **Ms. Tais Chartouni Rodrigues**, representing the ATI Secretariat, described the three work streams of the group: monitoring of ATI Commitment 3, tax-related IFFs, and policy coherence for DRM. The latter encompasses several topics, including tax expenditures and tax incentives, taxation of Official Development Assistance, spillover analysis, among others. She presented the main outcomes of the group's work in the past year and planned activities, in particular the series of ATI regional workshops on tax expenditures. Subsequently, participants formed smaller groups to deliberate on specific areas of work and potential collaboration for the years 2023-2025. Reflecting on the proposals, the Co-ordinators of ATI Consultative Group 3, **Ms. Valerie Schulte Nordholt** and **Ms. Anca-Maria Szigeti**, emphasized the ongoing commitment to capacity-building and peer-learning initia-

tives in countering IFFs and improving transparency and effectiveness of tax expenditures. The key points discussed during the meeting are summarised in the ATI Consultative Group 3 meeting minutes, available on the [ATI website](#).

### ATI Consultative Group 4 meeting: Promoting stakeholders' engagement in the DRM arena

Moderated by **Ms. Fariya Mohiuddin** and **Mr. Steve Rozner** – the co-coordinators of the group, the ATI Consultative Group 4 meeting centred around “members of parliament (MPs) as actors and enablers of accountability in tax and revenue matters”. The meeting aimed at making progress in the realisation of ATI Commitment 4 as outlined in the 2025 ATI Declaration. The session included a video intervention from a member of Parliament (MP) – Vice Chair of the Finance and Public Accounts Committee, the Gambia – subsequent to which a group dialogue and moderated discussion with guest MPs took place. Thereafter, a presentation outlining developments in Consultative Group 4 since December 2022 was delivered by the ATI Secretariat which was followed by an open discussion on the group’s workplan for 2023-2025.

The session started with a video intervention from **Hon. Alhajie Mbow** of the Gambia who emphasised the crucial role of MPs in determining how to improve budget deficits through domestic finance sources. He shared positive insights from the Gambia where engagement between the Parliament, the Ministry of Finance, and the revenue collection authority led to increased domestic revenue mobilisation. However, the high turnover of MPs remains a challenge which the Gambia is attempting to address by training permanent support staff for expertise continuity. During the group dialogue that followed, participants enumerated challenges faced when engaging MPs in tax and revenue matters in different jurisdictions. Some of the challenges discussed included MPs busy schedules, the lack of interest in tax issues, limited technical expertise, high turnover, executive dominance, and communication inefficiency. Initiatives and projects like ATAF, TNJA, WATAF, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH’s Good Financial Governance (GFG) project in Zambia shared solutions such as capacity building offerings, simplified communication, and establishing parliamentary budget offices.

The moderated discussion hosted **Mr. Daniel Nuer** – Head of Tax Policy Unit, Ministry of Finance, Ghana, **Hon. Fred Chaatila** – Member of Parliament, National Assembly of Zambia, **Hon. Gladys Ganda** – Chair of the Budget and Finance Committee, Parliament of Malawi, **Mr. Ishmael Zulu** – Policy Officer, TJNA/the African Parliamentary Network on Illicit Financial

Flows and Taxation (APNIFFT), and **Mr. Wilson Prichard** ICTD. Building on the group dialogue, additional challenges faced by parliamentarians were discussed. These include political interference, limited resources, and time constraints. On a more positive note, the importance of diverse profiles among MPs and better communication between stakeholders were highlighted. The panel also discussed the positive impact of political will in curbing illicit financial flows and tax evasion together with CSOs' supportive role.

In the Q&A session, participants shared various questions some of which focused on the extent of CSO engagement and influence during budget presentations. Responses shed light on cross-country differences – for example, Zambia engages with CSOs during budget presentations, while Malawi involves CSOs before the budget is presented. Nevertheless, both countries underscored the key role of CSO input in decision-making.

**Mr. Markus Paffhausen**, on behalf of the ATI Secretariat, further outlined the group's engagement since December 2022. Updates included plans for the development and dissemination of a low-barrier pocket guide on tax expenditures for MPs as well as an upcoming webinar on engaging supreme audit institutions (SAIs) in revenue matters. The ensuing open discussion focused on defining the workplan for Consultative Group 4 for the period 2023-2025. The presentation covered three key workstreams: (i) foundational issues, (ii) monitoring the ATI Commitment 4, and (iii) innovation, sharing, and learning. For more details of the meeting, the minutes of Consultative Group 4 meeting can be accessed at the ATI website.

## Panel discussion: Strengthening multilateralism and inclusiveness in international tax agreements to enhance DRM in developing countries

The second panel discussion held during the ATI General Assembly aimed to create a platform for ATI members to engage in a conversation about ways of strengthening international tax cooperation. The moderator, **Ms. Nozipho Tshabalala**, initiated the discussion by posing the first question to the panel, concerning challenges of promoting inclusivity and transparency in international tax negotiations.

The tour de table began with **Mr. Logan Wort**, ATAF's Executive Secretary, who touched upon key themes of the development agenda, including fair taxation and allocation of taxing rights the challenge of power imbalances during tax treaty negotiations, and the impact of IFFs. Addressing the issue of power imbalances during international tax negotiations, particularly in the context of the OECD/G20 Two-Pillar Solution negotiations, **Mr. Aart Roelofsen**, Senior

Policy Advisor in the International Tax Unit at the Ministry of Finance of the Netherlands, also reflected on the challenges faced to engage meaningfully in the discussions, pointing out that countries like China and India have stronger influential power and capacity to engage in the negotiations than other developing and developed countries. **Mr. Ben Dickinson**, Head of Global Relations and Development Division at the OECD Centre for Tax Policy and Administration, added that the challenges of handling a negotiation with a large number of countries in such a complex matter cannot be characterized as a North-South debate, and that countries have been approaching the negotiations with significant pragmatism. Ongoing efforts include integrating civil society into these discussions, and **Mr. Dickinson** pointed out that the OECD is currently addressing this issue. **Ms. Irene Ovonji-Odida** further spurred a discussion regarding the need to promote participation beyond the OECD Inclusive Framework, and more broadly in shaping tax rules through intergovernmental process.

The panel addressed questions of international tax governance and the requisite reforms aimed at rendering international tax systems fairer, more inclusive, and accountable. A great emphasis was placed by the speakers on the structural historical asymmetry in the creation of tax rules, the issue of allocation of taxing rights and the need for more transparency in international tax agreements negotiations. Among the possible solutions, with particular relevance to the ongoing Two-Pillar Solution negotiations, substantial emphasis was reverted towards enhancing financial and technical assistance to developing countries, aimed at empowering them throughout the negotiation processes. In this context, it is crucial to bolster backing for regional collaboration facilitated by organisations like ATAF, as well as similar entities in other countries. Likewise, support for multilateral frameworks, through the United Nations, wherein all countries hold equal membership, stands as a vital consideration. Some of the panellists underscored the opportunity provided by the UN Resolution A/RES/77/244 led by the Africa Group to open the negotiations around a UN Tax Convention, which presents a unique chance to establish a comprehensive framework for international tax governance, in an intergovernmental organisation where countries are more equally represented. **Mr. Abdul Chowdhary**, from the South Centre, emphasized the opportunity provided by a potential UN Tax convention to solve problems of accountability and decision-making in defining tax rules, through the establishment of a rules-based process to lay the groundwork for legitimacy, coherence, and meaningful participation.

Wrapping up the discussion about whether international tax governance structures should be reformed, the panellists expressed varying viewpoints. While certain panellists advocated for ATI members to support the built of a well-resourced UN intergovernmental body on tax matters, aimed to enhance coherence and inclusiveness in international cooperation,



others approached the idea with scepticism due to the complexity of the process and potential duplications with the work carried out by the Inclusive Framework. The panel discussion concluded with insights about the intersection of this debate with the topic of the ATI General Assembly regarding financing of the SDGs. Panellists underscored that, while pertinent, the allocation of taxing rights and corporate income taxes are not a comprehensive solution to the challenge of funding the 2030 Sustainable Development Agenda. Countries are advised to encourage international tax cooperation in other pivotal areas, including property taxation, VAT, and broader tax administration matters. Cooperation should be strengthened, for example, on taxation of wealthy individuals, access to relevant information and data for tax purposes, and promote access to beneficial ownership information.

### Launch Event of study “Green Tax Policy in Zambia”

The session introduced the study on “Green Tax Policy in Zambia”, featuring high-level representatives from Zambia’s Ministry of Finance and National Planning. In this context, the Zambian Ministry of Finance and National Planning highlighted the urgency of mobilizing additional revenues through green fiscal reforms to address environmental challenges, support sustainable development, and align with global commitments under the Paris Climate Agreement. Thereafter, **Ms. Jacqueline Cottrell, Mr. Holger Bär, Ms. Marie Wettingfeldt and Ms. Marie Wilken** gave a presentation on opportunities for reforming green fiscal policy in Zambia. They discussed the need for progressive green fiscal measures in Zambia, including incentives (carrots) for environmentally friendly behaviour such as subsidies for renewable energy and taxes (sticks) on fossil fuels. Proposed measures encompassed a carbon tax, liberalizing transport fuel prices, export taxes on unrefined copper, and greening taxes on various sectors. In conclusion, the study’s scope included green fiscal reform measures in Zambia, followed by a discussion on their feasibility in ATI partner countries.



## DAY 3 : Technical exchanges on relevant DRM topics

### Technical session 1: Using tax gap estimation towards improving effectiveness of revenue administrations

Moderated by **Mr. Babatunde Oladapo**, the Executive Secretary of the WATAF, the Technical Session 1 focused on using tax gap estimation to improve the effectiveness of revenue administrations, and covered various topics related to tax gap analysis, methodologies, opportunities, and challenges.

**Mr. Miguel Pecho**, Senior Economist at the Fiscal Affairs Department of the International Monetary Fund (IMF), elaborated on the estimation of the tax gap through the standardised approach proposed by the Revenue Administration Gap Analysis Program (RA-GAP), and its use as a performance indicator for tax administrations. **Mr. Pecho** pointed out that tax gap can be decomposed into the impact of noncompliance (compliance gap), and the impact of policy choices (policy gap) and addressed the two main approaches used: top-down techniques based on statistical data and bottom-up techniques using audit results. While he focussed on the VAT case, he outlined that the while RA-GAP (top-down) model for estimating VAT gap identifies what specific sectors is causing the highest compliance gap, bottom-up approaches for PIT or CIT gap help identify specific types of compliance risks or risks by taxpayer segments. Tax gap analysis ultimately enables revenue authorities to identify risks and set priorities, implement differentiated compliance strategies, and formulate legislative reforms.

**Mr. Silver Namunane**, Tax Policy Economist at the World Bank (WB), underscored the value of tax gap estimation and benchmarking possibilities in tax policy analysis. The estimates matter for evidence-based policy analysis, identifying policy options, and institutionalising analytical approaches. Tools like benchmarking, diagnostics, and policy simulation aid tax performance analysis. The WB's [Dash Revenue Dashboard](#) was developed as a tool for standardised, reliable, and updated benchmarking on tax policy performance. The dashboard includes indicators, such as tax-to-GDP ratio and tax gap and aims to provide policymakers with necessary data and information to conduct a high-level analysis of a country's tax system. Diagnostic tools, including tax gap models, help diagnose reasons for underperformance and analyse tax base elasticity, distribution, and compliance gaps. The World Bank supports tax gap measurement in various countries using both top-down and bottom-up approaches for VAT and CIT gaps.

**Mr. Jonathan Msoni** from the Zambia Revenue Authority (ZRA) and **Ms. Amina Ebrahim** from

UNU-WIDER shared their experience estimating the VAT and CIT gaps in Zambia using a bottom-up approach. They stressed the significance of tax gap analysis to identify revenue mobilisation inefficiencies. Utilising both macro and micro data from audited firms, they estimated a 47-56% tax gap for 2014-2020, with CIT being the main contributor. The Wholesale & Retail sector had the highest potential VAT, while Extractives had the highest potential CIT. Their recommendations included targeted audits for specific sectors, technological modernisation for better compliance, and the establishment of units specialised in combatting tax evasion e.g., Investigations, Enforcement, Tax Audit, and Data Analytics.

During the Q&A session on tax gap analysis, key topics and outcomes were discussed. The main driver of the tax gap was pointed out to be CIT, particularly in the mining and quarrying sector. Participants emphasised the need to address both policy gaps (exemptions, nonmarket outputs) and compliance gaps for effective revenue collection. The VAT estimation model's importance was highlighted for decomposing the policy gap and identifying areas for improvement. The session recognised tax gap analysis as a beneficial tool for tax administrations, encouraging its widespread adoption.

During the breakaway group sessions, participants delved into VAT and CIT gap estimation and discussed their respective revenue authorities' experiences and challenges. The CIT group highlighted challenges in data limitations, methodological biases towards VAT, and difficulties in collecting taxes from the private sector. Solutions suggested moving away from random audits and seeking alternative approaches. The VAT group mentioned infrequent estimation due to data quality, informality of sectors, and limited institutional capacity. Benchmarking was advised to track trends in reducing the gap, and tailored solutions for individual countries were encouraged. Both groups emphasised the need for localised approaches given the diverse circumstances among nations.

**Mr. Joseph Sirengo** from the Kenya Revenue Authority (KRA) discussed the VAT gap analysis in Kenya, outlining the strategic initiatives undertaken to reduce the gap, resulting in a notable reduction in the VAT compliance gap. An IMF-led analysis found that Kenya's overall VAT gap was 10.2% of GDP in 2017, with the compliance gap at 4.2% and the policy gap at 6.1%. To reduce the VAT gap, Kenya focused on comprehensive audits, simplifying the VAT system, tackling fraud, and enhancing data accuracy. By 2021/22, the estimated VAT compliance gap dropped to 38.9% of revenue potential compared to the 48% reached in 2017 thanks to policy changes, strategic measures, and economic recovery. Kenya plans to undertake tax gap analysis for other types of taxes (PIT / excise tax) and collaborate with development partners for assistance and policy development.

**Mr. Diego Dominguez**, from SET Paraguay, presented the CIT gap estimation undertaken with the support of EUROSOCIAL – a programme funded by the European Commission. This exercise helped increase the efficiency of the revenue administration in Paraguay. The support provided, underlined Mr. Dominguez, contributed not only to strengthen capacity building efforts within SET, but also allowed them to institutionalise the process of gap estimation, and enabled his organisation to

re-estimate the CIT gap based on the methodology developed in collaboration with EUROSO-CIAL. Mr. Dominguez further shared the current support from the IMF to estimate the VAT gap using the RA-GAP methodology, while highlighting the challenges that SET still faces, i.e. the constraints to estimate the revenue potential due to the quality of data and limited capacities to manage the data and linked technology.

Finally, **Mr. James Kerkulah**, a Consultant at WATAF, presented on the nexus between Compliance Risk Management (CRM) framework – developed by this organisation – and tax gap, and explored the interconnectedness of DRM, CRM, and tax gap in Africa. CRM can assist tax authorities in collecting tax revenues and means to improve voluntary compliance and reduce the tax gap. The CRM framework involves identifying, analysing, evaluating, prioritising, treating, and monitoring risks. Tax gap estimation, as the first step in CRM, quantifies compliance gaps, identifies high-risk taxpayers, and provides a basis for effective resource allocation by tax authorities.

Overall, the session emphasised the importance of tax gap estimation as a tool to identify areas for revenue improvement, assess compliance risks, and enhance the overall effectiveness of revenue administrations.

## Technical session 2: DRM support coordination round

Technical Session 2 of the ATI General Assembly aimed to provide a forum for discussing the current state of DRM support coordination and existing gaps in critical areas. The session was moderated by **Mr. Steve Rozner**, Senior Advisor at USAID, who started the discussion with a reference to the commitments under the ATI Declaration 2025, in which “development partners coordinate their support for DRM, simplify their procedures and share information on their ongoing and planned development cooperation activities to achieve synergies and avoid duplication”.

To set the stage for the upcoming presentations and discussions, **Ms. Tais Chartouni Rodrigues**, representing the ATI Secretariat, provided an overview of the survey results to assess the needs and priority areas of support expressed by partner countries. Topics raised include tax expenditures, digitalisation of tax administrations, broadening the tax base, taxation of extractive industries, among others. The results were also mapped out according to the different stakeholders’ responses to the survey (representatives of revenue authorities, Ministries of Finance and MPs). The floor was then opened for an initial discussion on the priorities and strategies of partner countries to enhance DRM. Participants emphasised the importance of conducting cost-benefit analysis of tax expenditures, existing challenges in the area and support currently being provided by from development partners. Other remarks highlighted the significance of broadening the tax base, improving digitalisation, and tackling informal sectors through a holistic approach.

The second part of the session showcased presentations by representatives from partner countries on successful experiences in coordinating technical assistance and DRM support within their countries. The initial presentation was delivered by **Mr. Darlington Talery**, Commissioner for Domestic Taxes at the Liberia Revenue Authority, presenting the Liberia’s DRM reform strategy and how it was coordinated with technical assistance. Next, **Mr. Joseph Nonde**, Acting Commissioner General of the Zambia Revenue Authority, shared Zambia’s journey towards digitalising the tax administration as means to enhance DRM. The presentation provided an overview of the efforts undertaken to digitalise the local services and the coordination of capacity-building support offered by development partners. The third presentation was given by **Mr. Isaac Kobina Amoako**, Head of the Project Management Unit at the Transformation Office of the Ghana Revenue Authority, who shared Ghana’s experience with the coordination of DRM support through the establishment of a Donor Management Unit. Lastly, the European Commission representative, Anca-Maria Szigeti, presented the “Team Europe Initiative”, an endeavour aimed at increasing effectiveness and coordination of support provided by EU member countries.

The session concluded with a panel discussion on how to improve donor coordination and support in critical areas. **Ms. Mari Khurtsidze**, Head of Tax and Customs Policy Department at the Ministry of Finance of Georgia and **Mr. Elysee Nyuzwenimana**, Tax Policy Specialist at the Ministry of Finance of Rwanda, underscored the importance of having a country-owned strategy via a national revenue reform plan to achieve effective DRM cooperation. Furthermore, **Ms. Varsha Singh**, Head of Strategy, Planning & International Cooperation, ATAF, highlighted the role played by regional tax organisations to ensure a tailored approach of technical assistance, and the relevance long-term support and monitoring and evaluation strategies. Lastly, **Ms. Antonia Strachey**, International Tax Advisor at Foreign at the Commonwealth and Development Office, added the importance of collaboration and coordination among donors, mentioning examples and the fact that this is an element evaluated by FCDO in its results matrix. Challenges remain in shaping incentives within development partners to foster coordination, addressing the divergent expectations tied to delivering results while aligning with the strategies and objectives of partner countries.

### Technical session 3: How to tax the digitalised economy – perspectives from developing countries

Moderated by **Ms. Everlyn Muendo**, from the Tax Justice Network Africa (TJNA), the Technical Session 3 was dedicated to exploring several options for taxation of the digitalised economy. The agenda encompassed various topics including an examination of available tax options like Amount A regime under the Two-Pillar Solution proposed by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (Inclusive Framework), the Article 12B of the

UN Model Tax Convention, Digital Service Taxes (DST), Significant Economic Presence (SEP), and Deemed Profit Approaches.

**Mr. Abdul Chowdhary**, from the South Centre, delved into potential tax regimes at the disposal of developing countries for taxing the digital activities generated by multinational enterprises (MNEs) that do not have physical presence in the markets they operate in, both at the domestic and international levels. He introduced three national approaches, also referred to as unilateral measures: Equalisation levy, DST, and SEP. Drawing from country examples like India or Nigeria, he explained that each of these options is designed to capture revenue from digital transactions and counteract the complexities to create a nexus to tax companies without a physical establishment in the jurisdiction applying the unilateral measure. **Mr. Chowdhary** further discussed the multilateral approach of Amount A under the Inclusive Framework's Pillar 1 solution as well as the bilateral solution based on Article 12B of the UN Model Tax Convention. The presenter underscored Article 12B's potential to generate significantly greater revenues (threefold) for many analysed developing countries. While the Amount A mechanism envisages to redistribute a portion of residual profit based on a formulary approach of a share of excess profits of MNEs to market jurisdictions where consumers or users are located, Article 12B provides a treaty-based solution for taxing income derived from automated digital services. Nonetheless, this option requires bilateral negotiations and a potential support of developing countries to successfully include Article 12B with its several parameter options. The UN Tax Committee's upcoming session in October 2023 stands as an opportunity for negotiating and ultimately achieving progress on fair taxation in the digital economy. In conclusion, the presenter encouraged countries to consider national measures until multilateral solutions gain traction.

Sharing insights from KRA, **Mr. Nickson Omondi-Odoni** delved into Kenya's experience with implementing measures to tax the digital economy. Specifically, the country introduced DST and VAT on digital marketplace supplies to capture revenue from online activities. Kenya collaborated with digital marketplaces to enhance tax compliance, acquired tools for monitoring the digital economy, and actively engaged in global discussions regarding the Two-Pillar Solution proposed by the Inclusive Framework. Despite challenges such as legislative complexities and identifying digital transactions, Kenya witnessed increased tax collections from the digital economy. **Mr. Omondi-Odoni** emphasised how multilateral measures like Amount A under the Pillar 1 solution can offer benefits such as increased revenue, reduced compliance costs, and improved fairness. Kenya plans to review its DST after completing work on Amount A and actively engages in discussions on global tax rules under Pillar Two and the GloBE rules like the Qualified Domestic Minimum Top-up Tax (QDMTT).

In the Q&A session, attendees raised questions about the calculation of tax income under the Article 12B and Amount A tax regimes, how VAT applies to offshore companies, the challenges of implementing DSTs such as identifying digital transactions, and global double taxation risks to taxpayers under a widespread implementation of various unilateral measures. Participants

stressed the importance of globally coherent and consistent standardisation and multilateral efforts to ensure fair taxation.

**Mr. Abdul Chowdhary** gave a second presentation that showcased revenue estimations for various countries like India, Jamaica, Nigeria, and Sri Lanka when taxing an exemplary taxpayer operating digitally under different policy approaches (Amount A, Article 12B, and DST). Attendees were encouraged to interact by calculating these revenue estimates themselves and then sharing them with other participants.

Afterwards, several break-out groups discussed and exchanged about measures already taken in their countries to tax the digital economy and the need for cost-benefit analyses. They also evaluated the suitability of the presented options in their respective countries.

#### Technical session 4: Environmental taxation & carbon pricing in low- and middle-income countries

**Ms. Jacqueline Cottrell** welcomed and presented the agenda of the Technical Session 4 about environmental taxation. The session started with a presentation by **Ms. Susanna Akerfeldt**, Senior Advisor at the Swedish Ministry of Finance and co-coordinator of the UN Subcommittee of Environmental Tax Issues, who introduced the UN Handbook on Carbon Taxation for Developing Countries. Tailored for policymakers, the handbook's purpose is to offer comprehensive guidance on designing carbon taxes in a manner that ensures both straightforward administration and cost-effective outcomes. The handbook explores the motives behind carbon tax, to generate more revenue to promote investments in green technology, and further describes general design features of a carbon tax, how to set the tax rate, address undesired effects, build public acceptability, among others.

The presentation was followed by an interactive discussion on the effectiveness and impact of carbon taxes, considering undesired effects on low-income households and the need to design proper compensation mechanisms. The participants stressed the relevance of specific country-contexts, including social contribution system, administration capacity, and alternative means to alleviate the costs associated with the introduction of new forms of tax. These perspectives were further enriched with an economic and empirical perspective from **Mr. Stefan Weishaar**, Professor of Law and Economics at Groningen University, who delved into the topic of fossil fuel subsidies and the role of carbon taxes to reduce emissions. Following the exchange, a Representative of the Coalition of Finance Ministers for Climate Action, **Ms. Michalli Harmsen** presented the work of the coalition, which include training and capacity development for the member countries on carbon pricing mechanisms.

The session continued with subgroups discussions on three crucial aspects related to carbon taxes: safeguarding competitiveness, distribution of impact and public acceptability. The

online group focused on the participants' perspectives regarding the public acceptability of carbon taxes and lessons from European experiences involving the introduction of carbon taxation and the integration of different measures to tackle energy poverty and effectively communicating the policy goals related to carbon taxation. In Group 2 (on site), the discussion tackled tax matters associated with imported goods, sharing different country experiences and emphasising the need for a united approach to maintain competitiveness within global trade agreements. In Group 3 (on site), the discussion focused on equity and carbon taxation, analysing the implications of introducing new taxes on the tax base and its repercussions for lower-income segments of society.

After the group exchanges, **Markus Paffhausen**, from the ATI Secretariat introduced the second part of the technical session, in which **Ms. Jacqueline Cottrell** and **Mr. Stephanus van Yzl**, from the University of Pretoria discussed other environmental taxation mechanisms. **Mr. van Yzl** presented key issues discussed in the new ATAF Handbook on Environmental Taxation, designed to assist policymakers in designing effective environmental regulations, addressing the challenges that may arise, such as the impact of environmental taxes, potential pushback from extractive industries, administrative costs, and the sustainability of new taxation models. Following the enriching discussion, the participants continued the exchanges in subgroups. One group discussed environmental taxes in the transport sector, underscoring the challenge of public awareness and trust. The group referred referring to the context of Zambia, where transportation alternatives are scarce, and public confidence in revenue use from such taxes is limited. A second group discussed plastic taxes, delving into cases of Ghana and Cameroon. The discussion highlighted successes and opportunities of the introduction of taxes on plastics, and challenges specific to their local contexts, particularly related to the issue of imported plastic. Lastly, the online group deliberated over how the ATI framework can best support partner countries in achieving their environment and sustainability commitments. The group recommended the integration of environmental considerations into various existing areas of DRM support that are currently implemented by ATI members.

The final segment of the technical session concluded with an overview of the work of the UN Subcommittee on Environmental Taxation by its member **Mr. Armin Monostori Hartmann**. The committee's mandate is to develop practical guidelines for environmental taxation, particularly tailored to the administration and implementation needs of developing countries in pursuit of the SDGs. **Mr. Hartmann** outlined three practical considerations for environmental taxes: conducting stakeholder consultations, showcasing good practices based on real cases across different tax types, and presenting an extensive inventory of environmental taxation options aligned with countries' policy goals. **Mr. Markus Paffhausen**, from the ATI Secretariat wrapped up the session, summarizing the main inputs garnered from the discussions that will enhance the capacity of ATI members to effectively support partner countries in meeting their DRM and sustainability objectives.