NORDIC COUNTRIES' SUPPORT FOR TAX & DEVELOPMENT

BY
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THE ADDIS TAX INITIATIVE

The Addis Tax Initiative (ATI) signed in 2015 is a beneficial initiative which responds to the domestic needs of some developing countries to improve their fiscal operations. Its policy of Domestic Resource Mobilisation (DRM) caters for at least five areas of concern, which should be a source of strength. However, each of these areas has its own policy implications and constituency of interest, but also its tensions and contradictions. They are:

a. Insufficient taxation and achieving the Sustainable Development Goals (SDGs);

b. Tax avoidance: 'base erosion and profit shifting';

c. Domestic inequality in developing countries;

d. State-building;

e. Reinforcing independence.

Even regarding the SDGs there is a lack of consistency between the simple, donor-focused targets of the ATI and the demanding tasks of the SDGs. This leads to doubts about the real effectiveness of this aid. The choice of the ATI's single indicator of success and the definition of DRM itself raise further issues, as there is a lack of clarity over what is actually measured. It is unclear whether the central purpose is really to increase revenue, to widen countries' tax bases, improve their administration or combat international profit shifting. This can lead to confused thinking and, possibly, outcomes.

Moreover, the aid provided is unevenly spread. For example, in 2016 Ghana received US$18.1 million in DRM commitments and US$12.3 million in disbursements. But in the same year, in two countries that are much poorer and more vulnerable, Chad was in receipt of only US$521,870 of commitments and US$53,282 of disbursements, and Madagascar, US$166,660 in commitments but no disbursements at all. However, in recent years Madagascar has been in receipt of large amounts of inward investment for mining, and its lack of experience in this area and its limited administrative capacity may make it particularly vulnerable to risks of abuse over tax payments.

In 2015 as many as 89 recipient countries had projects recorded at the ATI and in 2016, 98 did. However, to date only 23 such 'partner countries' have joined the Initiative itself. Maybe developing countries themselves sense these uncertainties.

From the IMF's policy advisors in the 1980s to Nordic tax administrations in recent years, Tax and Development has been regarded in the aid community as primarily a matter of economics and administrative method, to be dealt with by experienced technicians. But at heart it is political, and the political issues that surround it need to be at the centre of our thinking.

If there is a theory of change implied in the ATI, it appears to be that benevolent technical advice, passed behind closed doors by one country's civil servants to another's, can normally be expected to work to the advantage of most people – including the poorest – in the country which is the object of advice, regardless of the domestic politics or international economics of the situation. This seems optimistic. To be truly effective, tax reform needs to be rooted in domestic social and political processes, not counselled from outside.

THE FOUR MAJOR NORDIC COUNTRIES AND THE ATI

a. Differences

So far, each country has left its own mark on the aid it has provided. Sweden has much the longest experience of bilateral aid to Tax and Development and since 2015 it has conducted projects in nine countries on four continents. Denmark, Finland and Norway have done such projects in either two or three countries each, all of them in Africa.

Sweden pioneered the model of tax twinning, in which tax officials work over long periods side by side with their counterparts in countries receiving the aid. There is a strong insistence on providing the assistance which the counterpart tax agencies themselves desire, and an emphasis on Sweden's 'service model' of tax administration.

Norway draws on its own history and circumstances, especially in the taxation of the minerals sector. Norway has quite recently gone through many of the experiences faced by large numbers of developing countries and the emphasis of its aid has been on improving tax inspections and compliance in the natural resources sector in particular. Norway also has the largest DRM programme, which has evolved rapidly to extend well beyond one-on-one projects of technical assistance. Finland and Norway are particularly active in helping to expand public awareness on Tax and Development. Some of the projects of this sort are quite imaginative and the funding has been substantial.

Sweden's could be called a technocratic approach, concerned with the efficacy of tax administration; all decisions on actual policies are left to the national governments. The other Nordic countries have to a large extent done the same in their bilateral assistance to governments, although Finland's publicity refers to the 'Nordic model' of active government; Sweden does not speak of this. However, this has to be set against actual practice as Finland's assistance to governments remains technocratic.

b. Participation in international arrangements

All the Nordic countries have participated in international arrangements to some extent. They have all provided funds to multilateral agencies. They support the Organisation for Economic Cooperation and Development (OECD) on these matters and want to have any changes of international rules determined within OECD processes. However, they have not operated together at the Nordic level.

Perhaps because of its longer experience, Sweden has also been more involved recently in other sorts of international activity in this field.

c. Any existing cooperation between the countries

There has been local cooperation on specific projects, for example a Tax Modernisation Programme in Tanzania which was provided under a 'basket fund' shared between Denmark, Norway and the UK, but this is quite limited. Finnish officials spoke about Nordic cooperation more than others, but even in their case there was little sign that it is being pushed hard. Alongside the Nordic pole, the EU pole could be equally attractive to the three countries that are members, especially Denmark – although the exception, Norway, has the largest DRM programme of the four.

d. Similarities and synergies

The most striking similarity is in the countries in which the four Nordic nations operate. All of their recent bilateral projects have been carried out in Africa, except those of Sweden which were mostly in Europe. Within Africa there are overlaps in coverage, with most of Denmark's, Finland's and Norway's projects in the three contiguous states of Mozambique, Tanzania and Zambia.

The Nordic countries' aid programmes – especially Sweden's – have been criticised for concentrating on technical aspects of tax raising while leaving technically regressive tax regimes unchanged; but they make a good case in favour of avoiding recommendations on the choice of taxes and tax rates. In the meantime, however, some countries – notably Norway and Finland – devote significant parts of their aid to promoting awareness of tax issues in developing countries.

e. The overall picture

Insofar as there are any distinctive elements to each country's programme, they can be summarised like this:

- Norway's DRM programme is the largest and it operates through specialised regimes such as Oil for Development. In the last year or two it has also expanded rapidly into assisting research and civil-society activities in Tax and Development.
- Sweden has the oldest programme and the widest geographical range. It pioneered direct assistance by its own tax administrators and so far it has largely concentrated on bilateral aid of this sort. However, that has begun to change.
- Finland has put particular emphasis on working through civil society, so that changes

in taxation practices can be achieved as a result of domestic understanding and pressure.

- Denmark has so far had the smallest programme, and it appears to be more oriented than the others towards working through the European Union.

However, as the volumes of aid have begun to expand under the ATI programme, all four countries are now doing more of everything than at the beginning, and this has led to a reduction of the differences in character between their programmes as they all move into a wider range of similar activities.

MAIN RECOMMENDATIONS

For the planned new ATI Declaration in 2020

1. Bring all developing countries (and not just ATI partner countries) into a full dialogue to ensure that their priorities for tax reform prevail after 2020, and reform the ATI and associated processes, including the OECD, to comply with this.

2. In line with the above, extend the ATI into a long-term process which uses a selection of outcome indicators in partner developing countries themselves.

3. Introduce systematic measures for coordination at various levels between ATI donors.

Other recommendations for the ATI

1. Even out the aid between countries that receive large volumes of assistance and decide how to persuade others to take more.

Nordic countries in general

The Nordic countries should press for all of the above clarifications and modifications and seek to persuade other donors, including the multilateral agencies, to do likewise. Their common methods should include the following:

1. Establish a common strategy between the four countries for the medium and long terms, to promote tax policies that contribute to policy coherence for development. This should include:

   a. Official working groups on DRM involving tax administrations or finance ministries and national aid agencies, to discuss both policy and technical issues – in preference to informal discussions and unofficial cooperation;

   b. Through these working groups, establish common positions on policies for Tax and Development and discuss how they can cooperate so that each Nordic country can play to its strengths;

   c. Establish common positions to persuade both the ATI and multilateral agencies to pursue a technically progressive approach to DRM, in line with established Nordic principles. This should include solidarity with the developing countries' position on the creation of a global tax agency.

2. Support developing countries' full participation in all debates and decisions on new global tax rules and corporate reporting by every route possible.

3. Do spillover analyses of their own Tax and Development policies to assess how they affect developing countries more broadly than in taxation alone.

4. Continue to support civil society in the partner countries in furtherance of democratic discussions on tax systems and policies.

Nordic countries in particular

DENMARK

1. Clarify the national strategy and theory of change on tax and development.

2. Engage fully with the other Nordic countries in all work related to the ATI and global tax rules.

FINLAND

1. Make sure Finland increases its funding in order to meet its ATI commitments by 2020.

2. Sustain its support for a variety of actors, including government agencies, civil society, parliamentarians and regional experts in order to build both technical and policy capacity and raise awareness of policy choices.

3. Make sure that its policy stances on tax and development at the OECD, the IMF, the World Bank, the EU and other international forums are consistent with its own aims as well as best practices in the Global South.

4. Sustain its system of domestic government coordination on the topic. The other countries should follow this example.

NORWAY (ITEMS 1 AND 2 IN VIEW OF ITS ROLE AT ECOSOC)

1. Inquire into the effectiveness of the ATI as a mechanism for domestic and international tax reform.

2. Seek to expand the role of the UN Tax Committee.

3. Continue with a broad approach to different actors, including the educational work for which it is using some of its DRM aid.

4. Continue to draw on its special expertise in oil and gas and other extractive sectors.

SWEDEN

1. Push for all the recommendations on the ATI which are listed above (especially in its roles on the ATI Steering Committee and the UN Tax Committee).

2. Improve its coordination mechanisms for policy coherence and become more aware of the spillover effects that its international policy positions can have on developing countries.

3. Commission full external evaluations of its projects more regularly and systematically.

1.INTRODUCTION

The Addis Tax Initiative (ATI) was set up in July 2015 in association with the Addis Ababa Action Agenda (AAAA), in order to encourage and enable developing countries to increase their tax revenues, under the heading of 'domestic resource mobilisation' (DRM). In the AAAA – the main outcome of the third United Nations Financing for Development (FFD) conference in Addis Ababa, Ethiopia – 'Domestic public resources' was the first of seven 'Action areas,' providing a commitment 'to enhancing revenue administration through modernized, progressive tax systems, improved tax policy and more efficient tax collection.'[1] This was in the context of the Sustainable Development Goals (SDGs), which were adopted by the UN General Assembly two months later in September 2015.[2]

The ATI was launched with a Declaration which included three commitments: the first for donor countries, the second for aid recipient or 'partner' countries and the third for both groups of countries. They read as follows:

1. Stepping up technical cooperation in tax/domestic revenue mobilisation

Providers of development cooperation, committed 'to double our support for technical cooperation in the area of taxation /domestic revenue mobilization [sic] by 2020.'

2. Enhancing domestic revenue mobilisation so as to spur development

'Participating partner countries' commit themselves 'to step up domestic resource mobilization [sic] in order to increase the means of implementation for attaining the Sustainable Development Goals and inclusive development.'

3. Ensuring Policy Coherence

Complementary to these commitments, all signatory countries committed 'to pursue policy coherence for development.'

The first of the three commitments was the most important because it provided a specific target: to double the 2015 value of foreign aid for technical cooperation (also called technical assistance) in this area by 2020. Aid covered by the ATI is being tracked in annual monitoring reports, of which those for 2015 and 2016 have been published. A report for 2017 is expected in July 2019.

The Declaration also contains an annex of ten 'principles,' the first of which reads:

We affirm that each country has primary responsibility for its own economic and social development, and that the role of national policies, development strategies, and domestic resources is critical.[3]

2.METHODOLOGY

This assignment started with the formation of a three-person team to work on it:

- Thomas Lines, the lead author of the report, is an independent consultant on North-South economic relations, of British nationality and based in the United Kingdom;
- Eva Nilsson, a PhD student at Hanken School of Economics, Helsinki, is researching into corporate taxation in Tanzania and is bilingual in Swedish and Finnish; she investigated the DRM aid of Finland and Sweden, translated into English where necessary and contributed in parts to the report's analysis;
- Elise Tengs, a PhD student of Norwegian nationality, based in Gothenburg, Sweden, is researching into taxation and state-building in developing countries; she investigated the DRM aid of Denmark and Norway, and translated into English where necessary.

The research took the following steps:

- A literature search on Tax and Development, Domestic Resource Mobilisation and the Addis Ababa Action Agenda;
- A trawl through the relevant data and official commentaries, most importantly: the data entries of the four Nordic countries under the 15114 code on the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC)'s website; and official reports and evaluations (where they exist) of the governments' DRM aid as well as their programmatic statements;
- Interviews with relevant officials of the Nordic governments, using a predetermined list of questions about DRM aid.

The four 'mainland' Nordic countries were all researched. Iceland was also considered, having a foreign aid programme worth US$68 million in 2017 according to the OECD. But we found no DRM aid from Iceland in the DAC database or in a list of current and former projects on the website of Iceland's Directorate for International Development Cooperation.[4] The Nordic Development Fund was also omitted because it focuses exclusively on climate change and development.[5]

The rest of the report is organised as follows. First, the background to the ATI will be explored, and then the DRM aid provided by each of the four countries is described in detail. This is followed by an analysis of the report's findings, and then conclusions and recommendations.

Four appendices then list all the commitments and disbursements from the four countries on DRM projects since 2014 or 2015 (as available). They are based almost entirely on the DAC's database; where not, it is indicated in a footnote. In general, that database has been the guide to all four countries' expenditure on DRM in this report, even where for various reasons they have somewhat different internal figures, since the OECD's data is easily accessible and coherently presented.

3.BACKGROUND

The category of aid which is referred to as Tax and Development covers three different aspects of tax:

- Tax policy: What taxes are levied and at what rates;
- Tax administration: How taxes are raised;
- DRM, added as a third category in 2015,[6] which emphasises how much tax is raised, rather than what taxes or how.

The ATI was a response to two sources of pressure. The first – and the one that is generally reported in its documents – was the desire to find additional finance to cover the expected expense of achieving the SDGs. This was in response to both the Group of 8 (G8) and Group of 20 (G20) leading countries.[7]

The second came from developing countries themselves, as represented by the Group of 77, and campaigning organisations, which wanted to set up a global agency, probably at the UN, that would involve all countries on equal terms in producing new worldwide rules for taxation. Their concern was about the loss of government revenues which arises from tax evasion or avoidance[8] and the abuse of tax rules. The OECD was developing new international regulations under the title of '[Tax] Base Erosion and Profit Shifting' (BEPS), but the campaigners argued that it was an unsuitable organisation to lead this policy area since most of its members are developed countries; it is developing countries that lose the most from BEPS, illicit international financial flows (IFF) and other fiscal abuses, and their interests needed to find direct expression here.

In acknowledgment of this, the ATI Declaration added, below its Commitment 1, a promise to 'expand cooperation' in:

- Enabling partner countries to 'take advantage' of the OECD/G20 BEPS project and tax information exchange, including the automatic exchange of information (AEoI);
- Integrating partner countries in the global tax debate;
- Improved taxation and management of revenue from natural resources.[9]

In the international arena there is a tension between the institutions of the UN system, which developing countries tend to favour, and others, which are supported more by the developed countries. Thus, there are some who see Tax and Development and BEPS as global issues whose proper home is in the UN, due to its universal nature, and some who prefer that this area of policy is led by the OECD and the IMF. The former point to existing expertise at the UN in its 25-person Committee of Experts on International Cooperation in Tax Matters (or 'UN Tax Committee'), established in 1968, as well, on some aspects of the question, as the UN Conference on Trade and Development (UNCTAD).

The implications of this topic therefore range much more widely than just the collection of taxes. The field of Tax and Development, including the ATI, responds to at least five areas of concern, each with its own policy implications and constituency of interest. The tensions and contradictions between them form much of the background to this report.

INSUFFICIENT TAXATION AND THE SUSTAINABLE DEVELOPMENT GOALS

The initial impetus behind the 17 SDGs (and their predecessors, the Millennium Development Goals) came from international institutions such as the World Bank, as well as influential donor countries. Their main ambition in the field of taxation is to increase tax revenue as a share of each country's gross domestic product (GDP), so as to provide funds for the requirements of the SDGs. DRM is the first of 19 targets listed in pursuit of the 17th Goal, which aims to 'Strengthen the means of implementation and revitalize the global partnership for sustainable development.' This first target is to 'Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.' It has two indicators: 'Total government revenue as a proportion of GDP, by source,' and 'Proportion of domestic budget funded by domestic taxes.'

The UN estimates the 'annual investment gap in major SDG sectors in developing countries alone' at 'around US$2.5 trillion per year.' It has explained this estimate thus:

Achieving the Sustainable Development Goals by 2030 will require a rough estimate of US$5-7 trillion dollars of annual investment across sectors and industries. This figure represents only 7 to 10 percent of global GDP, and 25 to 40 percent of annual global investment. However, only US$1.4 trillion are invested annually, from both the public and the private sector, in developing countries.[10]

By way of comparison, total bilateral aid from all countries was no more than US$162.8 billion in 2017, while a further US$43.6 billion went to multilateral agencies, according to DAC statistics; so aid cannot fill that huge gap.

Developing countries' tax revenues have increased markedly in recent years, especially in middle-income countries, but they are still well below the levels of developed countries. Thus, tax revenues in low-income countries in 2013 were equivalent to around 13 per cent of GDP and in lower middle-income countries 18 per cent, compared with an average in OECD countries of 34 per cent.[11] Among the ATI's partner country members the average was 15.3 per cent in 2016, while 14 of them were below 15 per cent and only four had a tax-to-GDP ratio of 20 per cent or more.[12]

This follows an inglorious history where attitudes to tax and development are concerned. Going further back, it seems surprising that anchoring development in domestic public revenue was not a strategic goal immediately after decolonisation. The influential economist Nicholas Kaldor wrote this in 1963 (using the terminology of that era):

The importance of public revenue to the underdeveloped countries can hardly be exaggerated if they are to achieve their hopes of accelerated economic progress... foreign aid is likely to be fruitful only when it is a complement to domestic effort, not when it is treated as a substitute for it.[13]

However, the international community is only appreciating that advice now, echoing Kaldor's argument – in less elegant English – in an OECD guidance note 53 years later, in 2016:

Equitable and efficient mobilisation of domestic revenue is essential for poverty reduction and economic development. Tax is integral to providing governments with the revenues needed to fund education, investment, healthcare and social transfers, promote growth and employment and alleviate poverty.[14]

But at first, government revenues were largely ignored as a development issue for 25 years. Kaldor pointed to the argument that it would be better if 'less developed' countries 'concentrated on simpler forms of taxation.'[15] Examples of these are import and export duties, which became the biggest source of revenue in many countries. However, taxation levels then fell in many countries – especially low-income ones – under the trade liberalisation requirements of Structural Adjustment in the late 1980s and 1990s, which removed most export tariffs and sharply reduced import tariffs. At the extreme, between 1980 and 1997 taxes on international trade declined from 40 per cent to 16 per cent of govern-

ment revenue in Burundi and from 50 per cent to 16 per cent in Sri Lanka; this implies declines in total revenues of 24 per cent and 34 per cent respectively.[16] In some countries the tax take has still not entirely recovered.

By 2016, 44 per cent of government revenues in the 23 partner countries of the ATI came from taxes on income, profits and capital gains, 36 per cent from goods and services and just 18 per cent from taxes on international trade and transactions.[17]

TAX AVOIDANCE: 'BASE EROSION AND PROFIT SHIFTING'

There have long been concerns over the risk of transnational corporations (TNCs) being taxed in two countries for the same transactions, as well as their ability to play one country off against another to avoid taxes. These practices were made worse – as well as easier to carry out and harder to identify and fight – by the gradual development of tax havens, also known as 'secrecy jurisdictions.' Tax havens are by now a central feature of TNCs' global tax planning, which lies at the heart of their strategic thinking. As long ago as 1961 President Kennedy sent the U.S. Congress a proposal in which, among other things, corporate profits that escaped taxation through what Kennedy referred to as 'tax haven' planning devices, would be subject to immediate U.S. taxation under all circumstances. If this had been enacted into law, it has been argued that this type of tax planning by U.S. TNCs would have ended there and then.[18]

However, after the international banking crisis of 2007-08, concern grew worldwide over TNCs' manipulations of payments between branches or subsidiaries in different countries. Current demands include: better inspection of corporate taxes and pursuit of defaulters; new rules for international corporate reporting and tax havens; and (for some) a *global* authority, open to *all* countries, to determine the rules and oversee them. In response, the G20 asked the OECD to create its BEPS programme, which aims to set up common rules on the taxation of international businesses.

These concerns have always affected developing countries particularly severely, partly due to the presence there of global oil, mining and agrifood companies. According to various estimates, tax losses due to tax avoidance 'imply costs of 2-3 per cent of tax revenue for OECD countries, but 6-13 per cent for developing countries,'[19] while IFF from developing countries totalled between US$620 billion and US$970 billion in 2014.[20] Meanwhile, profit shifting can deprive developing countries of 'one third of corporate income taxes due, in total USD 100 billion per year,'[21] with commercial tax evasion, through the manipulation of trade prices, accounting for around two-thirds of this problem.[22] In South Africa it has been estimated that tax haven-owned businesses avoid taxation on as much as 80 per cent of their true income by understating it, with the top 10 per cent of foreign-

PROGRESSIVE TAXATION[115]

Progressive taxation means higher tax rates for those with higher income or more wealth, so that those who earn or have more are taxed at a higher rate. Personal income tax, based on graduated scales where the tax rate goes up as income level rises, is probably the clearest example of progressivity. Regressive taxation means the poor pay a greater proportion of their available resources than the rich. Consumption taxes which employ a flat rate are the clearest example of regressive taxes.

Taxes can be made more progressive with well-designed scales, exemptions and thresholds (on who earns or has enough to pay a particular tax). What matters for the overall progressiveness of a tax system is the mix of different types of taxes and the rates applied to them. A mix of progressive taxes, with high rates, and relatively low-rated consumption taxes, is likely to produce a more progressive overall system.

owned firms there responsible for 98 per cent of the tax loss.[23]

With respect to the SDGs, resolving this problem alone could nearly pay for enough social protection to bring all the world's people above the usual benchmark of poverty. A recent said that US$154 billion per year was needed 'to provide a basic set of social protection transfers and services that can lift the poor population towards or over the international extreme poverty line of $1.90' by 2030.[24]

There is a broad consensus now to bring tax havens under some sort of control, but debate continues over how that should be done and how TNCs should report their profits for tax purposes, and therefore which countries would receive the greater part of the extra tax payments. If the tax was paid where production occurs, rather than to the TNCs' countries of origin, less of the extra revenue would go to the Global North, leading to some global redistribution of income. This is a 'zero-sum' story hidden behind 'win-win' tales of a consensus on taxation – in which policies are determined by the institutions of the OECD and the IMF, which happen to be controlled by countries of the North.

DOMESTIC INEQUALITY IN DEVELOPING COUNTRIES

A cardinal concern for development is economic inequality within developing countries. Naturally this troubles citizens of those countries, but also non-governmental organisations (NGOs) that work on development, and other development workers. The most direct way of tackling it is to tax the rich and subsidise the poor, using progressive taxes as well as tackling BEPS.

There were attempts at income redistribution with the use of progressive personal income taxes during the 1960s and 1970s. However, this proved difficult to achieve for reasons of administrative capacity, the political convenience of ruling élites and the very low general levels of income. Later, taxes on sales or consumption, most often value-added tax (VAT), therefore came to be recommended. However, under such taxes the burden of payment falls more heavily on poor people. Complications also arise between imposing taxes for this purpose and questions of administrative efficiency and widening the tax base. Fiscal pressure can discourage tax registration and push some prosperous businesses effectively into the 'informal' sector of employment, where businesses are not registered and little tax is paid.

However, advocacy of any particular tax or form of taxation by foreigners can be seen as political interference (and was explained as such by Nordic government officials that we spoke to). Nevertheless, some of their work – for example, by Norway in the extractive sectors of Zambia and Tanzania – has led to more tax coming in from large corporations and therefore had a progressive effect, as a result of improving the administration of existing taxes rather than advocating new ones. There are also indirect ways to seek to make taxation more

How should essential tax revenue be generated? Different types of taxes can have different impacts on businesses, labour markets and the environment, as well as economic and gender equality.

VAT and other consumption taxes such as GST and sales taxes are increasingly relied upon, especially by developing country governments, despite increasing evidence of their regressivity and disproportionate impact on women.

At the same time, the world has become increasingly aware of the massive scale of corporate tax avoidance and tax evasion by corporations and wealthy individuals, which severely undermine revenues from corporate and personal income tax — both generally very progressive — effectively shifting the balance of contributions towards those earning less.

Because the impact of various taxes depends on the national and local economic and social contexts, there is no one-size-fits-all solution for a progressive tax system. But governments should ensure that their tax systems contribute to greater gender and economic equalities rather than undermining them.

technically progressive. In the long run, this will be done most effectively by domestic political forces. Some of the Nordic countries are developing imaginative ways of promoting this within the ATI's framework.

Taking both sides of the government's budget together, greater equality can also be achieved with technically regressive taxes if the *uses* to which the tax is put are egalitarian: 'Efficient regressive taxes (such as the value added tax) when combined with generous well-targeted transfers can result in a net fiscal system that is equalizing.'[25] But at the same time, 'It is crucial to measure the effect of taxation and spending not only on inequality but also on poverty: the net fiscal system can be equalizing but poverty-increasing.'[26]

STATE-BUILDING

As the Executive Secretary of the African Tax Administration Forum (ATAF), a group of reforming tax administrators from around Africa, has argued:

'Debates on tax policy and administrative reforms in developing countries generally focus on technical issues and are often dominated by experts, donors and business people. The majority of citizens perceive tax issues as technical and very complex. Yet, it is vital for the legitimacy of the tax system to secure a broad-based citizen engagement around taxation.'[28]

Taxes are necessary to pay for public services, but where few people have to pay tax (there is a 'narrow tax base'), it leaves few citizens with any direct interest in budgetary matters. This weakens or removes the links of accountability between the government and the population. Therefore, it is argued, the tax base should be widened to bring larger parts of the population under taxation. On this argument, the main policy requirements are to extend the tax base, introduce more technically progressive taxation and find other ways to link public services with domestic revenue.

In some countries the government gets most of its tax from foreign companies and, possibly, some of the urban middle class. Thus in Tanzania in 2008, with a population of over 45 million, only about 400,000 names were registered in the Taxpayer Identification System,[29] while in November 2010 less than 400 large taxpayers contributed about 80 per cent of domestic revenue.[30] In the same period elsewhere, as much as 84 per cent of fiscal revenues in Iraq, 82 per cent in the Democratic Republic of the Congo, 68 per cent in the Yemen, 67 per cent in Chad and 55 per cent in the Sudan derived from non-renewable natural resources rather than the countries' citizens.[31]

However, prosperous groups in the population sometimes drop out of paying taxes altogether. For example, interviews of 60 partners of top commercial law firms in Uganda revealed that only 12 to 17 of them paid individual income tax (depending on the tax year).[32] Besides reducing the tax take, this can lead to an expansion of the 'informal' sector, which lies outside the field of view not only of the tax authorities but the rest of government.

Some delicate political issues arise here. One is how to bring a country's economic and political élite fully under the rules of taxation, if they have effectively removed themselves. However, lower down the income scale, income tax is hard to raise in the informal economy, where there are few records and little administrative visibility as well as – generally – low, insecure and uncertain incomes. The scale of this problem is huge: leaving aside smallholder farmers, the average share of the informal sector in non-agricultural employment was calculated to be as high as 58.4 per cent in Northern Africa, 65.9 per cent in Sub-Saharan Africa and 69.7 per cent in Southern and South-eastern Asia in 2005-10. In individual countries it reached 87.2 per cent in Mozambique, 76.3 per cent in Zambia and 84.2 per cent in India.[33]

However, this is not to say that greater taxation must lead to a politically representative system. It is wiser to assume that it will not, and instead work for representative activities that will themselves push for better tax systems. Here is one example:

The case of Benin suggests that democracy can have a positive impact on taxation in two ways. First, democratic legitimacy can help a government to push ahead a package of potentially controversial fiscal reforms. Second, the climate of civil freedoms and open debate generated by democracy can help with putting on the

agenda issues that previously received little attention, such as the impact of taxation on equity and economic development or the role of the informal sector. Thus, a democratic environment can create the preconditions for effective fiscal reforms[34]

REINFORCING INDEPENDENCE

The more that countries use their own resources for development, the less they will depend on external sources such as foreign aid and commercial debt. That will strengthen their effective independence, as a Norwegian government report on Zambia has suggested:

The foundation the tax cooperation creates for increasing a state's income surpasses most forms of other development aid activities, and can be an important factor for a country's independence from development aid.[35]

Current statistics are readily available for only a few countries, but among them we see that net receipts of official development assistance (ODA) in 2017 were equal to 70.8 per cent of central government expenses in Mali and 76.3 per cent in Mozambique. In Malawi, they exceeded the government's expenditure by 27.9 per cent.[36] For everything financed by this money, the governments were in practice accountable to the donor countries rather than their own people. That is an inescapable fact of foreign aid.

This can be seen as a counterpart to the argument in favour of state-building. As an example of the implications, donors now encourage payments of cash to those most in need. Where such payments come from donors and not the government, it removes *any* direct link between this vital protective function of the state and domestic revenue, in effect removing a democratic basis from social protection. More widely, in one case it is argued that modern Afghanistan was actually 'built' around aid: although intended to support state-building, the way aid has been delivered there 'has distorted the state and stunted the longer-term development of a social fiscal contract.'[37] Many other changes are needed to make a greater reality of developing countries' independence, but these consequences of low levels of taxation and narrow tax bases cannot be ignored.

4.EACH COUNTRY'S CURRENT & PLANNED CONTRIBUTION TO AID FOR DRM

DENMARK

Denmark's 2030 strategy in support of the SDGs promised a focus on 'combating tax havens and illegal capital flows, international economic crime, terrorist financing and anti-corruption policies.' Denmark would also seek to promote these as priorities in the EU's initiatives.[38] Although its commitments to DRM aid fell to almost nothing in 2016 and 2017, we understand that the budget allocation for Tax and Development was increased again to DKK35 million (US$5.3 million) each year for 2018 and 2019, with a similar amount again expected in 2020.

In recent years the bilateral aid has gone mostly to Mozambique and Ghana. Denmark's first piece of aid for Public Finance Management (PFM) in Mozambique started in 1997 and Denmark later provided this assistance under a large programme of general budget support for the Poverty Reduction Strategy that had been agreed with the IMF and the World Bank. Some of this was used for the development of electronic methods of tax collection, a system which Denmark reports 'had the potential to prevent corruption and misuse of funds and increase transparency.'[39] However, in 2015 the Danish government refocused its foreign aid and phased out a number of country programmes including that of Mozambique.[40]

A DKK230 million (US$35 million) Tax and Development Project (T&DP) for the Ghana Revenue Authority (GRA) started in 2015 for the benefit of the customs service, wider capacity building and financial management, and it is due to reach an end in December 2019. The Ministry of Foreign Affairs (MFA)'s definition of the programme in 2014 said it was designed 'to support the exit phase for Denmark's participation in general budget support' in Ghana.[41] The outcome indicator was to be the revenue-to-GDP ratio. Denmark is supported in this by Germany.[42] However, after the project inception,

It became clear that the T&DP was much too ambitious, partly because it had been formulated too quickly and without conducting a thorough institutional analysis of the GRA. Following the recommendations from a review, the programme was redesigned in 2017 to refocus support on a reduced number of projects ([from 49 to] 26), mainly related to the Customs Division within the GRA.[43]

A Norwegian report also mentioned Danish participation in a basket fund with Norway and the UK in support of a Tax Modernisation Project in Tanzania (see p. 19 below).[44]

Besides Ghana, Denmark's funds for DRM are now allocated exclusively to multilateral trust funds in the World Bank Group and the IMF, where the Revenue Mobilisation Trust Fund (RMTF) makes use of Danish expertise in its country activities.

Outside Africa, a DKK30 million project in Bangladesh from 2011 to 2016 concerned tax collection and the management of public revenue on the local level. The aim was that, by the end of the project, the tax collection in 572 municipalities should increase on average by 90 per cent. The emphasis on local aspects of taxation was unusual but it is strongly recommended by some commentators on DRM, especially those who emphasise its potential for state-building, as it can help the local state to become an effective counterweight to central government.[45]

Denmark's DRM portfolio has also contained several initiatives which aimed to develop public

backing for tax policy, rather than leaving it as a technocratic exercise carried out by foreign donors. This included support for the UN Economic Commission for Africa (UNECA) on IFF, as well as for ATAF and the Tax Justice Network Africa. Outside the ATI framework, Danida has supported work on Tax and Development through Oxfam IBIS and MS/ActionAid DK. In 2016 it contributed €37,067 to the European Network on Debt and Development (Eurodad) for a tax and corporate responsibility project, with Oxfam IBIS as the lead partner.[46] In December 2014 Danida supported ActionAid Denmark in organising an international tax justice conference at the Danish Parliament.[47] These two NGOs are members of a national 'Tax Cluster' which brings them together with representatives of Danida and the Ministry of Taxation.

In December 2018 the Danish government also came out in favour of putting the publicly reported corporate accounts for all countries on a country-by-country (CbC reporting) basis, which goes beyond what the European Commission has proposed.

However, it will not be possible to know with any precision whether Denmark meets its ATI target in 2020 since the OECD data for its DRM aid in the early years was admitted to be inaccurate (see the note on this in Appendix 1). It is clear that in the first year or two of the ATI there was a serious fall-off in Danish activity, partly perhaps due to the problems of the Ghana project, but the more recent renewal of funding is very welcome.

Early scorecard

This is Denmark's project pipeline, in the form of its annual DRM commitments and disbursements as reported at the OECD so far (in millions of US dollars, up to 2017 only). (However, for Denmark the 2014 and 2015 figures are admitted to be unreliable):

	2014	2015	2016	2017
Commitments	22.25	6.99	0.02	0.00
Disbursements	---	7.12	5.07	4.68

FINLAND

Finland has prior experience of providing aid for PFM, including elements of DRM, but it has offered DRM assistance in its own right only recently. Most of its technical assistance to governments in this field has been in Africa, including countries where other Nordic programmes have also worked on it. On the achievements of this work, a government report to Parliament in November 2018 stated:

As a result of Finland's contribution, Somalia will start tendering out its public sector purchases. In Tanzania, major improvements have been achieved in revenue collection, budget implementation and budget monitoring. The audits performed by the national audit office of Afghanistan now cover all ministries. In Kenya, public administration has been successfully decentralised and in around one quarter of all districts, both female and male residents of villages are able to take part in the budget drafting process.[48]

A government report to Parliament in 2016 offered this justification for DRM:

The upgrading of financial management and taxation capacity in developing countries and ... worldwide efforts to improve global tax rules ... are needed to eliminate international tax evasion and avoidance, curb illicit financial flows, and increase corporate social responsibility.[49]

In its Tax and Development Programme for 2016-19, the government wrote that themes related to DRM were 'central' in its bilateral dialogue with partner countries.[50] Revised international rules to establish corporate CbC reporting and reduce tax avoidance and corruption comprise the first of the programme's four objectives, the OECD's processes

being the 'starting point.' The programme includes projects worth around €11.4m, but not all are for DRM alone.

Finland has a geographical focus on Africa and supports a variety of actors and perspectives there. Bilateral work on DRM has supported Somalia, Tanzania and Zambia in particular. Aid to Tanzania in this area started in 1998 with a PFM project, which has entered its fifth phase as a Tax Modernisation Programme (TMP) for the Tanzanian Revenue Authority (TRA) for the years 2017-21, under a 'basket fund' shared with other donors. Finland is contributing €4 million (US$4.51 million) towards this. Under the same umbrella, Finland is providing an additional €1 million (US$1.13 million) worth of support from the Finnish Tax Administration to the TRA from 2018 to 2021, to improve compliance with tax regulations.

In Somalia, Finland has contributed €4 million over four years to a multi-partner fund at the World Bank. The fund works principally on financial management systems and capacity building, the design of basic public services and support for the private sector, including regulation. The results have been assessed to be very good.

At the country level Finland prefers to work on simple legislative frameworks and widening the tax base rather than tax policy issues, partly because, as a small country itself, its resources are limited. The bilateral assistance to Tanzania contains no component on legislation or policies, which the Finnish government also sees as difficult since it would be considered a political question. According to one official, they had thought of including VAT but 'dismissed the idea' after the issue became politicised. The projects instead concentrate on developing best practices in tax administration, a similar approach to Sweden's (see below), bearing in mind that Finland considers its tax administration to be one of the most transparent in the world.

The coalition government which was in power until 2015 was more active on tax compliance and the responsibilities of Finnish companies, in the name of policy coherence. This was not on the agenda under the following coalition, which was also less vigorous in pursuit of policy coherence between ministries in this area. This could change again due to the elections of April 2019.

However, not all the history has been successful. In Zambia, the OECD's website reports that the achievements of a pre-ATI project on public expenditure were 'not as good as expected.' This is why a PFM project, for which €1 million (US$1.11 million) was committed in 2014 and disbursed in 2015 (and which is now completed), was channelled to the Lusaka government via the World Bank as a joint project with the UK and Germany.[51] This seems to have been connected with a wider set of difficulties for Finnish aid in Zambia.

Perhaps more worryingly, the first piece of technical assistance to be carried out by the FTA, a project in Namibia on behalf of ATAF, was found to be overambitious and was closed after two years and nine months in September 2018, when €140,000 had been disbursed. The reported reasons were, in part, similar to those that Denmark encountered in Ghana (see above).

The Ministry for Foreign Affairs (MFA) has set up a designated internal working group to pursue DRM work,[52] and a second working group was to include other ministries, NGOs and researchers. However, there is a shortage of the right personnel available to do this and those groups have not met regularly.

Finland's DRM portfolio has contained numerous other initiatives besides bilateral technical assistance, including contributions to multilateral agencies. At the heart of this is support for the OECD's work on BEPS and development. Related to this, there was a small but telling project in 2015 that evaluated an initiative which obliged Finnish state-owned companies (not all of which operate only in Finland) to adopt CBCR for tax purposes, and then used the findings to recommend an international CBCR standard. 'The project's long-term aim is to contribute to the international debate by bringing the experiences, good practices and recommendations on CbC-reporting from Finland into the international fora,' according to its description on the OECD database.

Finland has made large contributions to Tax Inspectors Without Borders, a joint initiative of the UN Development Programme (UNDP) and the OECD

to send inspectors to countries including Uganda, Nigeria, Burkina Faso, Georgia, Egypt and Kosovo. The original impetus for TIWB is claimed by the Tax Justice Network.[53] Assistance in the DRM area to either the IMF or the World Bank is also under consideration, while in forthcoming World Bank and African Development Bank negotiations it will advocate that tax issues have a prominent role in those agencies' work in Africa; likewise when negotiating the EU's plans. The MFA has provided core funding to ATAF as well as technical assistance through ATAF to African tax administrations on aspects of BEPS: the unsuccessful Namibia project came under this scheme.

Other projects aim to develop domestic public backing for tax policy. Finland is particularly active – like Norway – in helping to expand public awareness on Tax and Development and to provide people and organisations in developing countries with the means to push for better tax operations through their own political systems. Some of them are quite imaginative and the funding has been substantial. This side of Finland's work, outside the professional sphere of tax inspectors and administrators, has provided core funding to numerous NGOs, including: Transparency International's secretariat as well as its work in a region of Kenya; the Financial Transparency Coalition, a network of organisations which work on IFF; Oxfam, for its work on progressive taxation in three countries; and the East Africa Tax and Governance Network, a Nairobi-based NGO, which produced a report on taxation and human rights in 2016.[54] The government also reports that the Tanzanian parliament has passed 'a mining act that gives it a more powerful mandate to supervise mining agreements.' This was the result of advocacy work by the Tanzania Tax Justice Coalition and others, also supported by Kepa, a Finnish umbrella organisation of development NGOs.[55]

In other areas which lie outside the OECD's DRM code Finland has aided these projects, among others: for parliamentarians in Mozambique – €1.5 million from 2016 to 2019; about €500,000 to Zambia's procurement agency (already completed); €2 million to a World Bank multi-donor trust fund on extractives in 2015-20 and €550,000 to the Extractive Industries Transparency Initiative's secretariat for 2017-19. Finland has a seat on the EITI's Board of Directors from July 2019 to June 2021, when the key theme will be the creation of beneficial ownership registers.

A capacity-building project in natural resources governance for Mozambique's tax administration and Parliament is also planned, to be worth around €1.75 million per year, starting in 2019 or 2020.

Despite considerable strengths in Finland's programme, the records indicate an initial fall-off in aid to DRM from 2015. This was partly due to general cuts in the aid budget, and the DRM commitments for 2017 indicate a reversal of this trend. However, the new government will need to make a sharp further increase in its expenditure if it is to meet the ATI's target. The major new projects planned in Tanzania and Mozambique will contribute towards this but they will not be enough to reach a disbursement target of US$9.08 million in 2020.

Early scorecard

This is Finland's project pipeline, in the form of its annual DRM commitments and disbursements as reported at the OECD so far (in millions of US dollars, up to 2017 only):

	2015	2016	2017
Commitments	7.13	1.22	6.20
Disbursements	4.54	2.99	1.13

NORWAY

As a small country, Norway prefers to pursue a specialist approach to its aid in general, making the most of its national areas of expertise. Thus there are programmes of Oil for Development (OFD) and Fish for Development (FFD) as well as Tax for Development (TFD), which the government says are 'highly demanded in many countries.'[56] Since 2015 the OFD programme has provided assistance under the label of Finance in Angola, Cuba, Ghana, Kenya, the Lebanon, Mozambique, Myanmar, the South Sudan, the Sudan, Tanzania and Uganda.

Norway has provided technical assistance on tax since the late 1990s and its current TFD programme was established in 2011. After 2015 it stuttered somewhat and in 2016-17 it was relaunched. In spite of that, the commitments made in 2017 were slightly above those of 2014 and 2015 (at US$15.5 million according to the OECD), while the minister of development told Parliament in March 2018 that by 2020 the spending would reach at least NOK268 million (US$30.2 million). However, for 2019 the budgeted expenditure on tax-related development assistance is already around NOK300 million (US$35.0 million), which would achieve the ATI target one year ahead of time.[57] This makes it by far the largest DRM programme in the Nordic region.

Norway's main bilateral tax projects were implemented initially at the tax authorities of Mozambique, Tanzania and Zambia by the Norwegian Tax Administration (NTA), the Ministry of Finance and, in Zambia's case, Statistics Norway. Support to the TMP in Tanzania was provided under a basket fund shared with Denmark and the UK (which is curiously not mentioned in Denmark's DRM returns to the OECD).[58] This was renewed with a further NOK 90m (US$11.05 million) commitment in 2018.[59]

Recently, Norway has moved on one hand towards operating through multilateral agencies, on the other to funding research institutes and NGOs, which should increase awareness and understanding of taxation issues in wider society, principally in African countries. Norad has described one of the main underlying problems candidly: 'Aggressive tax planning concerns internal transactions in multinational companies, often internal pricing. These transactions are on the borderline of lawful and acceptable practice.'[60]

As in the other Nordic countries, the emphasis in bilateral projects has been on tax administration and inspections (or audits). Like Denmark and Finland, the country followed the 'tax-twinning' model which was established by Sweden (see below), and this administrative approach has taken precedence over tax policy advice. Under a division of labour in Tanzania with the UK, Denmark, the EU and the World Bank, for example, some of the other donors worked on tax policy while Norway concentrated on tax administration. Through most of the DRM work, including bilaterally, the emphasis has been on improving tax inspections and compliance in the natural resources sector in particular – an area in which Norway's own pro-development principles of taxation are internationally renowned.

Norad's official report on its work in Tanzania paints a positive picture. The emphasis was on improving the tax compliance of large companies, including foreign ones. This included the creation of a new unit for international tax within the TRA, which led to 'increased control over large companies and increased tax collection from the mining sector.' The report states that one case resulted in the estimated recovery (requiring court action) of around NOK1 billion (US$117 million) in extra tax from the largest gold mining company in Tanzania. It makes the following claims (not attributed entirely to Norway's assistance): from 2000 to 2016, the tax revenue in Tanzania increased from 7 per cent to 13 per cent of GDP;[61] and from 2008 to 2016, the contribution from the mining sector increased from 1 per cent to 10 per cent of total tax revenue, an increase equal to about US$400 million each year. The total cost of this aid was around NOK9 million (US$1.05 million).[62]

Between 2011 and 2017 Norway spent as much as NOK66 million (US$7.70 million) on DRM in Zambia, also concentrating on taxation of the mining sector, which accounts for 12 per cent of GDP and up to 70 per cent of Zambian exports.[63] The assistance went to the Zambia Revenue Authority (ZRA) for monitoring the minerals value chain and administering 'large' taxpayers, partly in coopera-

tion with the IMF. The Norwegians described the initial situation thus:

In the period after the privatisation [of the copper mines in the late 1990s], only 1 per cent to 5 per cent of the export revenue from copper was given to the state. As a comparison, in the same period, the state of Botswana had ensured around 70 per cent to 75 per cent of the export revenue from diamonds both from direct ownership and taxation.[64]

By November 2017, according to Norad, 'The ZRA reports that 635 million NOK [US$74 million] in extra tax has been collected as a consequence of an increased number of audits.' Similarly to Tanzania, a unit on mining taxes was established within the ZRA. Norad concluded:

The ZRA's auditors now work in a more targeted manner, are better prepared, and act with much more self-confidence and professionalism when they perform audits of large taxpayers compared with when the collaboration began. The auditors now use tools for analysing accounting data and internal pricing [within TNC groups].[65]

It is noteworthy that the three countries with the highest effective tax rates for both low-cost and higher-cost mining projects, among ten illustrated by the IMF in 2015, were, in order, Mozambique, Zambia and Tanzania – all of which had been assisted bilaterally by Norway.[66] In Zambia's case Norad pointed out, 'Norwegian experience has been the point of departure for the guidance that has been offered. The guidance has been available at short notice, and has been based on detailed knowledge about the case, and good relations with the government.'[67]

Over ten years ago Norway supported a fund on public financial management in Nepal, together with other donors.[68] One of its concerns was the registration of taxpayers. The Norwegian Office of the Auditor-General provided technical assistance for the equivalent in Nepal.

Norway's temporary reduction in working directly with tax authorities in 2015-16 seems to have arisen from capacity constraints and fatigue at the NTA as well as issues in recipient countries. Political factors in Oslo were probably also a factor, while the influx of refugees to Norway in 2016 strained resources for development across the board, as in other countries. In this context Norway's presence in Zambia was wound down, leading to non-renewal of the project there. In Mozambique the NTA also withdrew its experts in 2016 after a presence of five years, in response to problems with project performance.

In March 2018 TFD was moved with the OFD and FFD programmes into a new department called the Knowledge Bank. An agreement between the NTA and Norad to strengthen the capacity for tax advising was worth NOK50 million (US$5.76m) over five years (but already increased as an annual amount in 2019), leading to plans for renewed bilateral aid through cooperation between Norad and the NTA. In 2018 Norway conducted scoping studies in Ethiopia, Nepal and Rwanda to develop new institutional partnerships.

Since 2017 Norway has also funded a US$3.02 million project through the IMF to modernise Mozambique's central bank, which is reported on the OECD's database under the code for DRM. Concerning work through multilateral agencies, the government's report on aid to Parliament in 2017 described 'Solid Norwegian support' to the development banks.[69] Since 2016 it has worked with the World Bank on an initiative to develop a 'toolkit' for countries dealing with tax evasion and other tax crimes. Likewise, since 2014 Norway has worked on a five-year project with the IMF to develop a Tax Administration Diagnostic Assessment Tool (TADAT), which measures the quality of a country's tax administration. The annual disbursement on this is NOK2 million (US$233,000). Norad's Annual Report for 2017 reported that so far, 51 TADAT evaluations had been undertaken, most of them in low-income or lower middle-income countries.[70] Throughout recent years Norway has also financed two IMF trust funds on tax policy and administration (the RMTF), and managing natural resource wealth.

In September 2018 Norway announced a four-year project worth NOK45 million (€4.6 million) with the OECD to support developing countries' participation in and influence on OECD standard-setting

processes, as well as technical assistance to developing countries which wish to implement reforms based on OECD standards for BEPS, exchange of information, tax crime and other matters, starting in 2019.[71] Before this, according to Norad, from 2013 to 2015 Norway provided a total of US$804,000 of core funding to ATAF, which is also sometimes referred to as a multilateral agency.[72]

A growing, and highly distinctive, element in Norway's programme is a series of initiatives for high-level research on tax and development, and workshops and projects run by NGOs to enable the media or the wider public to better understand various aspects of public finance, taxation and DRM. At the highest level of research, Norad has provided major funding for the International Centre for Tax and Development (ICTD) at the Institute of Development Studies in Great Britain, and sponsored a Norwegian Research Council programme on tax and capital flight in developing countries. It also commissioned a national study of capital flight for Tanzania and in 2015 ran a multi-country workshop for officials on tax administration in Lusaka, Zambia.

Since 2016 Norad has assisted both national NGOs and journalists in numerous countries (mostly in Africa but some in Asia) on these topics: taxation and IFF; oil revenue management; national governance of natural resources and oil; the resource curse; and North-South outreach on tax justice. It has financed NGOs' campaigning, research and advocacy in this area and four continental networks of NGOs which work on tax and international payments issues (Afrodad, APMDD, Eurodad and Latindadd). It has assisted the Tax Justice Network in Africa with a wide-ranging programme to assist research and reporting on IFF, with offices possibly in Senegal and Tunisia as well as a 'mobile' lead researcher working in various countries.

In general, Norway has run a wide-ranging programme on Tax and Development, thoughtfully informed by the country's own situation as a small country which, in its oil sector since the 1970s, has gone through many of the experiences faced by large numbers of developing countries. It is prepared to adapt and extend its activities with this aid as it goes along. It claims some notable successes in improving tax compliance, particularly on the part of foreign-owned extractive-industry companies of a sort that Norway is familiar with. Without trespassing on the sovereign right of other countries to make their own decisions on tax policy, it is trying to build up the profile of tax and fiscal management issues in influential areas of civil society in numerous countries where it operates.

Norway might on the other hand be criticised for concentrating bilateral work on a very small number of countries which are major recipients of international aid in general and where other Nordic countries have also been active in DRM work; and for paying insufficient attention to the extension of the tax base and the development of fiscal relations for state-building, with an emphasis instead on expanding revenue from major existing sources of tax. Some people might also question Norway's confidence in providing resources for multilateral agencies that have not always stood for the same fiscal and governmental principles as Norway or been as careful as it is in avoiding the recommendation of controversial tax policies in countries where they operate.

Early scorecard

This is Norway's project pipeline, in the form of its annual DRM commitments and disbursements as reported at the OECD so far (in millions of US dollars, up to 2017 only):

	2014	2015	2016	2017
Commitments	14.11	14.09	8.99	15.46
Disbursements	9.91	13.73	6.51	8.07

SWEDEN

Sweden has the oldest aid programme for Tax and Development among the Nordic countries, starting with a project in Tanzania in 1985, and it currently sits on the ATI Steering Committee. In its political statements, the Swedish government subscribes to the goals of sustainable development, better tax administration and fighting tax avoidance,[73] including the manipulation of transfer payments by TNCs. It considers that this aspect of DRM also contributes to state-building, specifically in the context of the SDGs:

The fact that private individuals and businesses pay tax constitutes a fundamental condition for building and sustainably financing a society that functions in the long term. Reduced flight of capital and tax flight are therefore an important issue for the implementation of the 2030 Agenda.[74]

Sida has provided financial support for the OECD's BEPS programme and, since 2018, SEK10 million (US$1.08m) per year to the IMF's RMTF. Outside its formal DRM funding, it has supported similar work on the UN Tax Committee:

At the UN, work is being conducted, which Sweden supports, that is similar to the work within the BEPS project to prevent tax base erosion and flight of profits. In its work the UN's tax committee is focusing in particular on the perspective of the developing countries. Since 2013 Sweden has contributed to the UN work with both expertise and resources through a Swedish expert being a member of the UN tax committee.[75]

Sida was also responsible for financing and organising a major international conference in Stockholm in 2018 on capacity building for taxation, in cooperation with the Swedish Tax Agency (STA) and supported by the Ministries of Finance and Foreign Affairs.

All of the above accompanies the bilateral capacity-development projects which the STA has long conducted in developing countries' tax offices, under finance from Sida. The most generously supported country in the period of the ATI was Kenya (although, along with some other countries, the OECD's DRM code means it does not appear in a list of projects from which we compiled Table 1). These six other countries are being supported until at least 2019: Kosovo (advice for a land or property tax), Albania (where a property tax project started in 2018), Bosnia & Hercegovina and Moldova in Europe; Mozambique in Africa; and Cambodia, jointly with the EU, in Asia. A new project was also listed for the Ukraine in 2018. Another project with Botswana was concluded in 2016, but it was unusual in that it was at first paid for half-and-half by Botswana and Sweden, and latterly by Botswana alone.

Table 1. Sweden´s Disbursements for tax and development - page 24

The STA's bilateral projects are set up under a very careful system. In principle they last for a minimum of three years and they can take up to ten years. They are 'twinning' arrangements in which the STA generally sends a long-term resident advisor, complemented by short-term experts who usually make three or four visits per year over a period of three years each. Discussions with the partner agency over what is required may take anything from six months to two years before the project begins, and recipients have to be countries that are recognised by Sida as cooperation countries, with an agreement that includes tax issues among its priorities. Thus, for example, we were informed that Bhutan asked for assistance, but since it is not recognised in this way the STA could not do it with Sida finance. In Laos, the STA ceased its activities after five years because Swedish development cooperation in general ceased there.

The twinning with the STA is similar to DRM practice in the other Nordic countries but it runs counter to the predefined, results-oriented and commercially outsourced orthodoxy of technical assistance in other sectors. The STA emphasises a strong focus on 'ownership' and a desire to remain at the technical level; therefore it does not give policy advice. According to a report written for a Swedish government committee on aid, 'The project preparations have typically been more focused on the expressed needs by the partner tax authority and less on looking at the broader picture and formulating a theory of change for reaching the long-term objectives.'[76] As one official in Stockholm said:

TABLE 1: SWEDEN'S DISBURSEMENTS FOR TAX AND DEVELOPMENT (SEK MILLIONS, 2014-20).

Sources: Sida and STA (but incomplete according to OECD data)

	2014	2015	2016	2017	2018	2019 Projected	2020 Projected
Implemented by STA							
	20	35	32	28	41.8	~40?	~40?
Other							
Mozambique multi-donor fund	5.2	5.2	5.2	5.2			
Tax Justice Network Africa			3				
ICEFI Guatemala	2.5						
OECD/BEPS		1.6	1.6	1.6/10	10	10	10
IMF					10	10	10
Oxfam					5-9	5-9	
Diakonia						16.4	16.4
Stockholm Tax Conference					20		
Total non-STA	9	31	28	25	45-49*	~41-45	~36
Total	30	66	60	53	~85-89*	~81-85?	~81-85?

* Estimated

In no case would [the STA] argue for a specific tax rate or set some levels on them because our work is about building up systems and country capacity to realise a tax policy and a tax system that they think is effective [and] just and can generate resources quicker and better for the development of the whole population. Ownership is the fundamental prerequisite.

This is based on sound principles of understanding the other country's administrative situation and respecting its sovereignty. In principle this should be the best approach for foreign aid of any sort. However, these quotations do point to drawbacks and for Tax and Development it can bump up against the political complexities which were discussed in the Background section.

On the other hand Sida is now funding the IMF, which is well-known for advising on tax reforms. Based on the history of IMF loan conditionality, many will see a danger of contradiction here with claims to avoid policy interference, as well potentially as with the position with which Sweden's own political tradition is identified. But the Swedish government is confident that under the RMTF, the IMF gives developing countries ownership while the support and advice given will be effective and sustainable.

However, little of Sweden's bilateral aid for tax administration has been evaluated externally, so we cannot say whether it has been as effective as the STA and Sida claim. The previously mentioned government committee report found that only six out of 29 STA projects financed by Sida since 1985 had been evaluated or reviewed. It found 'no explanation' for this. Of some 15 other projects which were financed by the EU, it seems that none at all had been evaluated.[77]

Another problem is that staffing for this at the Ministry for Foreign Affairs appears to be insufficient at present. Several people within Sida and STA work on the topic, in addition to focal points at the Ministries of Foreign Affairs and Finance. However, the wide briefs given to many civil servants mean that no permanent coordination groups have been set up and intra-ministerial and other meetings are all arranged according to requirements. This arises partly from the management model of Swedish public administration (*gemensamberedning* or 'common preparation of matters'). Meanwhile, at the STA it appeared that not enough technical experts are always available for the more highly demanded topics for assistance, so it is not always possible to satisfy demand. Calls on STA expertise on matters like transfer pricing *within* Sweden are a factor in this.

As far as meeting the ATI's targets is concerned, Sweden set its DRM base year to 2014 and, in Swedish kroner, its disbursements doubled in value from then until 2018 (Table 1). Officials pointed out that the ATI Declaration does not specify any particular year from which aid to DRM is to double and said this decision was made before 2015 became the general base year. However, the Monitoring Report for 2015 specified: 'The purpose of this first ATI Monitoring Report ("Baseline Report") is to provide a benchmark against which future capacity building efforts and DRM reforms by its members can be assessed in line with their ATI commitments.'[78] If one country is permitted to choose a different baseline from others it removes the clarity of those benchmarks – especially when (unlike Norway) Sweden's DRM numbers for 2014 do not appear in the OECD's database.

In general, Sweden has reasons for pride in its record of work on capacity building within taxation. However, whilst its approach of responding to requests from aid-receiving countries, and not imposing policies upon them, can be regarded as coming from the bottom up with respect to those states, it is not bottom-up where the *people* of the recipient countries are concerned, since the donor's discussions are only with their governments. So it is also to be welcomed that Sweden is expanding its funding to civil society actors; it remains to be seen whether that will go far enough.

Early scorecard

This is Sweden's project pipeline, in the form of its annual DRM commitments and disbursements as reported at the OECD so far (in millions of US dollars, up to 2017 only):

	2015	2016	2017
Commitments	3.75	0.77	3.13
Disbursements	8.85	6.96	4.03

5.ANALYSIS OF THE FINDINGS

A SERIES OF DILEMMAS

The issue of taxation and development is complicated. It raises numerous different concerns but they point in various directions, and frequently they seem to contradict each other. It therefore becomes hard, and perplexing, to decide what the best policy direction is.

Here are some examples of desirable lines of action which contradict others or at least risk preventing their effective implementation:

- Sweden's tax twinning model is based on the improvement of administrative efficiency. The evidence we found suggests that it may work best (if the goal is to increase revenue) when it concentrates on tax from large foreign-owned companies, as with Norway's successes in Tanzania and Zambia. That is consistent with developing a progressive tax system but it does not broaden the tax base. It might also be achieved better by giving all the world's countries a decisive part in determining global tax rules, rather than through technical assistance from richer countries.

- In view of the very large share of informal employment in both the urban and rural economies of most developing countries, and the low and insecure incomes that this implies, it is hard to reconcile the goal of broadening the tax base with the desire to make taxation technically progressive or egalitarian.

- DRM may be desirable most of all in the poorest countries and most fragile states. But it is argued, both by the government of Sweden and tax justice campaigners, that 'Requests for support with tax audits must come from the tax authorities of countries wanting this form of expert technical assistance.'[79] In practice few of these requests seem to come from countries in those categories. Where will that leave the SDGs?

- There is an obvious paradox in providing aid with the aim of reducing the need for aid. Maybe this is true of all international aid, but it seems especially apparent in this context.

The practical dilemmas were summed up in this question, which was raised in 2013:

The most important single thing that we do not know is how to implement the kinds of policy changes listed or implied above in the environments typical for poor countries. The consensus summarized above is largely among tax policy experts over what, from a technical perspective, governments should do. That leaves open the practical question of what can be done, in the face of opposition from interest groups of various kinds, and through tax administrations that are themselves often inefficient and resistant to change.[80]

All of that being said, the present section of this report will start by comparing the policies and practices pursued as aid for domestic resource mobilisation in the four Nordic countries. This leads on to a discussion of the ATI's place in this task and how it relates to other areas of activity on tax evasion and avoidance, including the BEPS programme.

COMPARISON OF THE FOUR COUNTRIES

Differences

Each country has left its own mark on the work it does for DRM. Sweden has much the longest experience of bilateral aid to Tax and Development, and since 2015 it has conducted bilateral projects in nine countries on four continents; Denmark, Finland and Norway have done such projects in either two or three countries each, all of them in Africa. Their differing geographical ranges can be seen in Table 2.

TABLE 2: BILATERAL DRM PROJECT PARTNERS SINCE 2015 (ARRANGED BY CONTINENT)

Source: OECD DACS database, sector code 15114

	Denmark	Finland	Norway	Sweden
Africa	Mozambique		Mozambique	Mozambique
		Tanzania	Tanzania	
		Zambia	Zambia	
	Ghana			
				Kenya
		Somalia		
Europe				Albania
				Bosnia & Hercegovina
				Kosovo
				Liberia
				Moldova
Asia				Cambodia
America				Guatemala

Sweden's model for bilateral aid is that of 'tax twinning,' in which tax officials work over long periods side by side with their counterparts in the countries that receive the aid. There is a strong insistence on providing the assistance which counterpart tax agencies themselves desire, and an emphasis on the 'service model' of tax administration which Sweden has pioneered, and whose values it tries to impart.

Norway draws on its own history and circumstances, especially in the taxation of the minerals sector and dealing with national governance of that sector and the fiscal problems of the resources curse. Its programme has evolved rapidly since the ATI was set up and now extends well beyond one-on-one projects of technical assistance.

Sweden's could be called a technocratic approach, concerned with the efficacy of tax administration; all the decisions on actual policies are left to the national governments alone. Not every Nordic country entirely follows this line. Thus, Finland's publicity materials refer to the 'Nordic model' of active government; Sweden does not speak of it. The Finnish government's eight-page Action Programme situates it thus:

Increase in tax revenue and efficient and transparent use of the revenue enable programmes and income transfers that reduce inequality and promote inclusive development and growth. The social model of Finland and the other Nordic countries, which emphasises a strong link between taxation and public services, provides a good example of this.[81]

However, this declaration has to be set against actual practice. The Oxfam project supported by Finland, for example, relates to accountability and public services, but its technical assistance to governments remains technocratic and apolitical.

Participation in international arrangements for DRM

The international arrangements for DRM are quite numerous and varied, and all the Nordic countries have participated in them to some extent. However, they do not operate jointly at the Nordic level. A report on cooperation over the SDGs for the Nordic Council of Ministers, published in 2017, made only two references to taxation for development or DRM. One of them listed 'democratic and well-functioning societies, including taxation capacity' as one of four 'priority areas for development policy in respect of SDGs,' but neither reference was followed up in the report as possible areas for Nordic cooperation.[82]

However, multilateral agencies play an important role in the ATI and all the Nordic countries have provided funds to them. They all support the OECD on these matters but they do not support the upgrading of the UN Tax Committee. In other words, they want the actual changes of international policy to take place within OECD processes. In addition, they all support the international financial institutions' (IFIs') work on tax; all except Sweden have also supported ATAF.

DENMARK

It does not show up in the OECD's database (or has not done so yet), but Denmark has assisted important Tax and Development operations at the OECD and the IMF. Danida's 'Openaid' website lists project no. 2015 – 24915, worth US$132,580 and implemented in 2015-16, which assisted 'The project on BEPS, i.e. Base Erosion and Profit Shifting' at the OECD. For four years from 2018 to 2021 it is financing the IMF's RMTF, to which some US$1.5 million was disbursed in 2018, with the same amount budgeted for 2019.[83]

FINLAND

Finland began contributions to the OECD for its BEPS work in 2017. It also provided just over US$900,000 to the UNDP for the Tax Inspectors Without Borders programme. Probably Finland's most ambitious DRM activity to date has been its participation in a World Bank multi-partner fund advising on the management of state revenues in Somalia. It is the only one of the four countries which has not yet worked with the IMF on DRM, but this is under consideration.

NORWAY

Norway has engaged the most fully and imaginatively with the IMF and the World Bank, and it is a contributor to the OECD for BEPS, for which it was on the Steering Group in 2017-18. It has assisted both of the Washington-based IFIs in devising new parts of the system for DRM: the IMF project to develop the TADAT system and the toolkit on tax evasion and other tax crimes with the World Bank. Until 2016 Norway contributed large sums to the IMF's trust funds. Recently, its technical assistance to Zambia and Mozambique has also gone via the IMF, at least in part.

SWEDEN

Sweden's two largest financial commitments in 2018 were both new ventures for it, being contributions to the RMTF and the OECD's BEPS programme.

Perhaps because of its longer experience of Tax and Development aid, Sweden has also been more involved recently in other sorts of international activity. Thus, it sits on the ATI Steering Committee and has a representative on the UN Tax Committee: Ingela Willfors of the Tax and Customs Department at the Ministry of Finance has a four-year term which started in 2017.[84] In May 2018 Sweden also organised a major international conference in Stockholm on tax capacity-building, inviting 160 governments and numerous other organisations. This was immediately followed by ATI meetings hosted by the Swedish Ministry of Finance on DRM indicators and then ATI consultative groups.[85]

Any existing cooperation between the countries

There has been local cooperation on specific projects, for example the TMP in Tanzania which, according to the Norwegian Embassy in Dar-es-Salaam, was provided under a basket fund shared between Denmark, Norway and the UK. One Finnish official referred to 'overlap' between projects at the country level, which was not necessarily considered a bad thing. However, this did not suggest there were any *general* coordination mechanisms between donors: they did coordinate with each other in Tanzania but not in Namibia, for example.

Finnish officials spoke about Nordic cooperation more than others, but even in their case there was little sign that it is being pushed hard. One official referred to 'the World Bank's Nordic-Baltic voting group' while Finland's Action Programme lists 'Development of UN Tax Committee, and closer Nordic cooperation therein' among 12 'Key measures' to achieve its objective of 'revised international tax rules' through 'international cooperation."[86] Norway has echoed this. Finland also has a 'coordinating role' in donors' assistance to ATAF.

On tax more generally, another Finnish official said there was 'a lot of cooperation' between tax administrations under the Nordic Agenda, with 21 working groups on different topics; however, none of these concerned development or developing countries directly. Nevertheless, Finnish officials have visited Stockholm to learn from Sweden's experience of DRM projects.

Alongside the Nordic pole there is also a EU pole, which could be equally attractive to the three countries that are members – although the exception, Norway, has the largest DRM programme of the four. 'The EU will be an important platform for Denmark's development policy engagement in an increasingly globalised world,' Danida wrote in its development strategy, published in 2017. It made no such mention of its Nordic neighbours.[87]

Similarities and synergies

The DRM programmes of all four countries share these three main elements:

- Direct assistance from their own tax authorities to developing countries' tax authorities to improve administrative effectiveness. These aid programmes – especially Sweden's – have been criticised for concentrating on technical aspects of tax raising while leaving technically regressive tax regimes unchanged; but they make a good case for keeping away from recommendations on the choice of taxes and tax rates. Despite some rhetoric, therefore, the Nordic countries in practice do little to promote the Nordic welfare model, as it is widely understood internationally: they tend rather to promote local ownership, which is presented as a distinguishing factor compared to other donors.

- A growing share of assistance going to multilateral agencies (the OECD, IMF and World Bank); some of this work does include questions of tax policy.

- An increasing trend – most notably, but not only, from Norway and Finland – to promote policies and awareness by providing finance and other forms of assistance to relevant parts of civil society.

To an outsider to the Nordic region, these similarities are much more apparent than the differences. That need hardly be surprising in view of the many shared aspects of culture and politics in the region.

As to details, another striking similarity is in the countries in which the four programmes operate, bearing in mind the large number of countries which could benefit from DRM support and, indeed, do so. As can be seen in Table 2, all the bilateral projects are carried out in Africa, except those of Sweden which have been mostly in Europe and, in two cases, on other continents. In Africa there are also overlaps in coverage, with most of Denmark's, Finland's and Norway's projects in the three neighbouring states of Mozambique, Tanzania and Zambia. (Sweden also had a long association with the Tanzanian tax authorities.)

Like Finland and (to some extent) Denmark, Norway's work includes the financing of research work, professional associations (such as ATAF in

Africa) and NGOs that are building up knowledge and understanding in civil society and the media on tax matters. Sweden has also begun recently to provide aid to NGOs for similar work, committing over US$1 million in 2018 to two projects with Diakonia and Oxfam (see Appendix 4).

The overall picture

Insofar as there are any distinctive elements to each country's programme, they can be summarised like this:

- **Norway's** DRM programme is the largest and it operates through specialised regimes such as Oil for Development. In the last year or two it has also expanded rapidly into assisting research and civil-society activities in Tax and Development.
- **Sweden** has the oldest programme and the widest geographical range. It pioneered direct assistance by its own tax administrators and so far it has largely concentrated on bilateral aid of this sort. However, that has begun to change.
- **Finland** has put particular emphasis on working through civil society, so that changes in taxation practices can be achieved as a result of domestic understanding and pressure.
- **Denmark** has so far had the smallest programme, and it appears to be more oriented than the others towards working through the European Union.

However, as the volumes of aid have begun to expand under the ATI programme, all four countries are now doing more of everything than at the beginning, and this has led to a reduction of the differences in character between their programmes as they all move into a wider range of similar activities.

WHERE DOES THE ATI FIT IN?

Regrettably, because of delays in reporting and monitoring donor countries' performance, as well as the length of time required to develop aid programmes, it is too early to judge with any degree of certainty the extent to which the Nordic countries are fulfilling their obligations towards the ATI. But this investigation has taken us well beyond that point and brought home the characteristics of the ATI as a framework.

As far as it goes, the ATI is a beneficial initiative which responds to the domestic needs of some developing countries to improve their fiscal operations. In the circumstances of the FFD Conference in 2015 maybe no other response was immediately feasible and it has to be acknowledged that, even if an agreement in principle for a global tax agency was reached, it would take some time to negotiate and establish. But it *was* possible to arrange more quickly, and quite cheaply, for the narrower remit of monitoring and publicising a widely overlooked area of development assistance. For the Tax and Development approach is not new. Used here and there since 1985, it has been carried out until now as a technocratic exercise, involving the transmission of good civil-service practice. This requires revenue staff to ensure that everyone liable for tax makes a full declaration and is duly pursued for any concealment or failure to pay.

The sheer variety of concerns that DRM appears to answer should be a source of strength. However, there are grounds for thinking that this has on the contrary led to some muddled thinking and a possibly confused outcome. In this section we will explore problems we find with the ATI's purpose, its timeframe and the indicator that it chose. This will lead to questions about the definition of DRM and then the ATI's governance structure, which we will then place in the broader context of international discussions about tax.

First, we go back to the elements of tax reform that we outlined at the beginning: tax policy, tax administration and resource mobilisation, as well as relations between the state and society. Is the central purpose of the ATI to increase revenue, to widen countries' tax bases, improve their administration or combat international profit shifting? Although nominally it is the first of these, in practice it is unclear and this lack of clarity has consequences.

Then there are questions about the timeframe, which was set in 2015 to be very short: a single target to be achieved in five years. It has not been decided what will happen after that or how it will correspond – if at all – with the long-term requirements of state-building, for example.

Lack of clarity

There is not enough information yet to know whether there has been a flood of new commitments leading up to the 2020 target date: all we can say with any degree of confidence is that among the Nordic countries this seems to be the case in Norway but not in Denmark (although there has not been the sharp decline in that country which some might have feared in 2017). The monitoring itself has not been timely, although some timelag is probably inevitable. The monitoring report for the first of the three ATI Commitments in 2016 was not published until May 2018 and for the second and third Commitments, six months later. Full details of DRM aid in 2017 only appeared on the OECD's website in February 2019, and the International Tax Compact (ITC), which is charged with the task, foresees publication of a monitoring report for 2017 as late as July 2019. In March 2019, only a one-page English-language summary of the ATI's work plan for 2018-19 was available on the website (with no date of publication shown), although for 2017-18 there is a full work plan, published in December 2017, in Spanish, French and English.

The choice of indicator and the inconsistent definition of DRM itself raise further issues. There is a lack of clarity over what is actually measured. In view of the potential advantages of well thought-out DRM actions, which go well beyond financing the SDGs, it seems rather narrow for the ATI to use only a single indicator of success – the value of each donor's DRM aid, which is not even an outcome indicator. This reflects strangely on the aid process, prioritising the actions of donors rather than the consequences for recipients. As one Nordic tax official told us about attempts to trace cause and effect in such a complex area of public policy, 'Attribution is so impossible to prove because things can be a result of so many factors.' Simply measuring volumes of aid seems rather far from discovering impacts in the various economic, social and political goals which have been attached to DRM.

And yet outcome indicators for DRM are available. They are described in a page-long feature, 'Indicators for Assessing Progress in Strengthening DRM,' in a report written for the G20 by the Platform for Collaboration on Tax in 2016.[88]

However, much of what is registered on the OECD's website does not, strictly speaking, comply with the 15114 code, which is restricted to aid to public bodies. This was clouded by this much broader advice in the 2015 Monitoring Report:

The DRM code covers the following channels of DRM support: Public sector institutions, non-governmental organisations (NGOs) and civil society, public-private partnerships (PPPs) and networks, as well as multilateral organisations. Reporting on the DRM code also includes ODA flows targeted at core funding to regional tax administration networks (e.g. Inter-American Center of Tax Administrations or African Tax Administration Forum) as well as support allocated to tax research.[89]

We are strongly in favour of this broader understanding than that found in the OECD's formal definition, but it does reduce the clarity which is needed for public accountability.

Lack of reach

In 2015 as many as 89 recipient countries had DRM projects recorded at the ITC, and in 2016, 98 did.[90] However, to date only 23 such 'partner countries' have actually joined the ATI. They do not include some of the biggest, such as Nigeria and South Africa. Mozambique is not among them either. But only the accredited partner countries have signed up to Commitments 2 and 3 on stepping up their own DRM and ensuring policy coherence for development, respectively. This greatly limits the ATI's potential as a forum for dialogue between North and South. It also leaves the ATI with a narrow institutional basis and, partly for that reason, in a poor position to call for many of the changes in tax practice that are required, or to deal adequately with the

question's complexity in general. This has improved since the first two years, when four representatives of donors (three countries and the European Commission) but only two from developing countries sat on its Steering Committee. That was later modified to three from each side (currently Afghanistan, Germany, Senegal, Sweden, the Gambia and the USA). But it is still a long way from the proportions seen in either the numbers of countries or the billions of people in the world as a whole.

The large number of countries receiving DRM aid nevertheless indicates a wide response in the developing world to the concern with improving taxation. That is welcome. However, there has been some duplication or at least overlap between donors, taking up scarce administrative time by making recipients handle concurrent projects from several donors at once. For example, the OECD's data show that Tanzania's US$11.0 million worth of DRM disbursements in 2015 came in the form of 13 projects from seven bilateral donors (Canada, Finland, Germany, Japan, Norway, the UK and the USA). Nearly all of the projects were directly from government to government, and the importance of coordination between them – as mentioned by a Finnish official – cannot be overemphasised.[91] Numerous donors, all trying to build the capacity of one country's tax system, and each one according to its own taxation principles, could be a recipe for confusion.

Meanwhile, the DRM aid is unevenly spread. For example, the ITC's website shows Cameroon to have been in receipt of US$1.7 million worth of commitments in 2016 but only US$471,558 in disbursements, while nearby Côte D'Ivoire received only US$28,001 of each. Chad, meanwhile, was in receipt of US$521,870 of commitments and US$53,282 of disbursements, and Madagascar, US$166,660 in commitments but no disbursements at all. However, in recent years Madagascar has been in receipt of large amounts of inward investment for mining, and its lack of experience in this area and its limited administrative capacity may make it particularly vulnerable to risks of abuse over tax payments.

However, Ghana's aid in the same year amounted to US$18.1 million and US$12.3 million respectively. Ethiopia, one of Africa's largest countries, received US$168,712 in commitments and US$1.8 million in disbursements; its small neighbour, Djibouti, received none of either.[92] Part of the coordination process among the ATI donors should be to even out their aid to countries that are receiving large volumes and decide how to persuade others to take more.

Now, not all technical assistance projects work, especially in new sectors such as this is for many countries on either side of the operation. Denmark's bilateral aid for DRM fell into difficulties in Ghana, Finland's in Namibia and Norway's in Mozambique. There is nothing remarkable or unusual about this: difficulties can arise in aid projects in any country and from any donor. But it needs to be acknowledged as a problem: DRM is not a magic box that can be opened to produce simple and quick results. Nor is aid always effective. One can legitimately ask why, after 30 years of aid to improve its tax administration, Tanzania still had a tax-revenue-to-GDP ratio in 2016 of only 11.9 per cent, the seventh lowest among the 23 partner countries.[93] And any lack of external evaluations makes it difficult – not least, for other donors – to establish clearly where and why problems can arise in this type of aid, and how best to put them right.

The multilaterals

Anxieties remain about claims that link Tax and Development aid to a Nordic fiscal model, not least because of questions whether there even is a distinctly Nordic model any more. However, the principles of relatively high levels of taxation and progressive taxes, to pay for a strong welfare state and good public services, remain well-known internationally. But this region is directing an increasing amount of its work through an agency which has run counter to this model through its history in developing countries. How does this approach stand with respect to policy coherence for development (PCD)?

The Nordic countries are not alone in sending increasing shares of this aid to the multilaterals, including the IMF's Trust Funds. Oxfam America has reported, 'In 2016 alone, the World Bank contributed $352 million to DRM-related projects, and the IMF plans to spend at least $105 million on

DRM-related capacity development in 2018.'[94] Now, the IMF has modified its public attitude to taxation recently, under the pressure of sustained criticism. Nevertheless, a recent review described the policy conditions it requires when lending to countries in financial difficulties like this:

At country level, the Fund has continued to recommend value-added tax and goods and services tax (VAT / GST) increases as the quickest fix to fill budget holes in countries faced by austerity, rather than turning to more progressive income taxes. There is also no evidence that the Fund is looking systematically and proactively at how to make country tax systems more progressive, by either i) changing the design of existing taxes; or ii) introducing or broadening property and wealth taxes.[95]

An IMF staff report on Ecuador in March 2019 noted approvingly of a planned 'comprehensive tax reform,' the design of which 'will build on the recommendations of a recent IMF technical assistance mission' and looks in most respects like a move towards more regressive taxation.[96] Now, Ecuador is not a partner of the ATI and its assistance with DRM in 2016, according to the ITC, was only US$12,371 in commitments and US$242,029 in disbursements; but it is a country which in recent years has *increased* its tax intake after a Tax Equality Act in 2007, an important feature of which was to allow the tax authorities 'to strengthen their control processes and implement regulations that make it easier to control the misuse of tax havens.'[97]

Nevertheless, the review quoted above reported that the IMF's technical assistance on DRM 'has focused on strengthening progressive anti-inequality taxes, including helping many more countries to reduce corporate and personal tax exemptions, to collect taxes from large corporations and high net worth individuals, and to fight tax-dodging, as well as on introducing or broadening property taxes.'[98]

Given the central role of the IMF in the work on tax and development, and the natural preference of some Nordic countries to operate multilaterally due to their own small size, it may be best for now to give the Fund the benefit of any doubt on this. If Norway and the IMF, for example, both recognise the utility of developing a toolkit for assessing tax administrations' capability, it would be unfair to criticise the Oslo government for assisting the IMF in doing so. And if, by working within the IMF's trust funds, Norway and other Nordic countries can ultimately, if indirectly, influence the policies of IMF conditionality for the better, it is to be welcomed.

Political priorities elsewhere

The ATI then needs to be more careful in ensuring that its basic definitions, indicators and other technicalities are unambiguous and available to more than just the professionals who work in this area, and also that all of its work is timely. However, there is also a lack of consistency between the simple, donor-focused targets of the ATI and the demanding tasks of the SDGs, which leads to doubts about the effectiveness of DRM in the context of policy coherence. The dangers of any lack of clarity here have been clearly indicated:

Implicit in the SDG logic is that the goals depend on each other — but no one has specified exactly how. International negotiations gloss over tricky trade-offs. Still, balancing interests and priorities is what policymakers do — and the need will surface when the goals are being implemented. If countries ignore the overlaps and simply start trying to tick off targets one by one, they risk perverse outcomes.[99]

When referring to the ATI's three commitments, another commentator remarked: 'There is no concrete data on ATI commitment 3 (ensuring policy coherence) as the concept lacks clarity.'[100]

Maybe developing countries have sensed these uncertainties by not signing up to the ATI as an institution, even if at the same time they receive donors' assistance on taxation. One might even be tempted to ask why a developing country would want to join the ATI. The 2015 monitoring report commented, 'Other countries have refrained from joining as their current political priorities lie elsewhere too or the topic of domestic revenue mobilisation is considered *a highly sensitive issue* for such a visible commitment.'[101]

PERPETUATING A FLAWED SYSTEM

At the time of the FFD Conference in Addis Ababa, the biggest international concerns over taxation were not with developing countries' internal resources but the here-and-now of abusive transfer pricing by TNCs and their use of tax havens. In fact the AAAA was seen in some circles as a defeat for developing countries. The task of oversight of taxation issues was left in the hands of the OECD, which reports on this to the G20, while developing countries would, at most, have 'access' or rights of consultation, perhaps expanded but not enabling them to participate fully in decisions. The G20 excludes nearly all of Africa, the continent on which the impact of dishonest transfer pricing and the need for DRM are generally acknowledged to be the greatest. On the evening of the agreement, Tove Maria Ryding of Eurodad commented sharply:

After three days of bullying, developing countries were finally run over... [They] will now have to accept that global tax standards will get decided in a closed room where they are not welcome... This was never a negotiation in good faith, and the developed countries have consistently refused to even discuss the issues on the table.[102]

When seen in the context of the BEPS programme, DRM looks like rather a narrow concept. It underplays the importance of powerful global operators and the special difficulty in managing them that is faced by developing countries. This is seen in the rules more recently decided at the OECD on exchanges of information for CBCR, as explained in equally sharp terms by the Chief Executive of the Tax Justice Network:

Access to companies' country-by-country reporting will not be automatic but will depend on the data being passed on by tax authorities in the headquarters countries – largely OECD member states. This hinges on meeting certain conditions, so that the data cannot be made public, nor used for unitary tax approaches – regardless of, or perhaps because of, the fact that such approaches might well reduce avoidance markedly...

The OECD is unable, politically, to identify the fastest growing financial secrecy jurisdiction [the USA] as non-cooperative. There is then no basis on which the OECD could be considered as a legitimate, international arbiter of global tax cooperation.[103]

This leads the same author to a troubling conclusion:

Fully public CBCR data would represent a paradigmatic example of transparency... At present, however, the OECD has imposed severe restrictions on access to the data – creating a risk that the inequalities in taxing rights faced by lower-income countries may actually be exacerbated, rather than ameliorated.[104]

These restrictions, decided at the OECD, seem likely to reduce substantially the tax revenue that developing countries will in practice be able to gather, when compared with what a different CBCR mechanism would yield. And that is why policies in this area need to be determined by a universal agency, not a rich men's club.

As the OECD itself explains, 'The BEPS package of 15 measures was delivered in October 2015. The package of measures was developed by 44 countries including all OECD and G20 Members participating on an equal footing, as well as through widespread consultations with more than 80 other jurisdictions,' plus input from other stakeholders.105 In total, the expanded 'Inclusive Framework on BEPS' now numbers 129 countries (including the original 44).106 They are said to represent 'more than 90% of the world's economy and more than 75% of the world's population.'107 But that still left the actual decisions to be made by just 44 wealthy countries, while the problems of TNCs' profit shifting and planned tax avoidance are most acutely felt precisely in those countries which have 25 per cent of the world's population but only 10 per cent of its economic presence. Above all, it is that quarter of the world's people that the SDGs were set up for, and their voice needs to be heard. The use of the FFD conference to create the ATI effectively sidestepped these issues and can even be seen to be perpetuating a global system that is flawed and inequitable.

Meanwhile, the governance structure of the G20 itself has been strongly criticised on legal grounds:

The G20, in particular, is 'severely flawed' as it does not possess legal personality nor does it have a treaty or charter in which the competences and procedural principles of the organisation are defined, including formalised rules for membership and processes for decision-making and resolving disputes. Nor does the G20 possess any formal mechanisms either for reporting or for accountability to the broader international community. The summit meetings are held behind closed doors and the only way the public can learn about the G20 leaders' deliberations is through their communiqués.[108]

The same legal assessment concludes:

The BEPS Project, like any other OECD-led tax reforms, is a reflection of international politics where powerful states largely dictate the global course of actions and the voice of weaker states is often marginalised... the OECD could have served as a critical counterforce to political opportunism, maybe even dispelled its unwanted reputation as 'the rich man's club' by providing an equal platform for developing countries to participate in the initial agenda-setting and decision-making process on BEPS. Instead, it maintained the status quo and ignored the wider call for a much-needed fundamental coordinated reform that addresses the underlying problems and biases of the current international tax system.[109]

A THEORY OF CHANGE?

If there is a theory of change implied in the ATI, it appears to be that benevolent technical advice, passed behind closed doors by one country's civil servants to another's, can normally be expected to work to the advantage of most people – including the poorest – in the country which is the object of advice, regardless of the domestic politics or international economics of the situation. This seems remarkably optimistic. It seems unlikely to achieve the international empowerment of the dependent state itself, let alone that of its poorest and most vulnerable citizens. Kaldor already addressed this question in 1963:

No doubt, expert advice on tax reform can be very useful in making men of good will – ministers or officials – conscious of the precise nature of the legislative and administrative changes that are required. But what can actually be accomplished does not depend merely on the individual good will of ministers or on the correct intellectual appreciation of the technical problems involved. It is predominantly a matter of political power.[110]

That is the essence of the problem: from the IMF's policy advisors in the 1980s to Nordic tax administrations in recent years, Tax and Development has been regarded in the aid community as primarily a matter of economics and administrative method, to be dealt with by experienced technicians. But at heart it is political, and the political issues that surround it need to be at the centre of our thinking.

There are concerns that DRM is the start of a strategy to roll back international aid by making impoverished countries pay steadily more of the costs of development. In effect, this is the same point as the ending of aid dependency but seen in a negative light. Others may see DRM as part of a package of pro-business measures. For example, Denmark's development strategy, published in 2017, put it like this:

The developing countries must increasingly mobilise their own resources through strengthened initiatives via tax systems, combating tax havens and an improved business climate to encourage private investments, economic freedom and respect for private property.[111]

Was the issue of resource mobilisation something that needed to be sorted out quickly in 2015 for the sake of the SDGs? Or did it reflect a deeper, chronic problem? If it was the latter, a long-term approach was surely necessary. For that purpose, tax reform needs to be rooted in domestic social and political processes, not counselled from outside.

6.CONCLUSIONS, WITH RECOMMENDATIONS FOR FUTURE POLICY AND PRACTICE

It is a frequent occurrence in international policy that pressures build up for reform in an important area and then lead to a highly publicised global conference. But all too often, the conference then manages to crush the initiative or it achieves a seemingly purposeful but vaguely worded agreement, which is then implemented half-heartedly at best.[112] There is a legitimate fear that the tax measures agreed in 2015 could be repeating that pattern. The ATI is an important initiative and perhaps a necessary one, as far as it goes. We need to keep track of it. But it is not sufficient for the numerous tasks that have been placed on it.

As the outsourced administrative apparatus of the ATI, the ITC has called for 'a highly participatory process aimed at developing a new ATI declaration to be launched in 2020,"[113] and it will be important that Nordic countries play a full and constructive part in it, using every lever of influence available. These include Sweden's current place on both the ATI Steering Committee and the UN Tax Committee, and Norway's vice-presidency of the UN Economic and Social Council (ECOSOC) in 2019-20.

Our recommendations for the Nordic countries' role in the ATI and related matters are here grouped under four headings.

For the planned new ATI Declaration in 2020

1. Bring all developing countries (and not just ATI partner countries) into a full dialogue to ensure that their priorities for tax reform prevail after 2020, and reform the ATI and associated processes, including the OECD, to comply with this.
2. In line with the above, extend the ATI into a long-term process which uses a selection of *outcome* indicators in partner developing countries themselves.
3. Introduce systematic measures for coordination at various levels between ATI donors, in order to avoid duplication, conflicts between donors' objectives and methods, excessive use of civil servants' time in partner countries and the concentration of aid efforts in only a few countries.
4. Clarify the definition of DRM which is used for the purposes of OECD registration and ATI monitoring.
5. Ensure that all of the ATI's technicalities are unambiguous and available to more than just the professionals who work in this area.
6. Encourage measures that will build up domestic understanding of tax and development issues.

Other recommendations for the ATI

1. Even out the aid between countries that receive large volumes of assistance and decide how to persuade others to take more.
2. Ensure that reporting and monitoring requirements are fully transparent and uniform, and provided in a timely manner as well as clearly explained on the ATI's, International Tax Compact's and OECD DAC's websites, as appropriate.

Nordic countries in general

The Nordic countries should press for all of the above clarifications and modifications and seek to persuade other donors, including the multilateral agencies, to do likewise. Their common methods should include the following:

1. Establish a common strategy between the four countries for the medium and long terms, to promote tax policies that contribute to policy coherence for development. This should include:

    a. Official working groups on DRM involving tax administrations or finance ministries and national aid agencies, to discuss both policy and technical issues – in preference to informal discussions and unofficial cooperation;

    b. Through these working groups, establish common positions on policies for Tax and Development and discuss how they can cooperate on joint projects or common programmes within which each Nordic country can play to its strengths, while ensuring that other important aspects of the question are not overlooked;

    c. Establish common positions to persuade both the ATI and multilateral agencies to pursue a technically progressive approach to DRM, in line with established Nordic principles. This should include full representation of developing countries in all deliberations on BEPS and corporate reporting at the OECD, and solidarity with the developing countries' position on the creation of a global tax agency. We believe that most of the Nordic governments understand this question and we urge them to press for it widely.

    d. Always encourage and emphasise in the first instance *domestically* originated research, analysis and advocacy for better tax systems.

2. Support developing countries' full participation in all debates and decisions on BEPS and corporate reporting by every route possible.

3. Through their DRM work, make clear from their own experience the benefits that are available to small countries from cooperation.

4. Continue to share lessons from their own tax systems, for example from Sweden and Finland on the merits of openness and from Norway on taxing extractive industries.

5. Include lessons learnt on progressive taxation when countries ask for policy advice.

6. Do spillover analyses of their own Tax and Development policies to assess how they affect developing countries more broadly than in taxation alone.

7. Continue to support civil society widely in furtherance of productive democratic discussions on tax systems and policies in the partner countries.

8. Much more of the work needs to be independently evaluated.

Nordic countries in particular

DENMARK

1. Clarify the national strategy and theory of change on tax and development.

2. Engage fully with the other Nordic countries in all work related to the ATI and BEPS.

3. Increase its funding in order to meet its ATI commitments.

4. Set up interministerial or stakeholder working groups to stimulate this sector of work.

5. Continue to support work on new international rules on taxation and ensure policy coherence between its own policies and the work it supports through the IMF and the World Bank.

FINLAND

1. Make sure the country increases its funding in order to meet its ATI commitments by 2020.

2. Sustain its support for a variety of actors, including government agencies, civil society, parliamentarians and regional experts in order to build both technical and policy capacity and raise awareness of policy choices.

3. For the sake of policy coherence, make sure that its policy stances on tax and development at the OECD, the IMF, the World Bank, the EU and other international forums are consistent with its own aims as well as best practices in the Global South.

4. Sustain its system of domestic government coordination on the topic. The other countries should follow this example.

NORWAY (ITEMS 1 AND 2 IN VIEW OF ITS ROLE AT ECOSOC)

1. Inquire into the effectiveness of the ATI as a mechanism for domestic and international tax reform.

2. Seek to expand the role of the UN Tax Committee.

3. Continue with a broad approach to different actors, including the vital educational work for which it is using some of its DRM aid.

4. Continue to draw on its special expertise in oil and gas and other extractive sectors.

SWEDEN (ESPECIALLY IN VIEW OF ITS ROLES ON THE ATI STEERING COMMITTEE AND THE UN TAX COMMITTEE)

1. Push for all the recommendations on the ATI which are listed above.

2. In its own aid programme, continue to work on capacity building and look more into improving policy coherence.

3. Improve its coordination mechanisms for policy coherence and become more aware of the spillover effects that its international policy positions can have on developing countries.

4. Commission full external evaluations of its projects more regularly and systematically.

APPENDIX 1

DENMARK: PROJECTS REGISTERED AT THE OECD

2014 COMMITMENTS

Recipient	Project	Value (US$)
Mozambique	General budget support for Poverty Reduction Strategy*	22.25m
TOTAL		22.25m

* See the note under Denmark's 2015 Commitments, below. It seems reasonable to suppose that the sum quoted here covers the whole of Denmark's budget support programme and not only funds that are put towards DRM.

2015 COMMITMENTS*

Recipient	Project	Value (US$)
Ghana	Ghana Revenue Authority (GRA): Tax and Development programme	3.72m
Mozambique	DRM support for local/regional NGOs under Poverty Reduction Strategy	1.19m
	Teaching and research institutions on DRM	594,760
African Tax Administration Forum	For ATAF's strategic work	669,105
Tax Justice Network, Africa	General support	446,070
UN Economic Commission for Africa	Implementing High-Level Panel's report on illicit financial flows from Africa	255,747
Multilateral agencies	Small-scale activities aggregated	115,978
TOTAL		6.99m

* The ATI's Monitoring Report for 2015 contains this note: 'The CRS code 15114 has to cover a broad range of aspects of "tax and development" activities, but without specifying more concretely which activities to include and which not. This has resulted in the fact that a number of Danish activities that, among others, had/have a focus on, for instance, PFM, tax system modernisation, dialogue with civil society, or enforcing tax legislation have not been reported under CRS code 15114 but other CRS codes. This is also due to the fact that the process and criteria of how to identify a (share of a) project to be reported under this code have not been regulated or clearly defined. With Denmark's commitment in the ATI framework, this aspect will be given more focused attention to be sure that future reporting is done more carefully.'[114]

2015 DISBURSEMENTS

Recipient	Project	Value (US$)
Mozambique (total: $4.09m)	Implementation of DRM under Poverty Reduction Strategy	2.23m
	IMF's Poverty Reduction and Growth Trust	669,105
	DRM support for local/regional NGOs under Poverty Reduction Strategy	597,013
	Teaching and research institutions on DRM	593,038
Ghana	GRA: Tax and Development programme	1.39m
		364,005
		44,785
National NGOs	Developing responsible tax criteria for DRM	490,677
UN Economic Commission for Africa	Implementing High-Level Panel's report on illicit financial flows (IFF) from Africa	255,747
African Tax Administration Forum	For ATAF's strategic work	223,035
Tax Justice Network, Africa	General support	148,690
Multilateral agencies	Small-scale activities aggregated	115,978
TOTAL		7.12m

2016 COMMITMENTS

Recipient	Project	Value (US$)
Ghana	Small-scale activities aggregated	23,771
TOTAL		23,771

2016 DISBURSEMENTS

Recipient	Project	Value (US$)
Ghana	GRA: Tax and Development programme	3.87m
		557,782
		387,872
	Small-scale activities aggregated	2,671
African Tax Administration Forum	For ATAF's strategic work	222,856
National NGOs	Developing responsible tax criteria for DRM	29,714
TOTAL		5.07m

2017 COMMITMENTS - NONE

2017 DISBURSEMENTS

RECIPIENT	PROJECT	VALUE (US$)
Ghana	GRA: Tax and Development programme	2.77m
		695,657
	DRM support for local/regional NGOs	692,680
Tax Justice Network, Africa	General support	302,245
African Tax Administration Forum	For ATAF's strategic work	227,211
TOTAL		4.68m

APPENDIX 2

FINLAND: PROJECTS REGISTERED AT THE OECD

2015 COMMITMENTS

Recipient	Project	Value (US$)
Somalia	World Bank multi-partner fund for management of state revenues	4.44m
Zambia Public Procurement Authority	Capacity building	1.44m
Transparency International	Support for T.I. Secretariat's strategy	887,410
African Tax Administration Forum	General contribution	188,575
Tax Justice Network, East Africa	Support for citizen-driven actions	110,926
Evaluation of Finnish SOEs' country-by-country reporting	Purpose: a reporting standard for all internationally operating companies	61,009
TOTAL		7.13m

2015 DISBURSEMENTS

RECIPIENT	PROJECT	VALUE (US$)
Tanzania	Public Financial Management Reform	1.33m
Zambia via World Bank	Public Financial Management Reform	1.11m
Transparency International	Core funding of current strategy	887,410
Transparency International, Kenya	Sub-national, in Western and Nyanza provinces	29,196
Oxfam	Mobilising Progressive Domestic Resources for Quality Public Services	776,484
Financial Transparency Coalition	Center for International Policy	195,674
Tax Justice Network, East Africa	Support for citizen-driven actions	88,741
Action Plan to Combat International Tax Avoidance	To develop a standard for country-by-country reporting	61,009
African Tax Administration Forum	Technical assistance to member countries on transfer pricing	59,578
TOTAL		4.54m

2016 COMMITMENTS

Recipient	Project	Value (US$)
Tax Inspectors Without Borders	€800,000 grant via UNDP	884,662
African Tax Administration Forum	Technical assistance	331,748
TOTAL		1.22m

2016 DISBURSEMENTS

Recipient	Project	Value (US$)
Somalia	World Bank multi-partner fund for management of state revenues	2.21m
Oxfam	Progressive DRM	387,040
Financial Transparency Coalition	Center for International Policy	321,354
African Tax Administration Forum	Technical assistance	73,014
TOTAL		2.99m

2017 COMMITMENTS

Recipient	Project	Value (US$)
Tanzania	Tax Modernisation Programme at Tanzania Revenue Authority (TRA), via basket fund: €4m, 2017-21.	4.51m
	Finnish Tax Administration (FTA) twinning with TRA, 2018-21 (attached to the project above)	1.13m
OECD	Programme on BEPS and Development	563,634
TOTAL		6.20m

2017 DISBURSEMENTS

Recipient	Project	Value (US$)
UNDP	Tax Inspectors Without Borders	901,815
OECD	BEPS programme	225,454
African Tax Administration Forum	FTA's technical assistance to Namibia	4,169
TOTAL		1.13m

APPENDIX 3

NORWAY: PROJECTS REGISTERED AT THE OECD

2014 COMMITMENTS

Recipient	Project	Value (US$)
Zambia	Zambia Revenue Authority (ZRA): monitoring minerals value chain	7.93m
	ZRA: large taxpayer administration	317,365
Mozambique	Common Fund on taxation for Mozambican Revenue Authority (MRA)	2.03m
IMF	Tax Administration Diagnostic Assessment Tool (TADAT)	1.59m
	Trust fund on tax policy and administration	952,094
NGOs in Africa	Campaigning, research and advocacy	583,316
NGOs (unspecified)		329,424
Zimbabwe	Natural resource management and National income distribution	220,568
Montenegro	Taxation policy on hydrocarbons	158,682
TOTAL		14.11m

2014 DISBURSEMENTS

Recipient	Project	Value (US$)
Mozambique	MRA: Common Fund on taxation	2.03m
	MRA: petroleum taxation and tax audit	581,404
Zambia	ZRA: large taxpayer administration	1.84m
	ZRA: monitoring minerals value chain	317,365
Norwegian Research Council	Tax and capital flight in developing countries	1.59m
Tanzania	Resource revenue management capacity	626,394
	Specialised capacity development	282,073
	Review of DRM	169,654
	Capital flight study	133,952
International Centre for Taxation and Development	Research programme to improve taxation systems	634,729
IMF	TADAT diagnostic tool	317,365
	Trust fund on tax policy and administration	317,364
NGOs in Africa	Campaigning, research and advocacy	291,658
NGOs (unspecified)		164,712
Trade unions in Western Balkans	Taxation, informal economy and corruption	265,342
Zimbabwe	Natural resource management and national income distribution	193,286
Montenegro	Taxation policy on hydrocarbons	158,682
TOTAL		9.91m

2015 COMMITMENTS

Recipient	Project	Value (US$)
Mozambique	MRA: Common Fund on taxation	5.58m
	Cooperation between Norwegian Tax Administration (NTA) and MRA	1.86m
Tanzania	Tax Modernisation Programme	5.95m
	Capital flight study	124,003
Zambia	ZRA: large taxpayer administration	468,513
Sub-Saharan Africa	Tax administration workshop in Lusaka	80,602
Ukraine	Ministry of Finance for upstream gas taxation	29,017
TOTAL		14.09m

2015 DISBURSEMENTS

Recipient	Project	Value (US$)
Tanzania	Tax Modernisation Programme	4.33m
	Capital flight study	504,231
	Specialised capacity development	168,782
Zambia	ZRA: monitoring minerals value chain	2.28m
	ZRA: large taxpayer administration	1.28m
Mozambique	MRA: Common Fund on taxation	1.36m
	MRA: capacity building	299,447
	MRA: petroleum taxation and tax audit	144,753
Norwegian Research Council	Tax and capital flight in developing countries	1.24m
IMF	Technical assistance on Oil for Development	403,394
	TADAT diagnostic tool	248,007
	Trust fund on tax policy and administration	248,007
International Centre for Taxation and Development	Research programme to improve taxation systems	744,020
NGOs in Africa	Campaigning, research and advocacy	227,918
NGOs (unspecified)		128,715
Trade unions in Western Balkans	Taxation, informal economy and corruption	78,012
Sub-Saharan Africa	Tax administration workshop in Lusaka	27,078
Ukraine	Ministry of Finance for upstream gas taxation	19,434
TOTAL		13.73m

2016 COMMITMENTS

Recipient	Project	Value (US$)
IMF	Trust fund on natural resource wealth	4.76m
	TADAT diagnostic tool	476,179
Zambia	ZRA: large taxpayer administration	1.90m
World Bank	Toolkit on tax crimes	452,370
International NGOs	Mobilising For Tax Justice programme	440,466
NGOs in Africa	Campaigning, research and advocacy	213,204
NGOs (unspecified)		97,849
Eastern Africa	For international NGOs: Natural Resource Charter on petroleum governance	107,140
Global activities		71,427
Ghana		60,713
Tanzania		39,285
Uganda		24,999
Norwegian Oil Taxation Office	Expenditure on 'Oil for Development' programme	95,236
Myanmar	Media and petroleum governance	89,284
Uganda	Media and illicit financial flows	46,402
Morocco		27,104
Senegal		13,383
South Africa		7,935
Africa, regional	Media and petroleum revenue management	42,672
Tanzania		3,430
Trade unions in Western Balkans	Taxation, informal economy and corruption	17,705
TOTAL		8.99m

2016 DISBURSEMENTS

Recipient	Project	Value (US$)
Zambia	ZRA: large taxpayer administration via IMF	952,358
	ZRA: monitoring minerals value chain	593,662
	ZRA: large taxpayer administration via IMF	41,023
Tanzania	Tax Modernisation Programme	1.32m
	Natural Resource Charter	168,553
	Media and petroleum revenue management	61,096
IMF	Trust fund on natural resource wealth	535,702
	Trust fund on tax policy and administration	238,090
	TADAT diagnostic tool	238,090
Regional Africa	For international NGOs: Natural Resource Charter on petroleum governance	169,114
Uganda		136,481
Ghana		121,426
Global activities		112,742
Uganda	Media and illicit financial flows	87,901
Morocco		75,543
Senegal		61,036
South Africa		53,708
Africa, regional		43,233
NGOs in Africa	Campaigning, research and advocacy	213,204
NGOs (unspecified)		97,849
International standards	For international NGOs: Preventing the natural resource curse	108,212
Aid donors		53,332
Uganda International standards		52,737
Myanmar		33,809
South Sudan		25,595
Liberia		12,024
World Bank	Toolkit on tax crimes	238,090
International NGOs	Mobilising For Tax Justice programme	220,233
Africa, regional	Media and petroleum revenue management	88,255
Iraq		34,638
Uganda		34,305
Liberia		19,796
Mozambique	MRA: capacity building from NTA	157,251
Myanmar	International NGOs: petroleum governance	89,284
Trade unions in Western Balkans	Taxation, informal economy and corruption	17,705
TOTAL		6.51m

2017 COMMITMENTS

Recipient	Project	Value (US$)
Mozambique	Modernisation of Central Bank, via IMF	3.02m
African regions	International NGOs on media and IFF	616,517
Cross-programme costs		563,862
African regional partners		230,377
Liberia		198,828
Uganda		186,207
Sierra Leone		110,800
Tunisia		94,921
ActionAid International	Tax Justice for Gender	1.93m
Global	International NGOs on media oversight in petroleum management	652,884
Sub-Saharan Africa		284,125
Uganda		278,080
Tanzania		278,080
Ghana		241,809
Myanmar		126,950
Global	International NGOs on petroleum governance	519,889
Ghana		423,165
Mozambique		423,165
Tanzania		423,165
Afrodad	Transparency and financial flows	734,556
APMDD, Asia		340,463
Latindadd		324,351
Eurodad		232,839
Global	International NGOs on the resource curse	870,511
Myanmar		108,814
South Sudan		108,814
Various countries	National NGOs and DRM	952,534
Tax Justice Network	Research and Journalism on IFF in Africa	870,511
Norwegian Min. Finance	DRM for various countries under the OfD programme	241,809
NTA		60,452
TOTAL		15.46m

2017 DISBURSEMENTS

Recipient	Project	Value (US$)
Zambia	ZRA: monitoring minerals value chain	1.27m
	ZRA: large taxpayer administration via IMF	679,918
Mozambique	Modernisation of Central Bank, via IMF	1.03m
Global	International NGOs on petroleum governance	241,809
Tanzania		229,718
Mozambique		217,628
Ghana		205,537
Global	International NGOs on media oversight in petroleum management	217,628
Tanzania		157,176
Uganda		157,176
Ghana		120,904
Sub-Saharan Africa		105,791
Myanmar		63,748
ActionAid International	Tax Justice for Gender	585,298
Global	International NGOs on the resource curse	435,256
Myanmar		54,407
South Sudan		54,407
Afrodad	Transparency and financial flows	233,456
Latindadd		105,689
APMDD, Asia		92,604
Eurodad		74,904
Cross-programme costs	International NGOs on media and IFF	132,201
African regions		124,913
African regional partners		76,792
Liberia		64,968
Tunisia		47,460
Uganda		35,088
Sierra Leone		16,156
Tax Justice Network	Research and Journalism on IFF in Africa	290,159
IMF	TADAT diagnostic tool	241,809
International NGOs	Mobilising For Tax Justice programme	223,673
World Bank	Toolkit on tax crimes	217,628
Various countries	National NGOs and DRM	182,538
NTA	DRM under the OfD programme	106,730
TOTAL		8.07m

APPENDIX 4

SWEDEN: PROJECTS REGISTERED AT THE OECD

2015 COMMITMENTS

Recipient	Project	Value (US$)
Guatemala	Support to Central American Institute for Fiscal Studies (ICEFI), Phase 3	2.61m
OECD	Tax and Development programme	581,306
Cambodia	Inception of tax cooperation	328,278
Bosnia & Hercegovina	Reform of tax system	213,541
Turkey	Study visit to STA on VAT	11,792
Moldova	Study visit to STA	3,595
TOTAL		3.75m

2015 DISBURSEMENTS

Recipient	Project	Value (US$)
Kenya	Kenya Revenue Authority (KRA): data warehouse for information management (jointly financed with Kenya and Denmark)	2.34m
	KRA – STA project	1.22m
Kosovo	Land tax project	1.46m
Liberia	Public Financial Management Capacity Building	1.19m
Moldova	Tax System Reform	1.15m
Guatemala	Support to Central American Institute for Fiscal Studies (ICEFI)	652,860
OECD Tax and Development programme		581,306
Mozambique	Common Fund tax project	82,283
Albania	Design missions for new STA project on fiscal cadastre	75,242
Cambodia	Inception of tax cooperation	52,689
Bosnia & Hercegovina	Reform of tax system	35,590
Turkey	Study visit to STA on VAT	7,759
Macedonia	Study visit to STA	3,938
Moldova	Study visit to STA	1,661
TOTAL		8.85m

2016 COMMITMENTS

Recipient	Project	Value (US$)
Cambodia	Sida & STA's contribution to EU project	753,813
Moldova	Impact assessment of STA tax reform	11,904
TOTAL		765,717

2016 DISBURSEMENTS

Recipient	Project	Value (US$)
Kenya	KRA: data warehouse for information mgt (jointly financed with Kenya and Denmark)	2.44m
	KRA – STA project	852,661
Kosovo Property tax system		1.56m
Moldova	Tax system reform	938,436
	Impact assessment of STA tax reform	11,904
Mozambique	Common Fund tax project	701,221
	Tax agency – preparation for cooperation (aborted)	35,424
Cambodia	Inception of tax cooperation	204,233
	Sida's contribution to and EU project with the STA; administered by Sida	45,616
Bosnia & Hercegovina	Reform of tax system, inception phase	170,677
TOTAL		6.96m

2017 COMMITMENTS

Recipient	Project	Value (US$)
Bosnia & Hercegovina	Tax system reform: STA long-term expert from April 2017	3.10m
Unspecified	Stockholm International Tax Conference on developing countries and tax evasion	24,607
TOTAL		3.13m

2017 DISBURSEMENTS

Recipient	Project	Value (US$)
Kosovo	Land tax project	1.11m
Kenya	Data warehouse for information management	701,578
Annual external audit of data warehouse		252,770
Mozambique	Common Fund tax project	620,803
	STA tax twinning	528,233
Bosnia & Hercegovina	Tax system reform: long-term expert	656,747
Moldova	Tax system reform	124,056
Unspecified	Stockholm International Tax Conference in 2018	147,645
Cambodia	Sida & STA's contribution to EU project	113,553
	Tax cooperation, inception phase	4,488
TOTAL		4.03m

2018 COMMITMENTS [115]

Recipient	Project	Value (SEK)
OECD	BEPS programme	10,000
IMF	DRM Trust Fund	10,000
Kosovo	Land and property tax system	9,722
Kenya	KRA – STA project	7,643
Bosnia & Hercegovina	Tax system reform	7,153
Diakonia	Promoting DRM in Sub-Saharan Africa	6,400
Albania	Fiscal cadastre and property tax	5,641
Oxfam	Fair Financial Flows project	4,559
Unspecified	Stockholm International Tax Conference	4,438
Moldova	Tax Reform II project	2,900
	Inception phase, Tax Reform II project	1,700
Mozambique	STA tax twinning	1,881
Cambodia	Sida & STA's contribution to EU project	1,788
Ukraine	STA: Preparatory Study	260
	STA: TADAT mission	145
TOTAL		74,229

ENDNOTES

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2 The SDGs are defined in: UN General Assembly (2015), 'Resolution adopted by the General Assembly on 25 September 2015: Transforming our world: the 2030 Agenda for Sustainable Development,' New York, October 21st, https://sustainabledevelopment.un.org/index.php?menu=2361 (March 2019).

3 ATI (2015), 'Financing for Development Conference: The Addis Tax Initiative – Declaration,' www.addistaxinitiative.net/documents/Addis-Tax-Initiative_Declaration_EN.pdf.

4 http://old.iceida.is/iceida-projects (February 2019).

5 Nordic Development Fund (undated), 'Agile and Innovative: NDF Looking Ahead: NDF Strategy,' www.ndf.fi/sites/ndf.fi/files/attach/ndf_strategy2016_lowres_0.pdf, p. 2, (March 2019).

6 In 2016 a new sector called Domestic Resource Mobilisation was defined in the OECD DAC's database under code no. 15114. This transferred the 'tax policy and administration' element of code 15111 (which covers Public Finance Management or PFM) and is defined thus: 'Support to domestic revenue mobilisation/tax policy, analysis and administration as well as non-tax public revenue, which includes work with ministries of finance, line ministries, revenue authorities or other local, regional or national public bodies.' See OECD (2016), 'Guidance Note for Using the DRM Code,' Paris, p. 4.

7 OECD (2016), p. 3.

8 The term 'tax evasion' is generally applied to illegal means of escaping the payment of tax, while 'tax avoidance' is the use of legal (but implicitly unethical) means to ensure that no taxes, or less tax, falls due.

9 ATI (2015), p. 3.

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13 Kaldor, N. (1963), 'Will Underdeveloped Countries Learn To Tax?,' Foreign Affairs, Vol. 41, No. 2 (Jan., 1963), pp. 410-419, www.jstor.org/stable/20029626 (January 2019), p. 410. Cited in O.-H. Fjeldstad (2013), 'Taxation and Development: A review of donor support to strengthen tax systems in developing countries,' Helsinki: UNU-WIDER, Working Paper no. 2013/010, www.wider.unu.edu/sites/default/files/WP2013-010.pdf (March 2019), p. 2.

14 OECD (2016), p. 3.

15 Kaldor (1963), p. 414.

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