Implementing the Addis Tax Initiative: The Road from Addis

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Today’s Topics

• What’s with Addis?

• Movement since July

• Other Pieces of the DRM puzzle
What is DRM?

The process in which countries raise their own funds to provide for their people.
The Road to Addis (FFD3)

- Two prior FFD conferences
- Downward trend in ODA
- Growing role of DRM
- DRM took center stage
Countries
Australia
Belgium
Cameroon
Canada
Denmark
Ethiopia
European Commission
Finland
France
Ghana
Indonesia
Italy
Kenya
Korea
Liberia
Luxembourg
Malawi
Norway
Philippines
Rwanda
Senegal
Sierra Leone
Slovenia
Sweden
Switzerland
Tanzania

Supporting Organizations
ATAF
Bill & Melinda Gates Foundation
CATA
Global Forum on Transparency and Exchange of Information for Tax Purposes
CIAT
IIMF
OECD
World Bank
What is ATI?

• A partnership to improve DRM

• Donors agreed to substantially increase funding of DRM by 2020

• Developing countries agreed to raise revenues and use the funds effectively to pursue Strategic Development Goal (SDGs)
ATI Principles Address:

• The imperative to both raise domestic resources and channel them toward effective public services
• The importance of fostering fair, efficient and transparent tax systems and an equitable distribution of tax burdens and benefits
• The role of broad-based dialogue in ensuring country ownership, implementation and accountability
Why Care about DRM?

- Reducing external dependence
- Adequate funding for post-2015 SDGs
- Stability and predictability
- Ownership and governance

Ethiopia: Sufian Ahmed

Nigeria: Ngozi Okonjo-Iweala

Tanzania

Rwanda
Progress since Addis

- Tax Administration Diagnostic Assessment Tool (TADAT)
  - Joint missions with IMF to Rwanda, Uganda, Jamaica
- Growing Evidence of DRM Effectiveness
Rwanda signs ATI

- After considered thought, Rwanda took the plunge
Afghanistan started to implement a DRM program.
Growing Support Since Addis

- DRM at the UNGA
- MFAN signals
- Key sector interests recognize possibilities
Other Developments

• Base Erosion and Profit Shifting
Other Developments

- Base Erosion and Profit Shifting (BEPS)
- Tax Incentives for Investment
Bangladesh Export Processing Zones Authority (BEPZA)

Bonanza for Investors
Other Developments

• Base Erosion and Profit Shifting (BEPS)
• Tax Incentives for Investment
• “Publish What you Pay”
Other Developments

- Base Erosion and Profit Shifting (BEPS)
- Tax Incentives for Investment
- Publish What you Pay”
- Sustainable Finance Initiative
Sustainable Finance Initiative

- SFI started Sept 2014
- Broad definition of DRM
- $63 million over 3 years
- Looking to work across half a dozen countries in Asia and Africa
Huge benefits to increasing current HIV spending

Number of new infections (million)

2010 2015 2020 2025 2030

Blue: Ambitious targets
Red: Constant coverage

Total HIV infections averted 2015–2030

28 MILLION
Four intervention areas to mobilize more domestic resources for HIV

1. Reallocation of country budget
2. Increasing overall country budget with positive effects on sector spending
3. Improving the technical efficiency such as health insurance
4. Increasing private sector participation
Other Developments

• Base Erosion and Profit Shifting (BEPS)
• Tax Incentives for Investment
• “Publish What you Pay”
• Sustainable Finance Initiative
• Leveraging the Private Sector
Final Thoughts

• Amid dwindling aid resources, programs must be cost-effective
• Help countries meet their own needs
• Looking outside the country may prove disappointing
• “We’re from the private sector and we’re here to help”
• Willing partners can make this work!
Questions?