

PLENARY SESSION 2:

Partnering for Effective Taxation and Domestic Resource Mobilisation for Development

16:30-18:00, Tuesday 15th April, Main Plenary Room

Objective:

An effective tax system is at the heart of an effective state. Governments can channel revenues to fund education, investment, healthcare and social transfers to promote growth and employment and alleviate poverty. Illicit financial flows and corruption deny developing countries access to significant sums that could be used to finance development. This session will explore how development co-operation can be scaled up, deepened and improved to strengthen institutional capacity for domestic revenue mobilisation, improve tax transparency and accountability, and tackle tax avoidance and illicit financial flows.

Introduction/Background:

Governments have the responsibility of channelling revenues to fund education, investment, healthcare and social transfers. But they need to raise taxes in order to do this. Equitable and efficient mobilisation of tax is therefore essential for poverty reduction and economic development. Taxation can also discourage activities such as pollution and encourage others such as investment and job creation. Finally, the way that tax revenue is raised and spent - and whether and how the public can hold the government to account for this - is a critical part of the relationship between citizens and state.

Since the Monterrey conference in 2002, much attention has been paid to how the international development community can support countries to mobilise and spend taxes. The evidence base of positive results from this kind of development cooperation is growing. Yet it constitutes a tiny share of ODA. More work is also required to link taxes paid by citizens with the development outcomes they can expect from any public services delivered.

Added to this, illicit financial flows deny developing countries significant sums that could be used to finance development and are detrimental to revenue mobilisation efforts. Estimates vary and are contested but the net outflows from developing countries, including the proceeds of tax evasion, organised crime, and corruption, are together likely to outweigh inflows of aid and investment. Stemming these flows will also disrupt criminal activities from which have a damaging effect on the social and political fabric of developing countries and undermine the public services and investment that will lead to lasting job creation and economic growth. Abusive transfer pricing, although not illegal, may also represent a significant additional outflow and international efforts to promote great transparency and accountability need to be scaled up.

There is currently considerable international and domestic activity on many parts of this tax and development agenda, however to ensure success on the ground, a more coherent and consistent attempt to include poorer countries in debates and decisions is now needed.

Deliverables:

‘Six Steps’ for improved mobilisation of domestic resources for development:

- Form a Coalition for “Sustainably Resourced Public Service Delivery”
- Commitment by donors to increase and refine ways to measure ODA targeted at tax systems development

- Endorsement of the OECD's "Principles for International Engagement in Supporting Developing Countries in Revenue Matters"
- Welcome and endorse "Tax Inspectors Without Borders" as an example of innovation to address international tax avoidance
- Endorse the IMF led "Tax Administration Diagnostic Assessment Tool"
- Commit to perform risk analyses against exposure to illicit financial flows

Session Format:

	Session components	Names of panellists
	Welcome and introduction	Moderator: Krishnan Guru Murthy , International Broadcaster
20 min	VIP introduction (8 min)	Minister Ngozi Okonjo-Iweala , Minister of Finance, Nigeria.
	Scene-setting presentation (8 min)	Maxwell Mkwezalamba , Malawi's Minister of Finance and former AUC Commissioner for Economic Affairs
30 min	Moderated panel discussion	<p>Minister Ngozi Okonjo-Iweala, Minister of Finance, Nigeria</p> <p>Dr Albert Mabri Toikeuse, Minister of Planning and Economic Development, Côte d'Ivoire.</p> <p>Angel Gurría, OECD Secretary General.</p> <p>Julie Bishop, Minister of Foreign Affairs, Australia (representing the G20).</p> <p>Dr Anthony Mothae Maruping, Commissioner for Economic Affairs, African Union Commission</p> <p>Mercedes de Freitas, Executive Director at Transparencia Venezuela.</p> <p>Andrew Bone, Global Head of Government and Industry Relations, De Beers Group</p>
30min	Reflections and questions from VIP commentators and social media	<p>David Kloeden - Head of TADAT Secretariat, IMF</p> <p>Hubert Laferrière, President of the UCLG Committee of Development Co-operation and member of the Executive Bureau of UCLG</p> <p>Cecilia Mattia, Executive Director of the National Advocacy Coalition on Extractives, Sierra Leone</p> <p>Mr. Mahboub Maalim, Executive Secretary of Inter-Governmental Authority on Development</p> <p>Hon. Hélène Laverdière, MP, House of Commons, Canada (Representative of the Inter-Parliamentary Union)</p> <p>Mr. Jean-Marc Châtaigner, Dep DG for Global Affairs, Development and Partnership, Ministry of Foreign affairs and International Development, France.</p>
5 mins	Concluding remarks	Minister Ngozi Okonjo-Iweala , Minister of Finance, Nigeria
5 mins	Thanks and close	Moderator

Organisers: Nigeria, European Commission, DFID.

Contact: Emmanuel Nwosu (eonwosus@yahoo.com)
 Jennifer Smith (Jennifer-smith@dfid.gov.uk)
 Julia McCombie (Julia.MCCOMBIE@ec.europa.eu)