

ATI's Contribution to the Call for Inputs for the Elements Paper on Financing for Development

The Addis Tax Initiative (ATI) is a partnership of 75 countries and organisations united by the vision of tax systems that work for people and advance the Sustainable Development Goals (SDGs). Established during the Third International Conference on Financing for Development to support the implementation of the Addis Ababa Action Agenda (AAAA), ATI and its members are committed to promoting domestic resource mobilisation (DRM) as a critical means to achieving the SDGs. The insights provided here seek to enrich discussions and negotiations leading to the Fourth Financing for Development Conference (FFD4), building on the commitments outlined in the [ATI Declaration 2025](#) and the extensive efforts of ATI members in DRM and development financing.¹

DRM at the core of the development financing agenda

As countries strive for sustainable development, the effective generation and management of domestic resources must be placed at the heart of the financing agenda. DRM stands as the most reliable and sustainable source of funding to meet development goals, serving as a mechanism to enhance equity and attain macroeconomic stability. The AAAA acknowledged the importance of prioritising domestic public finance, advocating for a comprehensive approach to increase resource mobilisation, improve expenditure quality, and ensure fairness and sustainability.

Despite the progress achieved through the AAAA, DRM should be prioritised further to reach meaningful impact. The ATI calls on countries to reinforce the focus on DRM in the outcomes of the FFD4, with a commitment to fostering fair and effective tax systems globally. The potential of taxation remains largely untapped, and equitable DRM is key to strengthening state capacity, building trust in governments, reinforcing the social contract, and delivering essential public goods and services needed for poverty eradication and economic transformation.

Strengthening fiscal transparency, accountability, and citizen participation

In the DRM and development financing agenda, the focus on country ownership and the political dimensions of tax reforms and capacity-building needs to be further enhanced. For DRM to improve equity and enhance the social contract, accountability and transparency must be integral to every process. The commitments from FFD4 should underscore the necessity of strengthening transparency and accountability — not only among governments in tax cooperation but also between governments and their citizens.

¹ The positions outlined in this document are grounded in the commitments of the ATI Declaration 2025 and reflect the convergence of opinions reached by a dedicated Task Force, incorporating contributions from the entire membership. The positions presented here do not represent the official stance of individual ATI member countries and organisations, which may submit separate inputs that reflect their specific positions.

ATI calls for a stronger commitment to expanding the space and capacity for accountability stakeholders to engage in tax revenue matters. These stakeholders, both state and non-state, include civil society, academia, the media, trade unions, members of parliament, and supreme audit institutions, all of whom play a vital role in holding governments accountable.

ATI urges a deeper commitment to creating an enabling environment for accountability stakeholders in partner countries, ensuring their timely, substantive, and appropriate involvement in tax policies and administration. This includes enhancing their role in analysing tax policies, promoting greater government transparency, and raising public awareness on tax rights and obligations. Enhancing legal and regulatory frameworks is also critical to enable greater public participation and scrutiny. Protecting civic space for holding public institutions accountable is vital for strengthening tax morale, the social contract, and social cohesion.

Promoting equitable taxation and combatting inequalities

In support of SDG 17.1 and SDG 10.4, ATI emphasises the importance of equity in the design and implementation of tax and non-tax revenue sources. ATI calls on countries to commit to increasing the overall progressivity of tax systems, with regular monitoring of tax policies' impact on equity and equality.

It is paramount for all countries that everyone contributes a fair share of taxes, including high net-worth individuals. Greater efforts should therefore be made at the domestic and international levels to ensure that everyone complies with domestic tax obligations. While the most effective tax policy tools for increasing tax system progressivity will vary across jurisdictions, one area FFD4 may consider is promoting equitable and effective taxation policies targeting high-net-worth individuals to reduce wealth inequality while generating additional revenues for social and economic programmes.

Supporting fair, transparent, efficient, and effective tax systems

ATI calls for establishing fair, transparent, efficient, and effective tax administrations, and for supporting revenue authorities in developing countries in their efforts to promote reforms, enhance institutional capacity and human resource development. Digitalisation and technologies like e-tax filing, digital payment platforms, e-invoice, artificial intelligence (AI), digital tracking system and blockchain should be leveraged to enhance tax administration efficiency and transparency, and to combat tax evasion and other illegal activities that contribute to the generation and movement of illicit finance, while ensuring that confidentiality protections and data safeguards are fully respected.

While broadening the tax base and addressing the informal sector is important, it should be done by ensuring progressivity in the tax system. This includes ensuring that wealthy individuals and large corporations pay their fair share and strengthening legal frameworks for compliance and enforcement. In line with SDG 16.6, revenue administrations' capacities should be enhanced to strengthen accountability and transparency at all levels, curbing non-compliant behaviour, and implementing risk management frameworks.

Furthermore, ATI advocates for greater transparency and improved management of tax expenditures (TEs), and greater capacity-building support on transparency, assessment, and reform of TEs. Tax expenditures, which include various forms of tax benefits such as exemptions, holidays, and other reliefs, are commonly used by governments worldwide to pursue various policy goals such as attracting investment, fostering innovation, and alleviating poverty. However, they can be significantly costly, as they reduce government revenue and the tax liability of beneficiaries, often without achieving the stated objectives. To enhance transparency and accountability, countries shall commit to regularly publishing core data on TEs, ensuring inter-agency coordination, and subjecting TEs to parliamentary scrutiny and oversight.² Comprehensive tax expenditure data is crucial for conducting cost-benefit assessments, which can help eliminate wasteful tax expenditures, improve taxpayer trust, and create a level playing field for businesses.

Coherent PFM systems to achieve the 2030 agenda

The ATI recognises that tax reform is more likely to succeed when integrated into broader Public Finance Management (PFM) systems and development agendas. Building effective and accountable PFM systems is essential, alongside advancing DRM efforts. Fiscal transparency and accountability enable parliaments and the public to scrutinise budget allocations and implementation, holding the government to account and influencing future budget decisions. This, in turn, leads to public expenditure that better reflects citizens' priorities, thereby strengthening the social contract and increasing the willingness to pay taxes.

Tax reforms should be closely aligned with the SDGs, linking revenue collection to public policies that support national development priorities. Strengthening the connection between DRM and the financing of social and economic policies is essential for improving the legitimacy of tax systems and inspiring confidence and trust in the tax administration. Governments can benefit from frameworks that explicitly link revenues to development goals and expenditure needs, creating a more transparent and accountable relationship between revenue collection and development spending.

Sustainable development, social protection, and public goods

Revenue-raising efforts should be further aligned with the SDGs, supporting climate action and climate change mitigation and adaptation efforts (SDG 13) and promoting gender equality (SDG

² The current ATI monitoring framework considers the following indicators to measure sufficient tax expenditure transparency and accountability:

- 1) On tax expenditure transparency: annually publishing core data on tax expenditures, including: (i) legal basis; (ii) detailed description of the tax expenditure; (iii) policy objectives; (iv) intended beneficiaries (i.e., businesses, households, government agencies, etc.) (v) type of tax expenditure (i.e., what mechanism, such as deduction, reduced rate, exemption, etc); (vi) timeframe of tax expenditure (i.e., sunset clause); (vii) a review framework (i.e., what conditions for reviewing, periodicity, link to [internal] cost benefit analysis); (viii) revenue foregone (including forecasts for the present fiscal year, provisional estimates for the past fiscal year and final estimates for T-2)
- 2) On parliamentary scrutiny of tax expenditure: present information on all existing tax expenditure for at least the budget year as part of the Executive's Budget Proposal;
- 3) On inter-agency coordination and parliamentary scrutiny of tax expenditure: countries (i) have designated the Ministry responsible for Fiscal Policy as the lead ministry for the process of granting and monitoring of tax expenditures and (ii) ensure that all existing and new tax expenditures are provided for in the tax legislation.

5). The FFD4 presents an opportunity to propel commitments to green and gender-responsive tax policies, as well as the reduction of harmful fossil fuel subsidies. It is essential that tax policy development considers the differentiated impacts of taxation on women and marginalized groups, promoting gender equality within fiscal frameworks. Moreover, revenue-raising efforts should be further aligned with commitments to achieving health and social well-being objectives, such as financing universal health coverage (SDG 3.8), building robust social protection systems (SDG 1.3), funding public goods, and encouraging positive behaviour change (e.g., through excise taxes on tobacco and alcohol consumption).

Inclusive international tax cooperation and combatting tax evasion and other harmful illicit finance practices

The ATI emphasises the need to advance inclusive international tax cooperation. This entails constructive engagement in the negotiations surrounding the UN Framework Convention on International Tax Cooperation process aimed at establishing a stable, balanced, inclusive, and fair international tax system, building on the work of existing forums, such as the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), the Global Forum on Transparency and Exchange of Information for Tax Purposes, the Financial Action Task Force, and others.

To combat tax evasion and other crimes that contribute to illicit finance, the ATI calls for increased transparency, stronger regulatory frameworks, and enhanced compliance enforcement. This includes supporting multilateral initiatives to facilitate international cooperation, combat tax evasion, eliminate banking secrecy and corruption, enhance the use of exchange of information and improve the provision of technical expertise. There is a need for increased support to the standards set by Global Forum on Transparency and Exchange of Information for Tax Purposes, notably the Exchange of Information on Request (EOIR), the Automatic Exchange of Information (AEOI) on financial accounts, and the widespread implementation of the Crypto-Asset Reporting Framework, alongside tailored capacity-building to strengthen tax compliance. Furthermore, when setting new standards and evaluating the current ones, special consideration should be given to the challenges of low-capacity countries, ensuring that adequate technical assistance is provided to address the needs of developing countries.

Effective beneficial ownership reporting is invaluable in helping tackle tax evasion, money laundering and other illegal activities. ATI calls for enhancing support to tax authorities in obtaining access to beneficial ownership information to tackle domestic and cross-border tax evasion. Improving access to information on multinational enterprises (MNEs) for developing countries through country-by-country reporting, while also ensuring that appropriate confidentiality requirements, limitations on use, requirements for consistency and reciprocity, and other safeguards are maintained, is crucial for strengthening tax enforcement and securing revenues. Public country-by-country reporting can further enhance accountability and transparency of MNEs tax practices. Making transfer pricing comparable data a global public good that is accessible by developing countries for free can support these countries in their efforts to curb tax avoidance by MNEs.

Capacity-building for DRM

The ATI calls for a renewed commitment to enhancing DRM by significantly scaling up capacity-building efforts. Since ATI's launch in 2015, Official Development Assistance (ODA) for DRM support has increased from 220.56 million USD to 345.12 million USD in 2022 (in terms of disbursements)³. However, this growth remains insufficient when measured against the extensive needs and transformative potential of tax reforms in developing countries. The ATI emphasises the need for larger and broader support to countries' DRM efforts, encompassing critical areas such as customs, PFM, and anti-corruption initiatives.

ATI urges development partners to collaborate closely with partner countries, supporting them to take the lead in coordinating the DRM cooperation at the country level. ODA providers should enhance the quality and effectiveness of their support by coordinating efforts, sharing knowledge to avoid overlap, and helping to better align DRM cooperation with partner countries' development plans (e.g. DRM strategies). The FFD4 should call on multilateral institutions, development banks, and ODA providers to better align their resources with local development priorities, ensuring that investments in tax reforms have a meaningful and lasting impact. In addition, the ATI encourages all providers and recipients of development assistance to review their policies on the taxation of development assistance and to widely adopt the [UN Guidelines on the Tax Treatment of Government to Government Aid Projects](#), including the recommendation on the Public Disclosure of Provisions Concerning the Tax Treatment of Government to Government Aid Projects.

ATI calls for strengthening the capacities of developing countries at both the national and subnational levels and for fostering a diversity of collaboration approaches for capacity-building, including support for regional tax organisations and South-South and triangular cooperation. Cooperation through regional initiatives and South-South partnerships, with the inclusion of accountability stakeholders, can be key to facilitating the exchange of expertise, peer-learning, and effective technical assistance.

Conference follow-up and accountability

To ensure effective follow-up, it is recommended that the outcome document of the FFD4 establishes a formal mechanism to track the implementation of commitments. Clear timelines, peer review processes and reporting systems will be essential for tracking progress. A global framework is suggested, featuring biennial progress reviews with active participation from civil society, international tax organisations, and other relevant stakeholders, as well as targeted follow-up through capacity-building support for developing countries.

³ [2021/22 ATI Monitoring Brief | ATI \(addistaxinitiative.net\)](#)