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TAXATION WITH REPRESENTATION

CITIZENS AS DRIVERS OF ACCOUNTABLE TAX POLICY

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EXECUTIVE SUMMARY

Protests by citizens against their government's tax systems have not just occurred across cultures and centuries, but have led to revolutionary results.

In 18th century America, for example, the British crown's assertion of its right to tax colonists without consent led to the Boston Tea Party and, eventually, the American Revolution. "No taxation without representation" is perhaps that revolution's most famous slogan.[1] And since then, it's been played out in countless other parts of the globe.

In 2010 in the Middle East and North Africa, the Arab Spring was ignited by a Tunisian fruit vendor who was denied a license to sell his wares, had his merchandise confiscated, and was subsequently humiliated and ignored by municipal authorities. His self-immolation sparked protests and uprisings across the Arab world.[2]

In 2018 in France, residents identified as predominately from the country's lower and middle classes protested against a fuel tax that was intended to reduce carbon emissions, but that was seen as unfairly burdening the poor.[3] The *yellow vest* movement was the result.

Throughout history, taxation has been controversial and often dramatically contested. Yet today it is accepted as one of the primary ways for governments to increase domestic revenue in order to better meet the basic needs of citizens.

Particularly in an era of flat foreign assistance allocations, policymakers around the world are needing, and seeking, alternative sources of finances. Domestic resource mobilization (DRM) is seen as the largest and most sustainable public source of development finance, as well as a prerequisite for achieving the United Nations' Sustainable Development Goals (SDGs). Designed to guide global, regional, and national efforts to reduce poverty, address climate change, and build inclusive societies, the price tag of the SDGs has been estimated to be as high as $45 trillion.[4]

For this reason, tax revenues are experiencing a surge of interest from policymakers, civil society and analysts. Taxes are, in fact, increasingly seen as one of the most –if not *the most*– significant source of funding to achieve the SDGs. The World Bank and International Monetary Fund estimate that in 2012 alone, emerging and developing nations generated a combined $7.7 trillion in domestic resource mobilization. And, indeed, the World Bank estimates that between 50% and 80% of the SDG funding gap could be met by increasing taxes and domestic resources in developing countries.[5]

The Addis Tax Initiative (ATI), launched in the wake of the United Nations' 3rd International Conference on Financing for Development in 2015, is aimed at helping realize that potential. The establishment of the ATI resulted in both donors and developing nations pledging to step up their support. This increase is needed: in 2015 35 of the poorest 75 countries collected less than 15% of their GDP in taxes. According to the World Bank, 15% is the minimum threshold needed for countries to be able to meet citizens' basic needs.[6]

Despite challenges in the poorest countries that need to be addressed, the overall momentum for increased DRM is welcome. However, DRM is often viewed almost entirely within the realm of government, with the role of civil society shaping and facilitating DRM a secondary concern, if mentioned at all.

But there is no direct link between increased taxes and better development outcomes. Increasing DRM can actually increase inequality and increase poverty, depending on how it's formulated and implemented. This is because equitable DRM is as much about *how*, as it is about *how much*.

To ensure that a tax policy is pro-development, and contributes to enhanced governance, a broad representation of citizens' voices must be included in that tax policy's development and execution. To create a tax system that is representative of broad societal goals, factors such as gender, ethnicity, geography and language must all be considered. While technical experts should, and will, continue to play a central role in tax policymaking, DRM will fail to achieve its potential as a key source of finance to achieve the SDGs if it's pursued without citizen input, and without prioritizing equity. For example, if tax policy changes are generated without a thorough analysis of the impact on gender, they could risk exacerbating economic vulnerabilities among women and girls and other marginalized groups.

Photo: Save the Children

The goal of this report is to analyze evidence on citizen tax advocacy in order to garner insights, and identify trends, on how civil society organizations (CSOs) have contributed to creating accountable and progressive tax policies in developing countries within the framework of equitably financing the SDGs.

We hope the findings achieve several things, including:

- Provide additional guidance to policymakers seeking to support pro-development and accountable DRM in developing countries.

- Contribute to the growing evidence base on the role of CSOs in tax policy.

Our analysis starts with the uncontroversial assertion that developing nations must increase their tax base as a necessary–but not solely sufficient–component of enhancing development.

For DRM to be accountable and enhance both development and governance, it must include the meaningful participation of citizens at both the subnational and national levels. This is particularly true for marginalized groups, including women, youth and children. Increased participation can be achieved through child-friendly and gender-responsive[I] approaches tailored to complement specific local and national contexts.

Our analysis finds that CSOs have contributed to both increased DRM and more accountable tax policies at the local and national levels. CSOs have also played a unique role in educating the public about the link between taxes and services. The main body of this report goes into detail about our findings at the subnational and national levels. Also focusing on local and national CSO efforts, we include recommendations for government policymakers, including both donors and developing countries, as well as recommendations for CSO actors. These recommendations include us urging the following:

[I] UN Women describes gender-responsive budgeting as "A method of determining the extent to which government expenditure has detracted from or come nearer to the goal of gender equality. A gender-responsive budget is not a separate budget for women, but rather a tool that analyzes budget allocations, public spending and taxation from a gender perspective and can be subsequently used to advocate for reallocation of budget line items to better respond to women's priorities as well as men's, making them, as the name suggests, gender-responsive." In this report, we follow this definition in analyzing the gender-responsiveness of the other side of budgeting: tax administration and policy.

TO DONOR GOVERNMENTS AND ORGANIZATIONS

- **Promote the robust participation of civil society in tax dialogue:** To ensure that tax policy reflects the voices of all citizens–including marginalized populations–donors should engage local CSOs in tax forums and discussions as a matter of course. Global organizations like the Addis Tax Initiative and Platform for Collaboration on Tax should encourage this collaboration.

- **Create civil society engagement metrics for DRM:** Assessing a tax policy only by the amount of revenue it generates is not enough to determine its impact on development and governance. Accountability, equity and inclusiveness are also essential measures of effectiveness. Donor governments who support DRM efforts in developing countries should create indicators to measure the success and degree to which governments and citizens engage to create tax systems. Metrics should include citizen access to public documents, the country's revenue strategies, strategic plans and more. Find a complete list of recommended metrics at the end of this report.

- **Provide technical capacity and funding for citizens to shape tax policies:** Citizens are best placed to tell a government how to leverage taxes more equitably. To better support the ability of civil society organizations to engage in tax dialogue and policy making, donors should increase the amount of technical assistance and funding they provide to CSOs. These investments will also assist CSOs with long-term planning and institutional building efforts.

- **Integrate gender analysis into tax capacity building at all levels:** Some tax regimes reinforce gender norms that can adversely impact men, women, boys and girls. To counter this, donors should integrate a robust gender analysis into their DRM foreign assistance processes, from project development to implementation and evaluation. This is critical for supporting equitable tax capacity building for partner governments and civil society.

- **Support subnational-to-national links through donor DRM programming:** Civil society tax advocacy at the subnational level can be a foundation for building broader national campaigns. Subnational activism can serve as the training ground for civil society organizations as they aspire to tackle tax policies at the more complex and contested national and global levels. Donors can support the local-to-national aspirations of local civil society organizations, as well as linkages between local- and national-level tax and budget work.

- **Generate more evidence on the role of civil society in shaping tax policy:** There is a lack of rigorous research and evaluation on how civil society organizations have impacted tax policy at the country level. In order to garner more nuanced insights into the role that civil society plays, a range of actors, including advocates, policymakers, donors and analysts, need more up-to-date research that goes beyond anecdotal and impressionistic analysis. In particular, a stronger evidence base on the impact and potential constraints of women- and youth-led civil society groups will allow for more tailored support to engage.

TO DEVELOPING COUNTRY GOVERNMENTS

- **Support government and civil society co-design of tax policy:** Success in generating more accountable tax policy at the local level often happens as a result of close cooperation and partnership between civil society organizations and local government policymakers. It is important that civil society be brought into the process early, so that *government and civil society are engaged in a way that allows them to co-design tax policy*. Our research shows that confrontations between citizens and government tend to occur when there is no accessible platform for civil society and government to engage. Government should reduce barriers to civil society engagement to ensure open and equitable participation. Government engagement with civil society should focus on including marginalized populations and take into account gender differences related to safety, mobility, voice and participation, so that women are able to meaningfully participate.

- **Provide program funds and support for civil society capacity building:** Local civil society organizations need resources and technical capacity building to generate sustained, effective campaigns and engagement. Such support can come from developing country governments, fostering proactive tax advocacy that reduces conflict and reactivity between citizens and the state. Key areas for investing in civil society capacity include tax research and analysis, gender analysis and gender mainstreaming of tax proposals, institution building of tax policy networks, media training and general education for civil society on taxes and how they fund the services that citizens demand and depend on. Additionally, marginalized groups, including women- and youth-led CSOs, should receive gender- and age- responsive capacity building.

- **Promote transparency and access to tax information:** Essential for inclusive participation is access to accurate and current tax planning documents, such as a government's medium-term revenue strategy and revenue collection data. Too often, government authorities schedule a public meeting only a few days in advance, leaving the public with limited time to prepare. Also, rarely do government officials post relevant documents on government websites in advance of meetings or in "user-friendly formats." Civil society must put pressure on governments to address these practical constraints on their engagement. Governments must address these practical constraints to CSO engagement. For their part, CSOs can contribute to transparency through the publicizing of shadow reports or scorecards as a way to combat a lack of public access and information.

TO CIVIL SOCIETY ORGANIZATIONS

- **Engage in the full budget cycle:** Over the last decade, CSOs across the world have advocated for effective and equitable provisions of services through the budgeting process. In so doing, they have gained expertise on budget processes and become agents of change able to influence budget allocations at all levels of government. Combining tax advocacy with budget advocacy will help ensure both accountable and equitable revenue collection, and spending, throughout the budget cycle. This can be supported by building capacity to support and engagement during the full budget cycle, either within individual organizations or through civil society coalitions.

- **Ensure strong gender analysis of tax proposals:** We found little evidence of gender being mainstreamed into the tax advocacy efforts of civil society. Civil society tax policy analysis and advocacy need to be gender-responsive to ensure equity. This means analyzing how tax structures and policies reinforce harmful gender norms and otherwise work against equity and inclusion.

- **Develop legislation that defines and requires meaningful participation:** Civil society actors seeking to voice their concerns on tax policy often face poor responsiveness from government officials. This can lead citizens to conclude that government consultation is merely a cosmetic or a rubber-stamp exercise. Some civil society groups, particularly at the subnational level, have been able to develop legislation that defines and develops metrics for good community participation in fiscal policy. They did this by listing specific stipulations in the legislation, such as a required number of citizen consultations, timelines for government responses, translation requirements and accommodations for vulnerable groups to make sure their voices are included in the process.

Photo: Save the Children

Photo: Save the Children

INTRODUCTION

There are two main sources of finance that, in theory, can be harnessed to fuel progress toward the United Nations' Sustainable Development Goals (SDGs). One is private investment. The U.N. estimates that, globally, there is as much as $85 trillion in long-term private investment vehicles–including sovereign wealth funds, pension funds and insurance funds–that could be channeled toward development.[7] The other major mechanism to accelerate development is through public finance, particularly domestic resource mobilization (DRM).

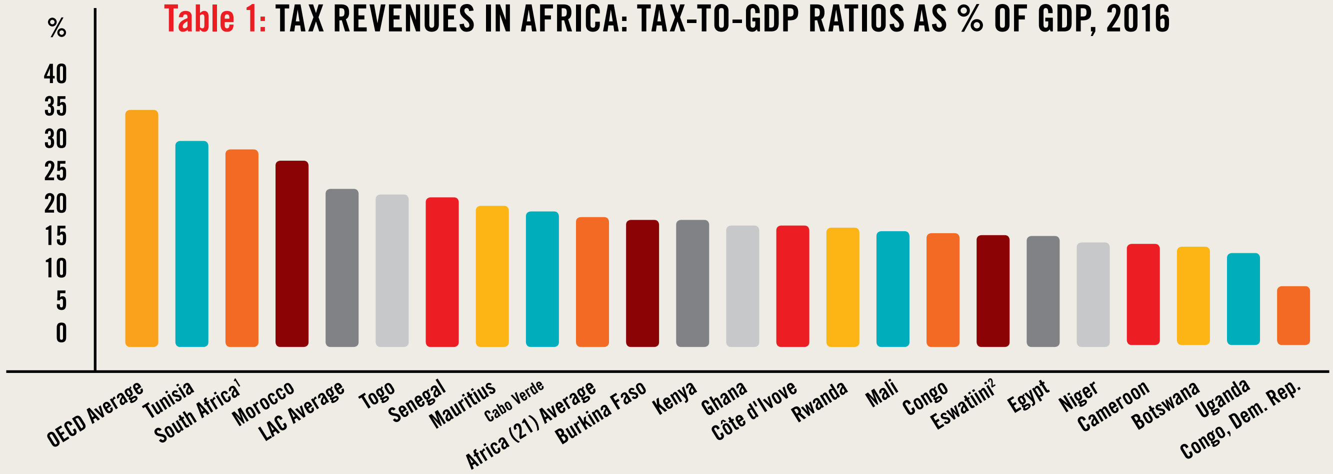
Tax revenues, the major source of DRM,[II] are the most sustainable source of financial resources for development, particularly in an era of relatively static foreign assistance allocations. The World Bank and International Monetary Fund have estimated that in 2012 alone, emerging and developing nations generated a combined $7.7 trillion in DRM. The World Bank also estimates that between 50% and 80% of the funding gap for SDGs could be met through domestic resources in developing countries.[8]

Based in part on this potential, there is a growing consensus that tax policy is critical to development. But increasing tax-to-GDP rations doesn't automatically guarantee better development outcomes or less inequality.[9] In fact, it can make them worse. As the Center for Global Development (CGD) states, "Tax regimes in many developing countries are regressive, and in some countries they may be used to support an autocratic political elite."[10] Tax policy can be a tool to promote development and good governance, and it can be a tool to maintain an entrenched elite intent on preserving an unequal, unjust and unaccountable status quo. In particular, failure to analyze and account for the effects of gender-blind tax laws can undermine gender equality initiatives, including through unintended impacts on both sexes.[11]

While USAID-sponsored research (see below) found that increased taxation leads to increased public health expenditures among all income levels, Nora Lustig's Commitment to Equity Institute at Tulane University found that, in sub-Saharan Africa, "The net effect of existing taxes and transfers is to increase the number of people living below the World Bank's extreme poverty line"[12] (see Table 1 for a comparison of African tax revenues). The impacts of taxes vary, which is why the quality of a tax regime, including equity considerations, and not just the amount of tax revenue, is critical.

[II] Domestic resource mobilization (DRM) refers to the process by which countries raise and spend their own money to provide public services for their citizens. While not identical, for the sake of clarity, tax and DRM are used interchangeably in this report.

Table 1: TAX REVENUES IN AFRICA: TAX-TO-GDP RATIOS AS % OF GDP, 2016



1. The tax-to-GDP ratio should be interpreted with caution as it includes payments made by South Africa to the Southern African Customs Union (SACU) pool.

2. Previously Swaziland.

SOURCE: OECD/ATA/AUC (2018), Revenue Statistics in Africa 2018

Simply increasing DRM without examining how tax policy impacts vulnerable populations can do more harm than good. This report begins with the assertion–based on our review of the literature and our own experience on the ground–that taxation can be a catalyst for improved governance. It also asserts that citizens and civil society organizations (CSOs)[III] can make tax policy more progressive and accountable while, at the same time, help a government be more efficient and raise more revenue.

Leading tax and accountability experts agree. Institute of Development Studies researchers find that, "Civil society can play key roles as translators and enablers in making tax information and issues intelligible to everyday citizens, and aiding taxpayers to engage with issues from which they have historically been excluded…[though] taxpayers appear to be particularly reluctant to engage owing to historical exclusion; the complex nature of taxes; the association of tax debate with 'experts'; and fear of reprisals around a relatively sensitive governance domain."[13]

[III] According to the World Bank, "Civil society ... refers to a wide array of organizations: community groups, non-governmental organizations [NGOs], labour unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations."

Text Box 1: Addis Tax Initiative Commitments

The Addis Tax Initiative (ATI) was launched in 2015 in the wake of the United Nation's Third International Conference on Financing for Development in Addis Ababa, Ethiopia. It is a compact among donors, developing nation governments, and civil society supporting partners, "To enhance the mobilization and effective use of domestic revenues and to improve the fairness, transparency, efficiency and effectiveness of their tax systems." Thus, its goals include both increasing DRM and enhancing the quality of governance of tax systems. The ATI's three commitments are:

1. Donor partners will collectively double their technical cooperation in the area of domestic revenue mobilization/taxation by 2020.

2. Developing country partners will step up domestic revenue mobilization as a key means of implementation for attaining the SDGs and inclusive development.

3. All countries restate their commitment to ensure policy coherence for development.

Source: "Addis Tax Initiative." Addis Tax Initiative, www.addistaxinitiative.net/

Photo: Save the Children

REPORT GOALS

The goal of this report is to analyze the growing evidence base on civil society engagement in tax policy in developing countries, with this guiding question:

- How can citizen engagement make tax policy more progressive, accountable, and effective at both the subnational and national levels?

We don't seek an exhaustive conclusion to the research question above. The sparseness of the data doesn't allow it. But we've done this analysis of existing literature to generate insights, as well as to identify trends, potential, and the challenges that the evidence reveals. While this report consists of a retrospective analysis, our goal is forward looking:

- To guide policymakers and civil society on how, when, and where they can best support DRM engagement.

We also seek to contribute to the evidence base on tax and civil society, strengthening the foundation for further analysis.

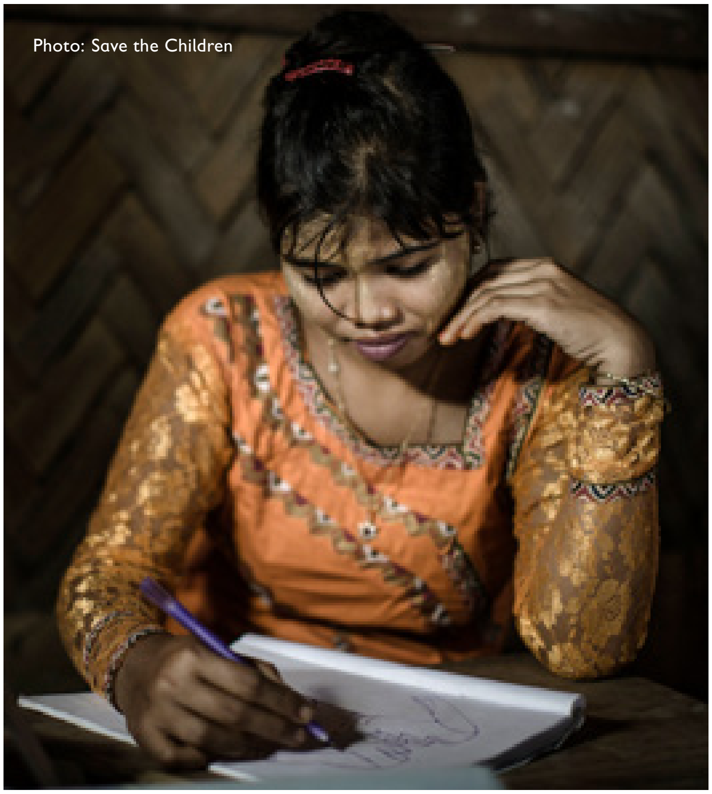


Photo: Save the Children

RESEARCH METHODS

The review and analysis are broad based in that they include evidence gathered on citizen engagement with DRM in developing countries. The primary research method was textual analyses of secondary sources on citizen engagement in DRM. These sources were gathered from peer-reviewed journals, policy briefs and research reports, including those produced by academic institutions, research institutes, multi-lateral development banks, government and non-governmental international development agencies, and tax and budget advocacy organizations, among other sources. Databases such as the World Bank Open Knowledge Repository, Emerald Insight, Google Scholar, JSTOR, Wiley Online Library and EBSCO were used to identify and access relevant studies.[14] Key words such as "tax and development," "gender-sensitive tax and budgeting," "civil society," "citizen engagement in tax," "taxpayer advocacy" and "tax payer engagement" were used to identify relevant evidence. Sources were eligible for inclusion if they contained information on how civil society engaged with tax issues in a developing country for progressive and accountable outcomes, whether successfully or unsuccessfully.

As noted, the evidence base on this topic is sparse, and it is difficult to identify patterns and trends given the limited number of cases available for analysis. Nevertheless, our study finds patterns that can contribute to better understanding how international donors and developing country governments can strategically invest in and support CSO engagement in tax policy. Before delving into the analysis of the cases themselves, we provide a brief conceptual framework that undergirds our analysis.


Photo: Save the Children

CONCEPTUAL FRAMEWORKS

There is evidence that donors are increasingly aware of the importance of supporting civil society as part of their overall DRM assistance to developing countries. Between 2015 and 2017, ATI donor countries increased their partnerships with NGOs and civil society to channel DRM foreign assistance by 252%[15] (see Table 2). While this increase can be attributed to a few key donors and starts from a low base–4% ($6 million) of all DRM support in 2015 to 10% ($21 million) in 2017–this is the largest percentage increase in the use of any channel to implement DRM programs through foreign assistance.[16]

But even as DRM assistance from ATI countries increases, there is a lack of focus on gender equity. According to an analysis by Oxfam in 2016, only .5% of ATI DRM project descriptions indicated any gender-related objectives, despite the potential impact of tax policy on gender inequality.[17] While there is a need for more gender analysis in DRM funding, we applaud the overall increase in DRM assistance to civil society, and this report is intended to analyze how civil society can be most effective in this regard.

Much of the most well-known CSO advocacy on tax policy focuses on international tax policies, with a strong emphasis on the role of multinational corporations and the global super-rich.[18] Research on the role of CSO engagement with tax policy in developing countries generally follows this trend, with more empirical work on the impact of INGOs challenging multinational firms' tax avoidance practices. Global research, debate and advocacy on tax havens and Base Erosion and Profit Shifting (BEPS) are prominent examples.[19] Research on civil society engagement with tax policy *inside developing countries* is less common.

According to tax policy researcher Maya Forstater, "While action on cross-border taxation could yield additional tax take in the region of one percent of GDP, in many countries measures targeting the domestic tax base might deliver something in the region of nine percent."[20] The key to improved DRM lies primarily inside developing nations, not externally. As Forstater states, "The main enabler, or barrier, to change is political commitment strong enough to overcome vested interests among taxpayers, politicians and tax administrators themselves, embedded in informal, off-budget and corrupt transfers, as well as the formal tax system."[21]

Based on this and other analyses, our report is focused on how CSOs can contribute to better tax policies within developing nations. While there is clear overlap between international and domestic taxation, the focus of this report is *within* rather than *between* developing countries.

Table 2: Addis Tax Initiative Members' DRM Disbursement Channels, 2015 to 2017

Channel	Change (%)
Public Sector	-20
NGOs & Civil Society	252
Public-Private Partnerships (PPP)	186
Multilateral Organizations	42
Teaching Institutions, Research Institutions, Think-Tanks	61
Private Sector Institutions	77*
Other	-86

* OECD CRS values reported only for years 2016 and 2017. Percent change calculated from these two years.

THE TAX AND DEVELOPMENT DYNAMIC

Countries need a certain level of taxation to meet the basic needs of its citizens. Estimates vary, but it's clear that some minimum level of tax revenue is necessary in every country to reach the SDGs. The World Bank states that countries collecting less than 15% of GDP in taxes, "must increase their revenue collection in order to meet basic needs of citizens and businesses."[22] For its part, the International Monetary Fund (IMF) finds that there is a minimum tax-to-GDP ratio associated with a country's accelerated growth and development–about 13%.[23]

High tax-to-GDP rates are a feature of most prosperous societies, and there is a broad consensus that enhancing a nation's tax base holds the potential to fund development, including basic services.[24] For example, USAID-funded research finds that, "Increased tax revenues lead to greater public expenditures on health in countries for all incomes groups," adding that a 10% increase in tax revenue results, on average, in a 17% increase in public health expenditure in low-income countries.[25]

TAX AS A TOOL FOR IMPROVING GOVERNANCE

Tax policy isn't just about tallying revenue collection numbers and tax-to-GDP ratios. The long-standing theory that taxation facilitates more participatory and accountable governance is also gaining empirical support.[26] The World Bank states, "Taxation can provide an incentive for citizens and government to bargain and enter into a mutually beneficial 'fiscal contract.' In this contract…citizens receive improved governance, while the state receives more predictable tax revenues."[27]

Mick Moore, Wilson Prichard and Odd-Helge Fjeldstad also argue in *Taxing Africa* that expanding taxation improves governance, adding that taxation can be, "A catalyst for mobilizing and empowering citizens to demand greater reciprocity and accountability from governments, while encouraging governments to be responsive in order to encourage tax compliance."[28] Jonathan Weigel, working in the Democratic Republic of the Congo, has generated experimental evidence validating these theories that taxation can spur citizen participation and political engagement.[29]

The research cited above points to the fact that developing nations must increase their tax base as a necessary–but not sufficient–component of development. More tax revenue alone is not enough. The revenue has to be collected, managed and spent well. The Overseas Development Institute states, "Blind adherence to a push for more taxation is likely to have adverse consequences unless the international community prioritises support for better tax systems, rather than more tax collection. The two are not always compatible."[30]

Text Box 2: Tax and Governance: A Virtuous Cycle?

The governance impact of taxation has been described as a virtuous cycle where, "Governments are forced to rely more… on taxes from their own citizens–as opposed to natural resource revenues or foreign aid [resulting in] more popular demands for governments to use that revenue effectively, and incentives for governments to be responsive to those demands." Specifically, Mick Moore and his coauthors state that the expansion of taxation can lead to improvements in governance in three ways:

1. It can create incentives for governments to promote economic growth, as a way of expanding the tax base.
2. It can spur improvements in the quality of public administration more generally, to facilitate tax collection.
3. It can be a catalyst for mobilizing and empowering citizens to demand reciprocity and accountability from governments, while encouraging governments to be responsible in order to encourage tax compliance.

Source: Moore, Mick, et al. "Taxing Africa: Coercion, Reform and Development." *The International Centre for Tax and Development*, www.ictd.ac/publication/taxing-africa-coercion-reform-and-development/

Making tax systems gender-responsive is part of the overall effort to create progressive, accountable systems, with the role of tax to help or hinder gender equality receiving increased attention (see Text Box 3). Regressive tax regimes in developing countries impact women and girls disproportionately, as they are overrepresented among those with lower incomes. U.N. Women has advocated for the following policies to make tax support gender equality:

- "Governments should resist pressure to focus primarily on fiscal austerity to promote growth, and instead should strive to raise most of their revenues from progressive personal and corporate income taxes and far less revenue from regressive flat-rated taxes.

- All types of taxes, exemptions and benefits should be calculated and paid only on an individual basis, not by married couples or families, in order to respect the principle of women's rights to full fiscal legal personality and thus to be taxed as individuals.

- Special 'tax incentives' such as tax deductions and incentives for selected groups of taxpayers should end...Tax incentives are distributionally 'upside down' because they invariably give the biggest tax benefits to those with the highest incomes and few or no tax benefits to those with low incomes. These 'tax termites' are costly, rarely reported, and give fewer benefits to women than to men.

- Whole-country tax systems should be benchmarked and monitored on a transnational comparative basis to determine whether aggregate tax and spending systems are in fact promoting gender equality, and to track the income, gender, and poverty impacts of each type of tax and expenditures item comprising national and regional fiscal system."[31]

Supporting women's representation in government and, in particular, in fiscal policymaking, would also support more gender-responsive tax policies. Nevertheless, there is no guaranteed relationship between taxation and democracy or good governance. One of the requirements for a tax system that serves its citizens well is *tax bargaining*.

"Blind adherence to a push for more taxation is likely to have adverse consequences unless the international community prioritises support for better tax systems, rather than more tax collection. The two are not always compatible."

Photo: Save the Children

Text Box 3: Tax and Gender

Gender-responsive budgeting assesses the costs and benefits of fiscal policies on the development of women, girls, men and boys, and then determines actions based on results. Given that in most places, women's and girls' needs have been less addressed in fiscal policy, gender-responsive budgeting takes a variety of forms according to country. However, its essence is to increase fiscal policies to promote gender equality and girls' and women's development.

Originally developed in Australia during the 1980s, more than 80 countries have tried some version of gender-responsive budgeting with efforts varying greatly. Given the increasing amount of evidence demonstrating that the economic participation of women in the economy leads to positive development outcomes, gender budgeting not only helps fulfill the rights of women and girls, but advances economic growth and development in society more broadly.

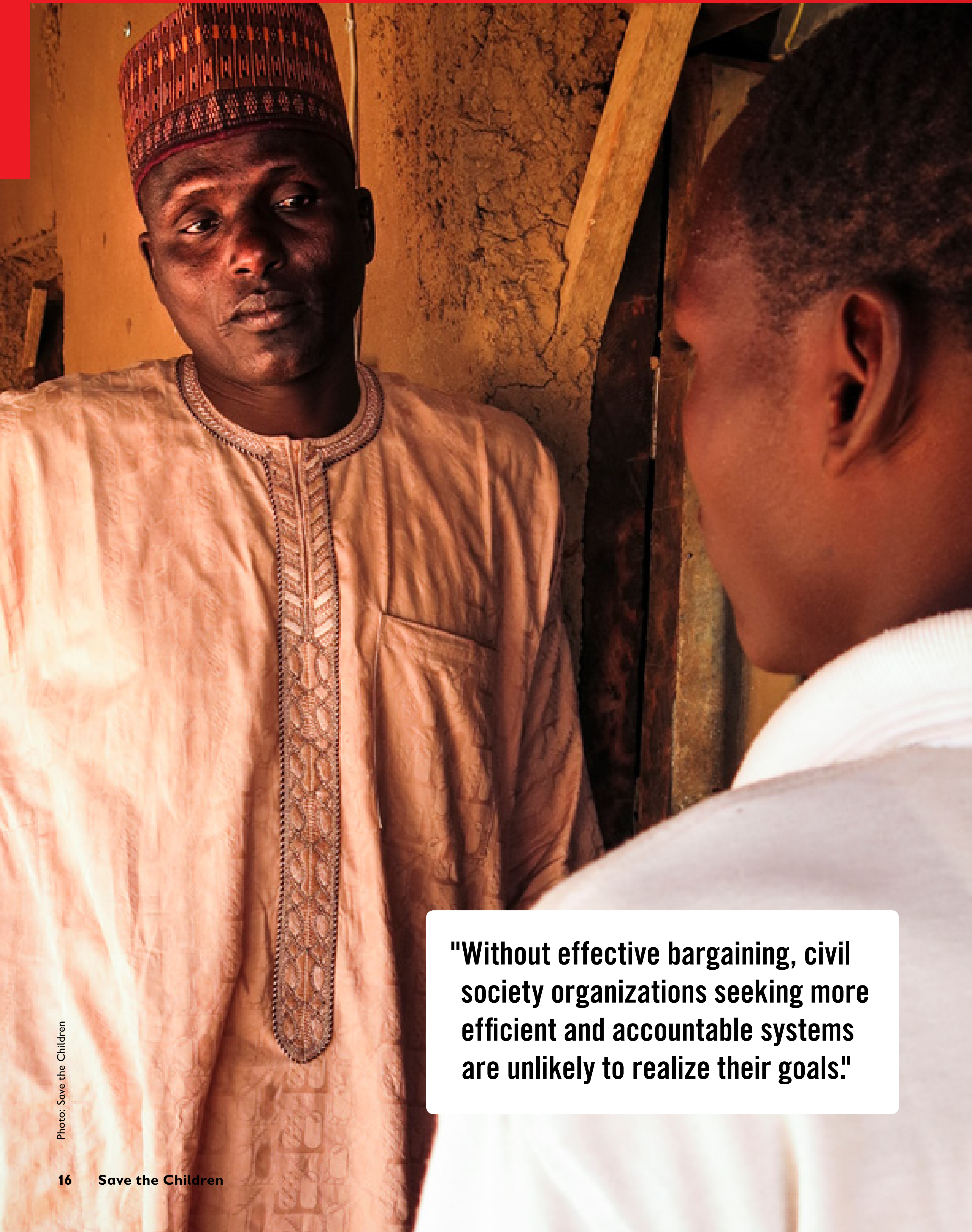
Gender-responsive budgeting can be a tool to combat bias in tax systems both implicit and explicit. For example, in Morocco, an explicit bias in the tax system was its automatic provision of tax allowances for children to men, even when the woman's income is greater than the man's, effectively reducing men's tax burden relative to women. The result is, "That women in dual-breadwinner households, who earn the same amount as or more than their spouse, face a higher average effective tax rate because they are not allowed to claim deductions for a spouse or dependent children."

An example of implicit bias can apply to work-related tax exemptions on formal employment where, in many countries, men predominate. In this case, tax policy provides a lesser benefit for those who are self-employed. In some countries, this is more likely to be women. Given that women and girls also often provide care for dependents, women spend a larger portion of their income on basic goods, such as food and clothing. So consumption taxes, including value-added tax, may create a heavier burden for women without selected reductions or eliminations of value-added tax for specific items.

In Africa, gender budgeting has mostly been implemented on the spending side. But there have been some tax reforms motivated by concerns on gender. For countries seeking to draw more women into the labor force, not taxing secondary earners--typically assumed to be women–is used as a tax policy to increase women's participation in the economy.

In 1995, as part of a broad effort to make the tax system more just, South Africa lowered the tax rate on married women, which was higher than single men or women. Another policy lever is reducing or eliminating value-added tax on items that are particularly important to women's economic roles. In this vein, South Africa also reduced its value-added tax on kerosene because it was an important fuel for poor households–most of which were headed by women.

Sources: Stotsky, Janet G. Gender Budgeting: Fiscal Context and Current Outcomes. International Monetary Fund, July 2016, www.imf.org/external/pubs/ft/wp/2016/wp16149.pdf; Gender Equality and Poverty Reduction. United Nations Development Programme, April 2010, www.undp.org/content/dam/undp/library/gender/Gender%20and%20Poverty%20Reduction/Taxation%20English.pdf.



"Without effective bargaining, civil society organizations seeking more efficient and accountable systems are unlikely to realize their goals."

Photo: Save the Children

TAX BARGAINING

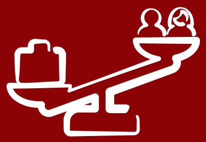
At both the national and subnational levels, civil society transforms fiscal systems through tax bargaining (see Text Box 4). A tax bargain is "A negotiation between taxpayers and government, where the former agree to comply with tax obligations in exchange for the provision of effective government services."[32]

Without effective bargaining, civil society organizations seeking more efficient and accountable systems are unlikely to realize their goals. Increasing DRM without including citizen dialogue on how it's executed is unlikely to promote good governance.[33]

Tax bargaining occurs in all tax regimes. The main questions are how broadly the bargaining occurs, and who has the power to influence tax policy outcomes. Awareness, education and inclusiveness are key to increasing the scope of voices engaged in bargaining. To ensure inclusiveness, gender norms must be addressed, and specific barriers for women's and girls' participation in decision making must be eliminated. Barriers that affect both women and men, including language, disability, culture, geographic or other hurdles, must also be moved out of the way. Raising awareness about the specific barriers to women's and girls' meaningful participation should especially be part of the overall dialogue on citizen participation in tax discussions. Says Prichard, "In order to have…a national dialogue about taxation, citizens must be aware of the taxes they are paying…while government must be transparent about tax collection and public spending."[34]

Given that DRM is necessary for development and can be a tool for enhancing governance, we now turn to an analysis of civil society engagement in tax policy to identify how citizens have successfully engaged in bargains to make tax more progressive and accountable. We've divided our analysis into subnational- and national-level cases of CSO engagement.

The next section is focused on subnational CSO engagement in tax policy.



Text Box 4: Effective Tax Bargaining

Wilson Prichard of the Institute of Development Studies has cited the following factors and conditions as facilitating tax bargaining:

- Citizens perceive themselves to have common interests, and will thus pursue a broad tax bargain rather than narrow benefits.
- There is a high degree of mutual trust amongst citizens.
- Citizens are well organized politically and have the strength and unity to bargain constructively with government.
- Levels of awareness and education are high, so as to encourage political engagement.
- Links between taxation and expenditure are relatively clear to citizens.
- Voluntary compliance with tax requirements is relatively important, thus providing stronger incentives for governments to seek a tax bargain.
- There is a minimum level of trust between citizens and government in order to facilitate bargaining.

Sources: Prichard, Wilson. "Taxation and State Building: Towards a Governance Focused Tax Reform Agenda." *Institute of Development Studies at the University of Sussex Brighton*, May 2010, www.ids.ac.uk/files/dmfile/Wp341.pdf

SUBNATIONAL CIVIL SOCIETY ENGAGEMENT FOR ACCOUNTABLE AND PROGRESSIVE TAX POLICY

SUBNATIONAL KEY FINDINGS:

- **There is more evidence of CSOs successfully advocating for tax policy and administration at the subnational level. Our analysis indicates that it is easier for CSOs to engage at the local level because the link between taxes and services is clearer: policymakers are closer to citizens, and it is a less-crowded policy space. In some contexts, this is particularly true for women's participation, due to mobility constraints, access to travel funding and childcare responsibilities. Subnational tax advocacy is fertile ground in its own right for supporting CSO engagement and can also serve as the building block for national-level advocacy as subnational CSOs build capacity, tax analysis and advocacy experience.**

- **Building awareness and capacity among subnational tax policymakers is crucial. Many of the cases of success we saw at the subnational level involved local policymakers and CSOs working in tandem to address subnational DRM problems. In this sense, subnational CSO engagement in tax policymaking was more collaborative than at the national level, where more cases of protest and conflict were found. At the subnational level, collaboration was sometimes initiated by local policymakers themselves, and sometimes CSOs and government members were brought together and supported by international donors. Both models have the potential for success.**

- **The facilitating factors at the subnational level were somewhat similar to those at the national level, but there are some differences. The contributors to CSO tax policy advocacy at the subnational level included having access to strong analysis and research; tapping into CSO networks; explicitly linking taxes to services; ensuring tax documents, meeting notices and other materials are in citizens' native languages and provided on a timely basis; and having professional, rather than informal, subnational tax collection and administration officials.**

Our analysis of subnational cases of civil society engagement reveals a more structured, strategic and thorough effort by citizens and CSOs to address tax policy when compared to national-level engagement (See below). Subnational engagement also tends to be more organized, sustained and collaborative with local government officials, as well as often done with the cooperation of bilateral donors.

To some degree, this makes sense. As we've seen above, one of the keys to activating citizens is connecting taxes to services. Since many public services are delivered locally–and local tax issues and policymakers are more likely to be known and accessible–citizen engagement is generally easier. As Wilson Prichard states, "[Citizens] get really excited when you explain to them that they are actually the ones who fund the government, [and that] this can be negotiated." He added, "At a micro level this provides compelling, though still preliminary, evidence that taxation can be a catalyst for community mobilisation for responsiveness and accountability."[35] Many of the cases we identified are supported by bilateral and multilateral donors, often in cooperation with international and local NGOs. In many instances,


Photo: Save the Children

subnational engagement with civil society was even more commonly led by local government agencies who reached out to CSOs to improve DRM. Our analysis also finds that citizen engagement in tax policy is more feasible at the local level, perhaps because subnational tax policy is less fraught with actors than national-level politics. This provides more “space” for non-expert citizens and organizations to engage. This dynamic could also provide lower barriers to inclusion for women- and youth-led civil society organizations. It is also easier to connect tax policy to service delivery at the subnational level, where services are received by taxpayers.

While major gaps of evidence and documentation also exist at the subnational level, the impacts of CSOs at this level are much more evident than at the national level. There are a variety of cases demonstrating that CSO engagement in tax policy has made local fiscal policy more effective and accountable. There is evidence that local government and CSO cooperation has increased subnational DRM in a variety of contexts. The United Nations Research Institute for Social Development (UNRISD) found in Uganda that, “By locating the tax debate in local community landscapes, [CSOs] are increasingly able, not only to raise awareness on tax issues (which is intended to translate into demands by the masses) but also to demand the audience of policymakers…CSOs draw clear links between taxation and demands for social services…For most other actors, this link has been, at best, an implied one.”[36]

The continued high levels of de facto decentralization in many developing countries means that civil society groups can play a particularly helpful role in making subnational tax systems more fair, accountable and transparent.[37] In spite of decentralization legislation, subnational governments continue to rely heavily on transfers from central governments for their budgets, meaning that subnational tax agencies are often underfunded and have low capacity. In these cases, the engagement and expertise of civil society can be particularly valuable. Researchers find that local tax systems are often regressive, corrupt and lack capacity to function efficiently, so there is a need for CSO input and expertise to contribute to often under-resourced local tax agencies.[38]

STATE-LED SUBNATIONAL CIVIL SOCIETY ENGAGEMENT

Thailand

We found multiple cases of subnational governments proactively engaging citizens and civil society to improve tax policy and administration, along with concrete results to show for it. In Huai-Kapi, Thailand, a community of 11,000, local officials found that during the late 1990s, tax revenues were gradually declining even as the agricultural-based economy was growing. In response, officials at the subdistrict level, with the strong support of the mayor, created village-level civic forums to improve revenue growth.[39] The first was focused on building understanding and trust between citizens and local government.

Intended to increase public understanding of the local government council's institutional roles, the forum provided awareness among residents of the importance of tax duties in supporting public services. This and the forums that followed taught local officials and civil society members how to conduct clear dialogues. To make the process even more effective, the mayor and staff organized one-day training courses for civic leaders before each forum, which introduced CSOs to forum objectives and their expected roles. This helped prepare and educate citizens and CSOs to effectively participate.[40]

The civic forum itself consisted of local residents voicing their difficulties and demands. Local government leaders, business leaders, village heads, occupational groups and CSO representatives collaborated for this one-day discussion to collectively identify and prioritize the problems. Subsequently, through the forum consultative process, policy recommendations were generated and submitted to local decisionmakers, and then eventually integrated into annual developmental plans and budget appropriations. Researchers state that the civic forums, "Not only increased the public acceptance of the [local government] but also improved the budget allocation process, making it more relevant to local needs."[41] By 2001, with the success of the civic forums in building public acceptance of the role of local government, Huai-Kapi officials endeavored to build more meaningful citizen outreach.

This second phase of citizen engagement on local tax policy started with research, specifically a household survey conducted in 2001 to ascertain the top public service needs. The survey covered 411 households scattered throughout Huai-Kapi, with the analyzed data brought back to a civic forum for discussion and to determine medium-term development needs. The top local priorities identified by the survey were:

- Public telephones
- Drug and narcotic controls
- Health promotion and mobile clinical services
- Garbage collection and disposal
- Elderly welfare

In 2002, having identified what citizens saw as pressing public service needs, the local government started a new program intended to improve tax collection to fund them. Local officials implemented three strategies to reach this goal:

- Creating a civic tax committee (CTC).
- Enhancing civic tax education (CTE).
- Improving the tax collection process.

The CTC was comprised of local fiscal division staff, village heads and business representatives. Huai-Kapi officials utilized the CTC as a resource to address tax collection problems and to improve tax collection processes.[42] Specifically, the CTC met with delinquent taxpayers, recommended tax efficiency measures and worked to raise tax education among citizens, including providing one-hour tax learning programs and creating a tax-budget guide to inform taxpayers on the connection between locally collected taxes and local public services.

Tax education in Huai-Kapi was a long-term, continuous effort. Tax messages were sent out to the public in numerous ways, including, "Informing them periodically of tax-paying information and actual tax-revenue collection, providing a one-hour tax learning package with community training programs, and delivering a tax-budget guide to inform [citizens] how locally collected taxes and local public services were matched with each other."[43]

After adopting several changes in tax policy and administration based on citizen participation and input, citizens were more satisfied with local public services. The local government was also better linked to public demands. Correspondingly, tax morale in Huai-Kapi improved as tax collection rates grew by 48% in the three years following the project.[44]

Mozambique

The Huai-Kapi case demonstrates how CSO engagement at the subnational level can be successful when driven by a local government seeking to integrate citizens into tax administration and policymaking. In the case of Mozambique and others below, this engagement was supported by international donors.

In Mozambique, beginning in 2012, the organizations Swiss Agency for Development and Cooperation (SDC) and Concern Universal Mozambique launched the Municipal Social Accountability Monitoring Program (MuniSAM) in partnership with national CSOs. The project included six of the country's 43 municipalities.

MuniSAM was intended to support social accountability and promote citizen participation through enhanced citizen oversight of municipal finances, including tax revenues. To that end, the project's tax collection component involved educating citizens about both their duty to pay taxes and the government's responsibility to consider citizens' views on how to spend tax revenues. While the project was similar to that joint policymaking model in Thailand, in Mozambique accountability monitoring committees (SAMComs) were created[45]

Working with municipal councils and assemblies, SAMComs members were trained on social accountability, including municipal revenue collection. SAMComs members learned basic skills for monitoring municipal processes and engaging with relevant municipal government agencies. "The SAMComs…engaged in an awareness raising campaign, which created a dual incentive to increase revenue collection on the part of the Municipal Council and on the part of community members to pay tax and non-tax revenues."[46] Similar to what occurred in Thailand, engagement and satisfaction improved at the national and subnational levels as citizens better understood the relationship between paying taxes and receiving taxpayer services.

But there were added benefits as well. The MuniSAM project was formed to focus on the municipal property tax, which as in many developing countries was seen as one of the most underutilized sources of local tax revenue. As properties in Mozambique are mostly owned and registered by men, any increase in property taxes would lead to a more equal distribution of wealth between genders. In Mozambique, many of the recorded values of buildings have not been updated with local authorities since the Colonial era. With only a few municipalities capable of conducting proper valuations, local officials also had challenges ensuring the accuracy of the values of buildings.[47]

In 2013, Concern Universal Mozambique found that its municipal tax education program had worked in several of the municipalities. In Cuamba, for example, it claimed that local revenues increased 75% during the project phase.[48] The project evaluation also found that public participation–including among marginalized groups–increased in budgeting and tax forums. Analysis of the project found that, "Women had played a leading role such as being elected as chairpersons in a number of the social accountability monitoring committees," but added, "It remains to be seen whether the effect of the increase in gender participation can be maintained without direct support from MuniSAM."[49]

The SDC project also maps out a role for donors, supporting citizens and local tax officials to come together. It concludes that donors could, "Assist local state and civil society actors to publicly debate and develop detailed resource-mobilisation implementation strategies, as well as revenue collection plans. Donor organisations could also assist local state and civil society actors to draft communication strategies for revenue collection, to explain to local residents how they benefit from property taxes. Furthermore, organisations could support efforts to build the capacity of local interest groups to engage with key local government processes."[50]

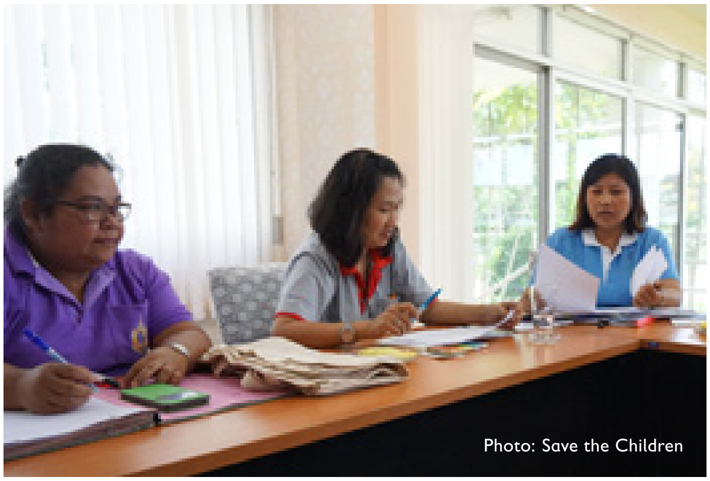


Photo: Save the Children

"A 2014 World Bank study in Rutegama, Burundi, found that fostering partnerships between civil society and local administrators was necessary given the low levels of civil society capacity and state administrative capacity in fragile contexts."

Burundi

Burundi is another subnational CSO tax policy engagement case where cooperation between local tax officials and CSOs was central to its success. It also demonstrated that in fragile settings, local governments most often take the lead in engaging citizens on fiscal issues (see Text Box 5). Given local histories, particularly in conflict-affected and fragile states, citizens may feel they lack the efficacy to make change without clear signs of government openness. A 2014 World Bank study in Rutegama, Burundi, found that fostering partnerships between civil society and local administrators was necessary given the low levels of civil society capacity and state administrative capacity in fragile contexts. Capacity building had to happen in both areas, together. World Bank researchers found that, "Within the Burundi context [it]…must be done in tandem with encouraging state developmental responsiveness."[51] As discussed earlier, this is supported by current research indicating that citizens are likely to be deterred from engaging in tax discussions if they do not have enough awareness to meaningfully engage, or if they do not believe that local government officials will take their views into account.[52] In Burundi, as in other instances analyzed in this report, international donors–in this case primarily the Swiss Agency for Development and Cooperation (SDC) and the German Agency for International Cooperation (GIZ)–also facilitated the decentralization process, encouraging engagement between CSOs and local fiscal officials.

In Rutegama, the municipal administrator created a partnership with local civil society, in which they were involved in discussions on budget and tax collection. Some level of gender balance is enshrined in law at both the local and national levels in Burundi. Communes in the rural area are governed by a council of 15 members elected by direct universal suffrage that also reflect a degree of gender balance (set at 30% by the electoral code). A national commission can also choose to intervene after communal elections to ensure gender and ethnic balance on the council. So some level of community representation, along with gender representation, is enforced by law among the communes.[53]

For its part, matching the local government commitment, civil society raised awareness among taxpayers on the links of taxation to public expenditure. At the time, the public already had access to budget expenditures, but many citizens were unable to read the documents in French or make sense of the budget's complicated format, so additional taxpayer education was conducted.[54]

Due to the government's commitment to transparency and social accountability through this program, citizens placed more trust in their government and were more willing to pay taxes. After the program was implemented in 2010, Rutegama experienced increasingly larger revenue collections each year for the next three years, emphasizing the importance of fostering trust through transparency and participatory processes.[55]

Text Box 5: Facilitating Citizen Engagement at the Communal Level in Burundi

World Bank qualitative research on decentralization in eight communes in Burundi identified a variety of barriers to CSO engagement in tax policy and administration. But after a reform-minded administrator was elected in one of the communes, Rutegama, there was an increase in local revenues between 2010 and 2013. Among the practices that the World Bank identified as reasons for Rutegama's and other communities' increased DRM were:

- **Citizen education:** In order to explain the connection between taxes, services and the rights and responsibilities of taxpayers, one commune hired a CSO to work in partnership with the commune to explain to citizens the purpose of paying taxes and their use.

- **Participatory budgeting:** Local officials were proactive in inviting CSOs to meetings to discuss the budget and tax collection, taking engagement with civil society seriously in determining tax policy and administration.

- **Transparency:** Starting in 2010, commune leaders allowed CSOs to monitor tax collection and review the use of funds toward the communal budget. Since many citizens cannot read French, the local association explained tax and fiscal issues to citizens during church services and community meetings. Topics included communal budgets, amount of revenue collected and type of tax, and how taxes were used. Tax information was also posted in public.

- **Administrative reform:** Along with the reforms above, the Rutegama administrator elected in 2010 sought to professionalize tax collection by hiring new tax collectors, rather than relying on elected officials; creating a new payment system; and revising mechanisms for tax monitoring. This has enhanced efficiency and, subsequently, improved citizen trust in the local tax system, supporting CSO engagement in fiscal issues. Engaging citizens on budgeting issues by sharing information through mobile phones was also seen as promising.

Source: The World Bank. "Republic of Burundi: Fiscal Decentralization and Local Governance." (2014).https://openknowledge.worldbank.org bitstream/handle/10986/21099/929140WP0P14530English0web00PUBLIC0.pdf?sequence=1&isAllowed=y

Photo: Save the Children

BARRIERS TO SUCCESSFUL CSO ENGAGEMENT IN SUBNATIONAL TAX POLICY

Our analysis finds evidence of success at the subnational level in terms of how CSOs can successfully advocate for more progressive and accountable tax policy. Experts have also identified supporting local efforts as building blocks for more complex national-level CSO tax engagement. As Institute of Development Studies researchers have stated, "Trying to build national constituencies to underpin these larger campaigns' engagement is likely to be much more local and small scale, focused on creating more knowledgeable and engaged taxpayers who are able to engage around tax issues that are most immediately relevant to their day-to-day experiences." And, indeed, the past two years have seen some large international tax justice networks begin to wrestle with how to better 'localize' tax advocacy efforts around the issues most salient to the majority of taxpayers."[56]

To build off the successes CSOs have earned working on tax policy at the subnational level, barriers to local engagement, such as gender and age, must be identified. This is also essential to supporting national-scale success. While many barriers are relevant to, and may overlap with, those we identified at the national level, those listed below were most mentioned in our review of subnational cases. These barriers include:

1. **Lack of transparency:** CSO engagement in tax at the subnational level is more feasible in part due to geographic proximity of the relevant taxpayers to policymakers. But too often citizens do not have the gender- and age- responsive information they need at the right time to effectively engage with policymakers. Tax policy is a data-heavy subject even at the subnational level and CSOs need information that is relevant, readable in their native languages and provided on a timely basis (see Text Box 6).

2. **Lack of government buy-in:** Many of the cases in this section were successful because they included engaging subnational government and CSOs in tandem–sometimes led by local governments, sometimes spurred on by donors. It's no coincidence that these were successful cases. If local government is not open to CSO engagement on tax, it is unlikely to be successful.

3. **Lack of information and awareness:** Even at the subnational level where information should be easier to access, we found that lack of citizen awareness of tax policy was a major barrier. All the successful cases we analyzed included education and consciousness-raising components. Citizens and CSOs need to understand the basics of how tax policy impacts their lives to be more effective in advocating for it at the local level. One 2008 municipal tax project in Peru supported by a partnership of the German Technical Cooperation Agency (GTZ) and the Association of Tax Administration Services (ASAT) was launched without sufficient community education which led to rumors that it would be only used to support the mayor and city leadership.[57] It was only after further community education and meetings were held that the project was able to progress.

While we found areas of overlap in the barriers and facilitating factors for CSO tax advocacy at the national and subnational levels, we also discovered important differences. One of the major findings from the literature was the potential of grassroots CSO tax advocacy to be a foundation for national action. As discussed above, subnational tax issues are often more tangible to citizens and easier to access. But the vast majority of taxes in developing countries are typically collected by national governments–subnational tax collection still tends to comprise a small percentage of countries' overall tax collection. Nevertheless, subnational tax work is promising in terms of support successful fiscal justice projects. As one researcher states, "Citizens form their first expectations about how government should work by observing it at the local level."[58]

> **"The past two years have seen some large international tax justice networks begin to wrestle with how to better 'localize' tax advocacy efforts around the issues most salient to the majority of taxpayers."**

Photo: Save the Children

Text Box 6: Tax Transparency

One of the most common approaches at the subnational level for improving tax accountability and citizen engagement is transparency. While transparency is no guarantee to improve tax morale, it has been shown to be a factor in improving engagement in multiple cases at the local level.

Transparency can include:

- Increasing taxpayer understanding of different taxes and why citizens are asked to they pay them.

- Increasing availability, accessibility and usability of information about how total revenue is collected and how much is collected from different revenue streams.

- Increasing availability, accessibility and usability of information on how tax revenue is used, including funds that are earmarked for goods or services that improve citizens' wellbeing.

Unfortunately, tax transparency is often lacking in developing countries. A survey of 36 countries in Africa found that, "On average, more than 50% of respondents reported difficulty in determining what taxes they should pay." The potential of transparency to engage citizens is evident: The Institute of Development Studies found that 94% of survey respondents in Sierra Leone and 83% in Ghana, said they would be more willing to pay taxes if they knew if they knew how much they were supposed to pay."

Among other factors, for tax transparency to be meaningful for citizens, it must:

- Be timely and actionable.
- Be in citizens' native languages.
- Clarify what taxes need to be paid when.
- Disaggregate how taxes are used. (including earmarking taxes for specific services)

Source: Wilson, Prichard, et al. "Micro -Links Between Taxation & Accountability Initiatives." LinkedIn SlideShare, *International Centre for Tax and Development* - ICTD, 14 November 2017, www.slideshare.net/ICTDTax/micro-links-between-taxation-accountability-

NATIONAL CIVIL SOCIETY ENGAGEMENT FOR ACCOUNTABLE AND PROGRESSIVE TAX POLICY

NATIONAL KEY FINDINGS:

- **CSO engagement on national-level tax policy has reversed regressive, unaccountable tax proposals by governments and forced national governments to explicitly link taxes to services for all age groups and genders. In some cases, civil society engagement on tax has been part of broader democratic openings and participation in governance.**

- **Despite this success, effective citizen action on tax at the national level is often comprised of informal, spontaneous uprisings. There are few examples of proactive, strategic and sustained national-level tax advocacy campaigns that have resulted in policy change. Given the competitiveness of national tax policy, CSOs working at this level need capacity building to have sustained impact.**

- **CSOs face a number of challenges to successfully engage at the national level. While these vary according to country context, some of the most daunting challenges include: 1) the complexity of national-level tax policy that includes vast amounts of data and highly technical policy and legal issues; 2) the highly-competitive nature of national taxation that includes international and national actors with the expertise and experience to drive their policy preferences, often without broader civil society input; and 3) public financial system corruption and mismanagement, which can deter citizen engagement.**

- **Our analysis of successful cases reveals a number of tactics that have led to CSOs achieving at the national level, including supporting tax advocacy civil society networks; adopting strong tax policy research and analysis; educating citizens; raising awareness before launching campaigns; and coalescing around shared tax policy demands to build larger coalitions for advocacy. We also found in one of the national cases analyzed on the following pages that CSO "engagement from above" with leadership from national government can be impactful in engaging citizens to improve DRM and make tax policy more accountable.**

To reiterate, civil society engagement at the subnational level was typically more proactive and strategic than at the national level. While this makes sense given the higher levels of complexity and barriers to entry involved in national-level tax policy, the large majority of tax collection still occurs at the national level. Thus, it's important for citizens to be able to engage in tax policy and administration at this level.

This section analyzes available evidence on how civil society has shaped tax policy at the national level, as well as compares and contrasts findings with those at the subnational level.


Photo: Save the Children

MORE REACTIVE THAN STRATEGIC

Perhaps the most prominent theme emerging from the analysis of CSO involvement in national tax policy is that civil society action is often comprised of spontaneous reactions to regressive policy proposals—usually without public consultation occurring first. In spite of the informal and spontaneous nature of this engagement, these actions have often been successful. Ranging from street protests to tax noncompliance, they have also varied in intensity and form.

These actions by civil society did not occur in a vacuum, and machinations by political parties and other groups played roles in their outcome. Still, despite the often informal and spontaneous nature of citizen engagement in tax policy at the national level, evidence indicates that these actions have:

- Reversed regressive tax policy proposals.
- Forced policymakers to be more accountable, creating dialogue with citizens on issues of fiscal policy.
- Pressured policymakers to explicitly show the links between taxation and the provision of services.

In some cases, citizen engagement in tax policy has led to a spillover into broader issues of governance, forcing government leaders to engage with wider segments of society on political reform.[59] Crucially, citizen engagement has also pressured governments to better illustrate to their citizens the links between taxes and basic services, such as how proposed taxes will fund expanded education or health benefits.

"In some cases, citizen engagement in tax policy has led to a spillover into broader issues of governance, forcing government leaders to engage with wider segments of society on political reform."

Photo: Save the Children

Ghana

The case of Ghana (see Text Box 7) beginning in the mid-1990s is perhaps one of the most documented cases of a regressive governmental tax policy proposal being defeated in part by citizen mobilization. The Ghanaian government's 1995 VAT proposal was enacted without significant public consultation and met with a quick and large public backlash, resulting in its rapid repeal. Part of this uprising was due to Ghanaians' belief that the new VAT would threaten their food security.[60] In this case, the tax protests grew into broader demands for democracy and improved service provisions, leading to an opening in Ghanaian governance and new elections in 1996.[61]

It is difficult to disentangle what ignited public action. But coordination and advocacy by civil society groups was certainly a contributing factor. The protests also prompted the Ghanaian government to begin to publicly justify new taxes by explicitly linking them to services. Thus, when VAT increases were later proposed by the government, they were explicitly linked to supporting health and education programs.[62]

"Starting in the mid-1990s, Ghanaian protests against VAT proposals are a prime example of how informal citizen advocacy on tax policy resulted in improved governance, including and beyond taxes."

Text Box 7: Ghana Revolts against the VAT

Starting in the mid-1990s, Ghanaian protests against VAT proposals are a prime example of how informal citizen advocacy on tax policy resulted in improved governance, including and beyond taxes. The Institute of Development Studies and others have analyzed a series of citizen protests against VAT proposals, the first starting in 1995. While not an exhaustive list, the following are some of the factors that enabled citizens to turn back government VAT proposals and force policymakers to better link taxes to services and consult citizens before changing tax policy.

- **Shared demands:** "The protests succeeded in bringing together political elites, businesses and small taxpayers in making shared demands on government." This unity of purpose made them harder to resist. Paradoxically, this was due in part to the perceived equity in tax enforcement among various social classes. The Ghanaian government's previous commitment to tax elites created a shared purpose among the protestors in opposing the VAT.

- **Advocacy networks:** While difficult to determine causality in the VAT case, CSOs in Ghana have a strong record of training citizens and engaging government agencies on fiscal accountability. Supported by international agencies including ChristianAid, the Overseas Development Institute and Global Communities, STAR (Strengthening Transparency, Accountability and Responsiveness) GHANA works at both the local and national levels on accountability programming and initiating dialogue with fiscal policymakers.

- **Lack of Public Education:** As Phillip Osei points out, the 1995 VAT law was implemented with poor internal policy analysis and "inadequate public education by the government." Osei cites this factor as being instrumental in its defeat. The lesson about the importance of public education was one government officials learned later, as future VAT proposals were better justified and explained to the public in terms of the necessity for the tax, as well as in how the revenue it generated would be used for development purposes.

Sources: Prichard, Wilson. "Taxation and State Building: Towards a Governance Focused Tax Reform Agenda." Institute of Development Studies at the University of Sussex Brighton, May 2010, www.ids.ac.uk/files/dmfile/Wp341.pdf;

Wilson, Prichard, et al. "Micro -Links Between Taxation & Accountability Initiatives." LinkedIn SlideShare, International Centre for Tax and Development - ICTD, 14 November 2017, www.slideshare.net/ICTDTax/micro-links-between-taxation-accountability-initiatives;

Osei, Phillip D. "Political Liberalisation and the Implementation of Value Added Tax in Ghana." The Journal of Modern African Studies, 38.2 (200): 255-278, 2000, https://www.jstor.org/stable/161651?read-now=1&seq=12#page_scan_tab_contents

Kenya

In Kenya, like in the Ghanaian street protests discussed earlier, taxpayer resistance to an unresponsive government was also spontaneous, informal and effective. But the citizen resistance to taxation in Kenya in the late 1990s was more passive, taking the form of decreasing income tax compliance.[63] While political parties played a role in this noncompliance, citizen action against the taxes contributed to a change in government. There was also long-term improvement in citizen-state tax dialogue as, by the early 2000s, incoming governments felt the need to explicitly link taxation to provision of basic services to avoid citizen tax protest. Researchers note that this included linking taxes to, "Free primary education, the development of Constituency Development Funds and the achievement of aid independence. In doing so the government made taxation a central element of public debate…Thus, resistance by taxpayers helped to precipitate change, and sent a strong signal to the subsequent government that a stronger tax bargain was needed."[64]

"In 2004, tax advocacy by Kenyan women's groups achieved VAT reductions on basic necessities such as food and medical products. As part of this CSO engagement, a coalition of women's groups demanded a 16% reduction in the price of sanitary pads on the grounds that the pads were a necessity. As a result of the campaign, the president ordered the sanitary pads to be "zero rated," removing the VAT and making them more accessible to low-income women and girls."

Text Box 8: Gender Equality Tax Tools

U.N. Women has proposed tax policy and administration tools for promoting gender quality. The following are some of U.N. Women's recommendations:

- Institute progressive taxes on incomes and capital based on ability to pay.
- Reduce taxes on low earned incomes and provide earned income credits.
- Increase taxes on incomes from property and capital received by those with high incomes.
- Reduce tax burdens on low-income self-employed women.
- Establish resource revenue trusts to insulate government budgets from fluctuations in resource market prices, with allocations to those negatively affected by extractive industries.
- Benchmark, monitor, revise, and track the impact of tax and all other fiscal policies on both women's and men's pre- and post-tax incomes, assets, and economic security.

Source: Lahey, Kathleen. "Gender, Taxation and Equality in Developing Countries: Issues and Policy Recommendations." Global Alliance for Tax Justice, U.N. Women, April 2018, www.globaltaxjustice.org/sites/default/files/Geder-Tax-Report-Fin-WEB.pdf.

GENDER-RESPONSIVE CSO TAX ADVOCACY

While documentation is limited, there is also growing evidence of tax tools for advancing gender equality. In a specific case, women's groups in Kenya successfully mobilized to fight regressive taxes that would have posed a particular burden to them. U.N. Women have proposed a set of policy tools for gender-sensitive taxation (see Text Box 8). Waris and other analysts find that, in 2004, tax advocacy by Kenyan women's groups achieved VAT reductions on basic necessities such as food and medical products.[65] As part of this CSO engagement, a coalition of women's groups demanded a 16% reduction in the price of sanitary pads on the grounds that the pads were a necessity. As a result of the campaign, the president ordered sanitary pads to be "zero rated," removing the VAT and making them more accessible to low-income women and girls.[66]

This example demonstrates that CSOs can successfully identify and advocate for VAT exemptions on items where the tax would disproportionately and negatively impact low-income women. As developing nations increasingly rely on VAT as a tool to increase DRM, exceptions on basic goods that low-income communities need are necessary to counteract the tax's regressive nature. Gender analysis is also critical to identifying the range of products that should be included, along with the distribution of the impacts of the tax.[67]

In Latin America, the case of Bolivia, beginning in 2003, demonstrates how spontaneous citizen uprisings against unpopular tax measures can:

1. Result in long-term enhancements in government-citizen fiscal pacts.

2. Force policymakers to strengthen tax and development links.

3. Transform societal relations broadly.[68]

For decades, popular protests against foreign mining companies were a feature of Bolivian politics. They reached a peak during the "Gas War" of October 2003, sparked by disputes on how the Andean nation's oil and gas resources should be used.[69] While the spark that ignited the Gas War was popular opposition to natural gas exports to the United States, it contained other tax-related components, including opposition to a government proposal to increase income taxes. The Gas War brought together a multitude of discontents among Bolivian citizens, many of them related to the country's fiscal regime. As in Ghana, the response included both business and labor sectors, all in opposition to the government's proposal to increase taxes on citizens instead of the international hydrocarbon sector.

Similar to other cases in this report, one of the reasons for the protest was that the proposed salary tax increase was not visibly linked to any developmental benefit for citizens. The salary tax proposal was also not progressive and included those earning minimum wage. Low-income Bolivians were among the largest and most vocal group of protesters.[70]

The series of protests left more than 60 dead as the Bolivian government used military force to suppress them.[71] They also led to President Gonzalo Sánchez de Lozada resigning and fleeing the country. State taxes on the hydrocarbon sector were then increased before the sector was nationalized in 2006.[72] This was the culmination of protestors' demands that taxes from the hydrocarbon sector be used to improve the lives of poor Bolivians. After the reform, revenues from the hydrocarbon sector were used mainly for health and education, and public polling in May 2006 indicated that 87% of Bolivians agreed with the nationalization of the hydrocarbon sector.[73] This series of protests ushered in a new relationship between citizens and the government, particularly in terms of tax policy. Increasing taxes and state control over the Bolivian hydrocarbon sector led to an increase in DRM and less dependence on foreign assistance, sparked by citizen protests and CSO coordination.[74]

"Increasing taxes and state control over the Bolivian hydrocarbon sector—sparked by citizen protests and CSO coordination—led to an increase in DRM and less dependence on foreign assistance."

SUSTAINED, STRATEGIC CSO TAX ADVOCACY

The cases we write about were not planned campaigns, but spontaneous citizen and CSO reactions to unaccountable and regressive tax policies. Despite the lack of strategic planning, ***they were successful,*** *at least in the short-term.* These cases demonstrate that there is inherent interest among CSOs regarding tax policy. But given the complexity of national tax policy, CSOs often lack proactive strategic plans. Generally, civil society organizations are in the early stages of developing tax policy agendas. If they are to be a meaningful voice on tax policy, they need to generate proactive, sustainable campaigns that include their own fiscal policy proposals, rather than only reactions to government proposals.

Brazil

Brazil's Institute for Socioeconomic Studies (INESC) and its tax campaign starting in 2008 were also reactive in terms of opposition to a regressive tax proposal from the Brazilian government. But they were more organized and more coordinated. The protests also included CSOs with more tax expertise than the cases discussed here, largely due to a history conducting budget monitoring, which provided INESC with a knowledge base to draw from on tax advocacy. This meant that INESC also had the means to engage with the Brazilian government and had a history of engaging with the Legislature. Like the other cases in this report, the INESC case was successful. In that sense, the INESC case provides an example of what a more formalized CSO tax policy campaign might look like (see Text Box 9).[75]

INESC was created in 1979 and had been doing budget monitoring work since 1991. During 2008, as part of ongoing fiscal policy reform discussions, the Brazilian parliament invited the active participation of the business sector and local government officials to feed into legislation that would reform the national tax system. While input from the business sector was sought after by legislatures, some analysis finds that engagement with labor and CSOs was more limited.[76] As a result, the proposed tax reform was largely viewed by much of civil society as reflecting the interests of the business sector and local government, rather than the working class. INESC was particularly concerned that the reform that would end the earmarking of funding sources for education and health programs without making the overall tax regime more progressive.[77]

Text Box 9: INESC's 7-Point Tax Advocacy Plan

INESC's two-year campaign, although created in reaction to proposed regressive tax legislation, generated varied and sophisticated tools to beat back the proposed reform. The following are some of the key advocacy methods that were successfully employed:

1. **Research:** Producing technical and policy studies on the implications of the proposed tax reform on social policies, particularly health, social welfare, social security, unemployment insurance and education.

2. **Coalition-building:** Mobilizing social movements, trade unions, religious groups and other civil society organizations to raise awareness of the impact of tax reform and of the proposed reforms' failure to address the unfairness of the current tax system.

3. **Legislative advocacy:** Conducting advocacy in Congress via hearings and meetings with key Brazilian deputies.

4. **Executive advocacy:** Conducting advocacy in the executive branch via meetings with ministers and government officials.

5. **Legal advocacy:** Conducting advocacy in the judicial system through meetings with federal prosecutors.

6. **Awareness raising:** Participating in exhibitions, lectures, seminars and workshops in various regions of Brazil at the invitation of civil society and members of Parliament.

7. **Media:** Promoting public awareness through print and broadcast media.

Sources: Salvador, Evilasio. "The Role of Brazilian Civil Society in the Tax Reform Debate: INESC's Tax Campaign." *International Budget Partnership*, 2013, www.internationalbudget.org/wp-content/uploads/Final-INESC-case-study-complete.pdf.

Photo: Save the Children


Photo: Save the Children

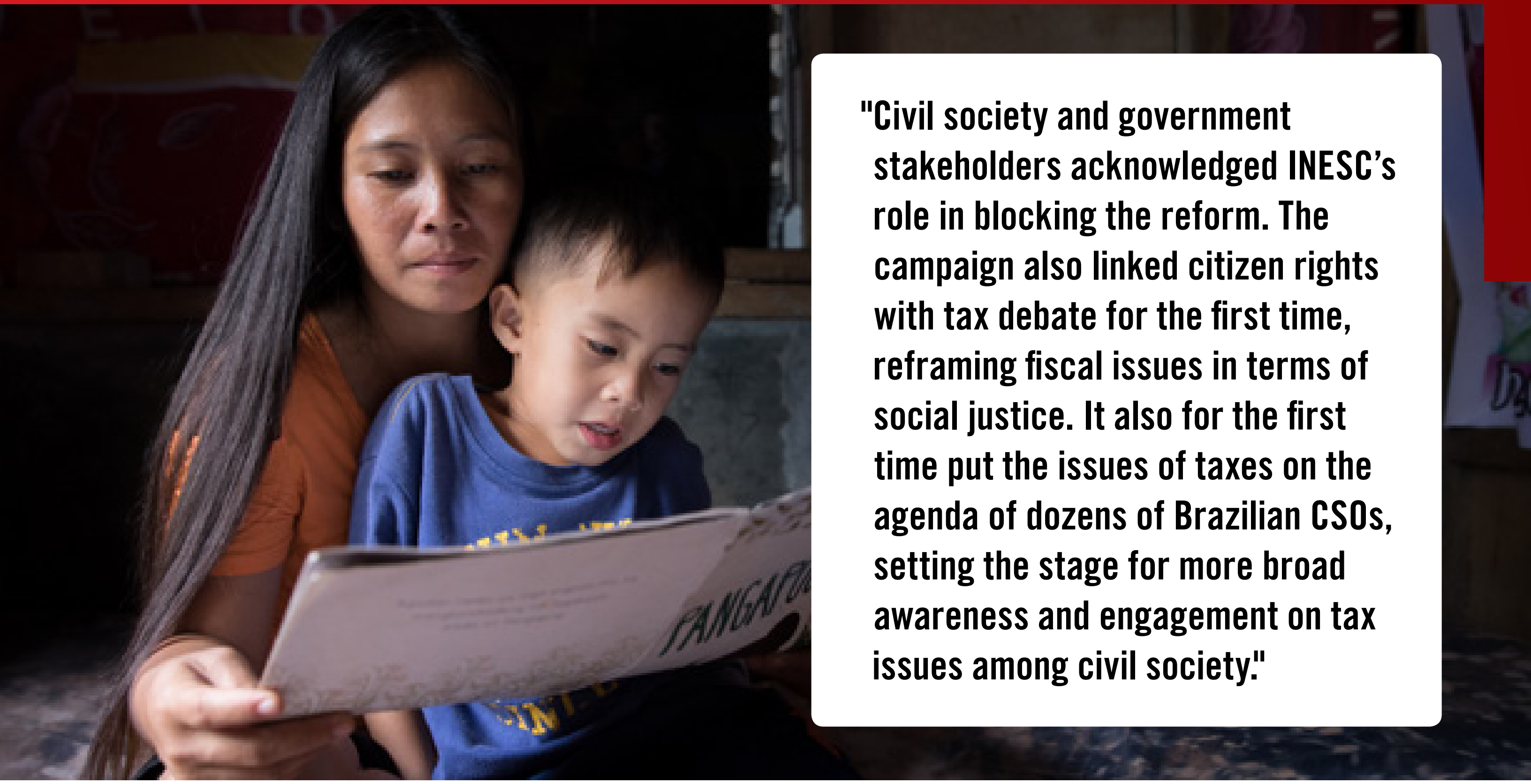
So when the Brazilian government proposed the reform–providing additional tax breaks to the wealthy, while endangering the revenue sources for social policies–INESC acted.[78] From 2008 to 2010, INESC led a broad coalition against the proposed tax reform bill, eventually coordinating more than 100 civil society organizations. These included grassroots organizations, social movements, labor unions, religious organizations and research institutions. The coalition also included women's organizations such as the World Women's March and the Movement of Rural Women.[79]

As was the case in Ghana, CSO networks were important in building the campaign. INESC first convened a public meeting to address the issue in March 2008 through existing networks created through the Brazil Budget Forum, which included student and feminist groups.[80] At the same time, other budget monitoring CSOs were gathering and analyzing the proposal based on their specialties, including networks focused on the tax reform's potential impact on health and social security. There was also a faith-based component to the eventual coalition that included the National Conference of Bishops of Brazil, who were engaged through their economic justice program. When these groups coalesced in June 2008, they called themselves the Movement to Defend Social Rights under Threat by Tax Reform.[81]

The organizations in the coalition brought a scope of different strengths to challenge the proposed tax reform. However, "INESC was in a unique position to coordinate the coalition because of its expertise in monitoring the Brazilian public budget and its past experience in working with the Legislature on financial matters. Moreover, INESC has no religious, corporate, or partisan interests."[82] The diverse coalition brought together different agendas, but was driven by two principles

- The tax system should be made fairer by taxing income and assets.
- The current policy of earmarking revenue sources to financing social policies should be protected.

INESC's theory of change recognized that reforming the Brazilian budget so that it promotes human rights, reduces inequality and strengthens democratic processes is a slow process, subject to a multitude of variables including social, cultural and political factors. While INESC's engagement with the tax reform proposal was a reaction, it had been engaged over many years to raise awareness among CSOs on the role of the budget as a key manifestation of the citizen-state compact.[83] Using the advocacy strategy discussed in Text Box 9, INESC and its allies sought four main channels to fight the regressive tax proposal:



"Civil society and government stakeholders acknowledged INESC's role in blocking the reform. The campaign also linked citizen rights with tax debate for the first time, reframing fiscal issues in terms of social justice. It also for the first time put the issues of taxes on the agenda of dozens of Brazilian CSOs, setting the stage for more broad awareness and engagement on tax issues among civil society."

1. "Producing…analysis on the proposed tax reform with an emphasis on the risk that it would weaken financing for social security, basic education, and employment policy."

2. "Strengthening links with other civil society organizations to formulate consensus positions and joint intervention strategies to influence the tax proposal."

3. "Raising awareness among parliamentarians about the importance of influencing and amending legislation… to ensure the financing…of social policies and to build a fairer tax system."

4. "Participating in…developing and monitoring a set of indicators for the tax system and for drawing up a report to be sent to the [president] with suggestions focusing on building a fairer and more equitable tax structure."[84]

Indicative of INESC's more methodic tax advocacy campaign, it was able to use its high-quality technical studies in 2008 to engage the Brazilian Congress and not only oppose the current tax reform plan, but propose an alternative one. INESC's proposal argued for a fairer tax system to combat the one current at the time, in which the assets and income of the richest 10% of Brazilians controlled 75% of the country's wealth. INESC's tax analysis documents became a useful tool among those seeking to defeat the regressive changes.[85] This opened up a dialogue with legislators who were more sensitive to civil society's demands, including "[one Brazilian legislator who] believed that the study produced by INESC opened a new perspective in the discussion on tax reform in [congress], highlighting the need to preserve funding sources for social policies."[86] This study eventually became a manifesto signed by more than 100 CSOs, adding strength to this research-based advocacy tool that was central to INESC's legislative advocacy.

While not the only factor in defeating the proposal, INESC's campaign "directly contributed to the failure of the proposal in the [Brazilian legislature]," 85 analysts stated. Civil society and government stakeholders acknowledged INESC's role in blocking the reform. The campaign also linked citizen rights with tax debate for the first time, reframing fiscal issues in terms of social justice. It also for the first time put the issues of taxes on the agenda of dozens of Brazilian CSOs, setting the stage for more broad awareness and engagement on tax issues among civil society.[87] Still, analysis of INESC's actions find that even in this successful case, "There remains a great challenge for…the organizations that acted together in the movement: to move from a role of resistance to one of building a more detailed proposal for a new Brazilian tax system."[88]

TAX BARGAINING DURING GOVERNMENT TRANSITIONS

Latin America contains two telling examples of civil society engagement with transitional governments seeking to build new "fiscal pacts" that include more progressive, inclusive and accountable tax systems.

Chile

Chile today is regarded as having one of the best tax systems in Latin America, due in part to a *concertación* ("agreement" in English) in the late 1980s as the country transitioned from dictatorship to democracy.[89] The *concertación* was a coalescing of pro-democracy actors as part of the transition from the Pinochet dictatorship, which culminated with a democratic election in 1989 and the end of the military regime. Part of this broad socioeconomic transition was the creation of a new "fiscal pact" that established outlines for new tax and expenditure policies.[90]

Six weeks after the new democratic government was formed, the Chilean congress passed tax reform ensuring that businesses and high-income earners paid about two-thirds of the new tax burden.[91] While the new pact was not without its caveats, the engagement of a large swath of civil society resulted in Chile's elites agreeing to contribute a significant amount to build the country's fiscal future (see Text Box 10). Members of civil society who advocated for the *concertación* through left-wing parties said it was justified, saying the taxes were part of paying a "social debt" created by the previous military regime. This meant that civil society organizations were focused on reconciling the economic growth of businesses and high-earners attained under Pinochet with a justice-oriented agenda intended to address the needs of the Chilean poor.[92]

Text Box 10: The Role of Elites in Shaping Tax Policy

While Chilean tax reform also suffered reversals, it was able to sustain goals from the *concertación* better than that of the "fiscal pacts" in Guatemala. Clearly, a country's economic elite, who are also part of civil society, play a major role in hindering or helping progressive tax reform. Also essential is the strength of government institutions and the extent to which they can be captured or manipulated by elites.

In the case of Guatemala, weak state institutions allowed elite economic interests to block reform that would have made the Guatemalan tax system more progressive. Chile, on the other hand, was able to enshrine a number of progressive tax measures when economic elites agreed to contribute more of their wealth as part of the price for social stability and consensus. In Chile in 1990, about two-thirds of the tax burden fell on businesses and high-income earners, while 90% of the revenue raised was funneled to social services, most of it for the poorest Chileans. To some extent, it seemed that the economic elites were willing to pay the price for social stability in Chile. While not the case in Guatemala, the new Chilean *concertación* government was able to convince elites that their taxes were worth securing a stable, and therefore better, future.

The role of elites in CSOs' attempts at tax reform during political transitions is a growing area of research. Recent analysis from Burkina Faso finds that, following the overthrow of President Blaise Compaoré in 2014, a 1% levy to support local development was imposed on mining companies. The reason for this tax was "sustained civil society pressure and because the mining companies had lost influential allies among the political elite and agencies," after the end of the Compaoré regime. Political transitions can be moments of opportunity for CSOs to advance tax policy objectives, but the role of elites during transitions is crucial in either supporting or blocking these efforts.

Sources: Schneider, Aaron, and Maynor Cabrera. "Instituciones, Impuestos, y Desigualdad En Guatemala." *Wilson Center*, 2 October 2013, www.wilsoncenter.org/publication/instituciones-impuestos-y-desigualdad-en-guatemala; Joras, Ulrike. *Companies in Peace Processes: a Guatemalan Case Study*. Transcript, 2007; Arnson, Cynthia J, and Marcelo Bergman

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Photo: Save the Children

Guatemala

For its part, Guatemala, emerging from a 30-year civil war in 1996, also brought together a wide spectrum of civil society actors to create a new fiscal pact. Creating this pact with broad CSO participation was part of an effort to integrate citizens' voices into the country's tax policy.[93] Discussions of the new fiscal pact included 161 organizations made up of government representatives, political parties, business organizations and social service non-governmental organizations.[94]

The pact also received support from international organizations, and especially the United Nations Observer Mission in Guatemala (MINUGUA). Put forth by a society-wide negotiation including civil society, its goals included establishing government spending increases in a number of social areas; reducing the military budget; and creating a target 12% tax-to-GDP ratio. The pact also included goals related to tax revenues, social and public spending, maintaining fiscal balance, improvements in civil service, fiscal transparency, use of public properties and fiscal decentralization.[95]

While the pact's ability to bring together different segments of society was deemed a success–and in fact was remarkable for a country emerging from 30 years of civil war–the new vision citizens created for Guatemala's fiscal system, in partnership with the government, didn't last. By 2003, the pact "[fell] apart…without achieving a lasting reform…due to social, political and institutional obstacles." According to analysis by the Wilson Center, this was primarily due to "a small economic elite, which is too fragmented for cohesive action but shares enough common business and political interests to effectively veto most progressive tax reform attempts."[96] Since then, tax reform efforts have continued in Guatemala with mixed success. Revenue collection increased after the fiscal pact. But by 2012, the tax-to-GDP ratio was still 11%–improved from 7% in 2000, but below the goal set by civil society consensus.[97]

BARRIERS TO A SUSTAINED CSO AGENDA FOR NATIONAL TAX POLICY

A 2015 United Nations Research Institute for Social Development (UNRISD) report on civil society tax advocacy in Uganda stated, "CSOs have the potential to influence legislation, but their interaction with tax issues is too recent to result in any visible reforms… As a result, their bargaining processes are often less coordinated, more reactionary and less sustainable."[98] Even as citizen action on tax policy has been around for decades, sustained and strategic tax advocacy campaigns at the national level are just getting started. To be more effective, civil society, researchers and policymakers must identify and address the barriers to national-level tax advocacy. While barriers vary greatly according to country context and other factors, the following are some of the major challenges CSOs face when seeking to influence national tax policy:

1. **The technical nature of taxation:** Tax policy at the national level is complex, creating barriers for CSOs with scarce resources and limited experience. Citizens are often unaware of how much they pay in taxes, as well as unable to link the provision of taxes to government services–particularly at the national level.

In Uganda, UNRISD research found that civil society uses "less formal (or extra-legal) means to engage with tax issues. As a result, their bargaining processes are often less coordinated, more reactionary and less sustainable."

2. **Crowded policy space:** Compounding the steep learning curve for CSOs on tax policy is the competitive nature of tax bargaining at the national level, which is often fraught with experienced actors with more political power. This can be seen in the earlier cases we discussed, where national-level CSO advocacy is conducted in public–often in the streets–while elite business interests and others are able to integrate tax policy preferences into government policy through formal mechanisms, often behind closed doors, out of public view.

UNRISD found that, "More organized and economically powerful actors have more opportunities for contributing to the authoring of tax laws. These actors frequently use institutional channels, even though [it is] rarely publicized." Meanwhile, the evaluation of Oxfam's Vietnam program, which included the creation of a Tax Justice Alliance (TJA), found that, "Fiscal reform processes are a political scenario involving many big economic players and high stakes…The TJA needs to further strengthen the capacity of members, engage other CSOs and carefully map the key social issues around tax in the country before they even consider strengthening the TJA brand as a collective actor."[99]

3. **Lack of trust in government:** If government is not responsive or inclusive, CSOs are less likely to be able to engage them in constructive dialogue. In addition to viewing tax policy as too complex, another barrier to citizen engagement is the perception that public finances are mismanaged, and that government officials don't really listen to CSO input. This drives down tax compliance and reduces engagement until, in some instances, discontent boils over into protests.

CSO tax advocacy program evaluations demonstrate that governments can, knowingly or unknowingly, hinder citizen engagement by not providing enough notice about public meetings, not sharing information with citizens in a timely manner, and not seriously considering citizens' input.[100] When CSOs do get an audience with tax policymakers, it is too often because governments are just going through the motions, having no realistic expectations that citizens' concerns or proposals will come to fruition.

"CSO tax advocacy program evaluations demonstrate that governments can, knowingly or unknowingly, hinder citizen engagement by not providing enough notice about public meetings, not sharing information with citizens in a timely manner, and not seriously considering citizens' input."

Photo: Save the Children

REPORT RECOMMENDATIONS

The challenges to unlocking the potential of DRM in developing countries are real, but our analysis illustrates concrete examples of how civil society members can be successful in advocating for progressive and accountable tax policy. The following recommendations, garnered from our analysis, are intended to help guide stakeholders on how to improve civil society participation in tax policy advocacy.

TO DONOR GOVERNMENTS AND ORGANIZATIONS

- **Promote the robust participation of civil society in tax dialogue:** Donors should engage local CSOs in relevant DRM foreign assistance projects as a matter of course. Through their participation in global tax platforms, far-reaching organizations like the Addis Tax Initiative and Platform for Collaboration on Tax should encourage local civil society participation in tax policy forums and discussions. The ATI can become a venue for civil society organizations to dialogue with policymakers, so that DRM assistance reflects the voices of all citizens, including marginalized populations.

- **Create civil society engagement metrics for DRM:** Donor governments who support DRM efforts in developing countries should create indicators to measure the success and degree to which governments and citizen engage to create tax systems. Metrics should include citizen access to public documents, including donor DRM strategies; the country's medium-term revenue strategy; strategic plans; and annual reports. Other metrics could include the number and quality of government public hearings held to solicit public input on tax policy and administration; the frequency and quality of meetings between local CSOs and officials at all levels of government; and the extent to which citizen tax proposals are integrated into public policy. Assessing tax systems only by the amount of revenue generated is not enough in terms of measuring a tax policy's impact on development and governance. Accountability, equity and inclusiveness are also essential measures of a tax system's effectiveness.

- **Provide technical capacity and funding for citizens to shape tax policies:** Citizens are best placed to tell a government how to leverage taxes more equitably. To better support the ability of civil society organizations to engage in tax dialogue and policy making, donors should increase the amount of technical assistance and funding they provide to CSOs. These investments will also assist CSOs with long-term planning and institutional building efforts.

- **Integrate gender analysis into tax capacity building at all levels:** Some tax regimes reinforce gender norms that can adversely impact men, women, boys and girls. To counter this, donors should integrate a robust gender analysis into their DRM foreign assistance processes, from project development to implementation and evaluation. This is critical for supporting equitable tax capacity building for partner governments and civil society.

- **Support subnational-to-national links through donor DRM programming:** Civil society tax advocacy at the subnational level can be a foundation for building broader national campaigns. Subnational activism can serve as the training ground for civil society organizations as they aspire to tackle tax policies at the more complex and contested national and global levels. Donors can support the local-to-national aspirations of local civil society organizations, as well as linkages between local- and national-level tax and budget work.

- **Generate more evidence on the role of civil society in shaping tax policy:** There is a lack of rigorous research and evaluation on how civil society organizations have impacted tax policy at the country level. While there is more concrete documentation at the subnational level, national-level evidence is sparse. In order to garner more nuanced insights into the role that civil society plays, a range of actors, including advocates, policymakers, donors and analysts, need more up-to-date research that goes beyond anecdotal and impressionistic analysis. In particular, a stronger evidence base on the impact and potential constraints of women- and youth-led civil society groups will allow for more tailored support to engage.

TO DEVELOPING COUNTRY GOVERNMENTS

- **Support government and civil society co-design of tax policy:** Success in generating more accountable tax policy at the local level often happens as a result of close cooperation and partnership between CSOs and local government policymakers. It is important that civil society be brought into the process early, so that government and civil society are engaged in a way that allows them to co-design tax policy. Our research shows that confrontations between citizens and government tend to occur when there is no accessible platform for civil society and government to engage on tax issues. Government should reduce barriers to civil society engagement to ensure open and equitable participation. Government engagement with civil society should focus on including marginalized populations, as well as take into account gender differences related to safety, mobility, voice and participation, so that women are able to meaningfully participate in tax policy dialogue.

- **Provide program funds and support for civil society capacity building:** Local civil society organizations need resources and technical capacity building to generate sustained, effective campaigns and engagement. Such support can come from developing country governments, fostering proactive tax advocacy that reduces conflict and reactivity between citizens and the state. Key areas for investing in civil society capacity include tax research and analysis; gender analysis and gender mainstreaming of tax proposals; institution building of tax policy networks; media training; and general education on taxes and how they fund the services that citizens demand and depend on. Additionally, marginalized groups, including women- and youth-led CSOs, should receive gender- and age-responsive capacity building.

- **Promote transparency and access to tax information:** Essential for inclusive participation is access to accurate and current tax planning documents, such as a government's medium-term revenue strategy and revenue collection data. Too often, government authorities schedule public meetings only a few days in advance, leaving people with limited time to prepare. Also, rarely do officials post relevant documents onto government websites in advance of meetings. When documents are made available, it is generally after the relevant public meeting has occurred. Documents are also often uploaded in formats that are not "user-friendly" to the public. Civil society must put pressure on governments to address these practical constraints to engagement. Governments must address these practical constraints to CSO engagement. For their part, CSOs can contribute to transparency through the publicizing of shadow reports or scorecards as a way to combat a lack of public access and information.

Photo: Save the Children

TO CIVIL SOCIETY ORGANIZATIONS

- **Engage in the full budget cycle:** Over the last decade, civil society organizations across the world have advocated for effective and equitable provisions of services through the budgeting process. In so doing, they have gained expertise as well as become agents of change able to influence budget allocations at all levels of government. Combining tax advocacy, with budget advocacy, will help ensure accountable and equitable revenue collection and spending throughout the budget cycle.[101] This can be supported by building CSO capacity to support and engagement on the full budget cycle, within individual organizations or through civil society coalitions.

- **Ensure strong gender analysis of tax proposals:** We found little evidence of gender being mainstreamed into the tax advocacy efforts of civil society. Civil society tax policy analysis and advocacy needs to be gender-responsive to ensure equity. This means analyzing how tax structures and policies reinforce harmful gender norms and otherwise work against equity and inclusion.

- **Develop legislation that defines and requires meaningful participation:** Civil society actors seeking to voice their concerns on tax policy often face poor responsiveness from government officials. This can lead citizens to conclude that government consultation is merely a cosmetic or rubber-stamp exercise. Some civil society groups, particularly at the subnational level, have been able to develop legislation that defines and develops metrics for good community participation in fiscal policy, as well as that holds government actors accountable for their actions. This was done by listing specific stipulations in the legislation, such as that government provide a required number of citizen consultations, timelines for government responses, translation requirements and accommodations for vulnerable groups to make sure their voices are included.

Photo: Save the Children

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