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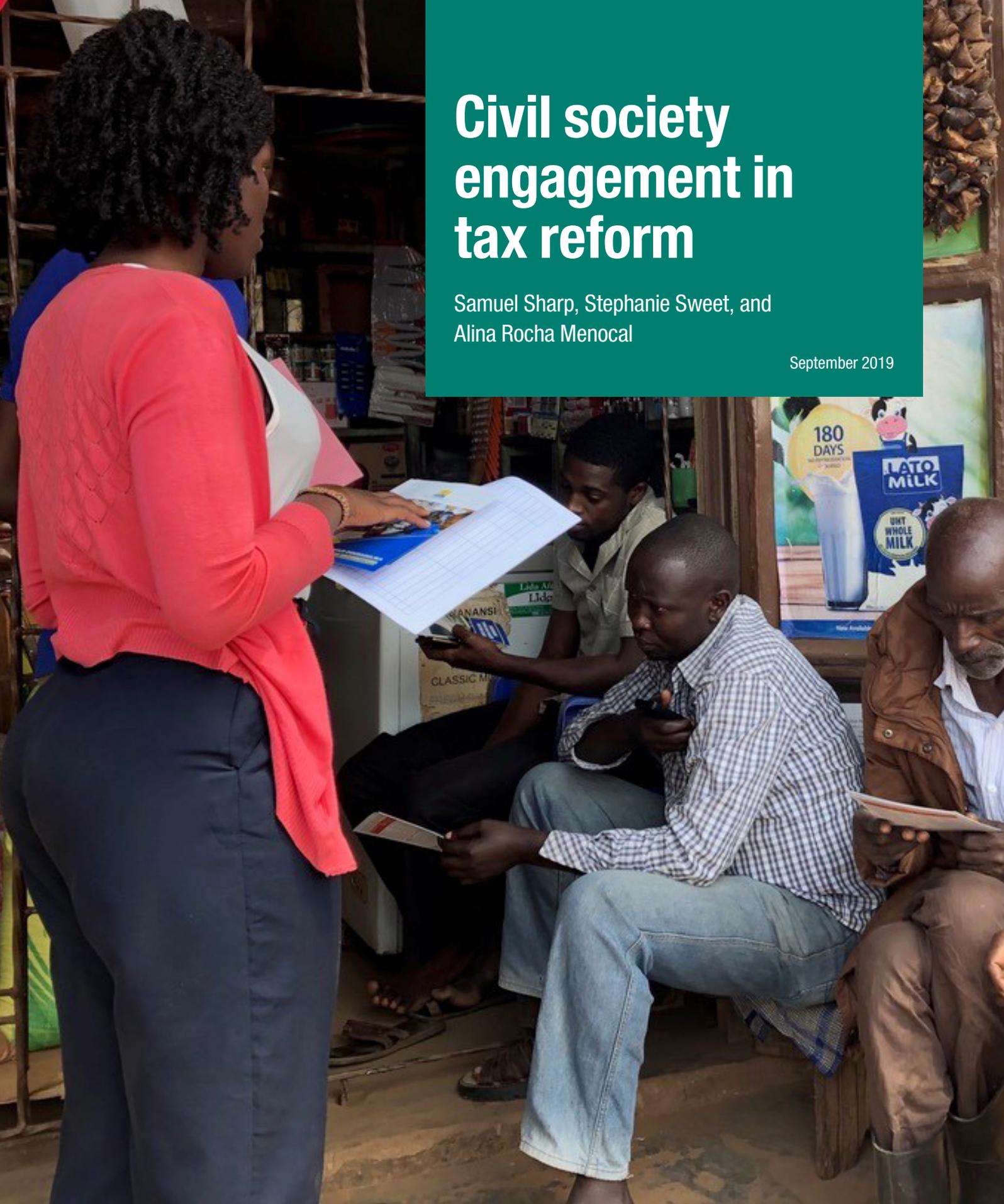


Report

Civil society engagement in tax reform

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Cover photo: Tax education efforts in Uganda. Photo: Stephanie Sweet, ODI.

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Acronyms

AER	Action for Economic Reforms
ANFIP	Associação Nacional dos Auditores Fiscais da Receita Federal do Brasil
BBC	British Broadcasting Corporation
BSI	Budget Strengthening Initiative
CRA	Commission on Revenue Allocation
CSBAG	Civil Society Budget Advocacy Group
CSO	Civil society organisation
CTRP	Comprehensive Tax Reform Programme
DDD	Doing Development Differently
DFID	Department for International Development
DRM	Domestic resource mobilisation
EITI	Extractive Industries Transparency Initiative
ENCISS	Enhancing the Interaction between Citizens and the State in Sierra Leone
FEF	Foundation for Economic Freedom
FIRS	Federal Inland Revenue Service
FUNDE	Fundación Nacional para el Desarrollo
FUSADES	Fundación Salvadoreña para el Desarrollo Económico y Social
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation)
IBP	International Budget Partnership
ICTD	International Centre for Tax and Development
IJF	Instituto Justiça Fiscal (Tax Justice Institute)
ILA	International Institute for Legislative Affairs
INESC	Instituto de Estudos Socioeconômicos (Institute for Socioeconomic Studies)
IMF	International Monetary Fund
INGO	International non-government organisation
IRS	Internal Revenue Service
ISD	Iniciativa Social para la Democracia

KRA	Kenya Revenue Authority
LMIC	Low- and middle-income country
NAF	Núcleos de apoio contábil e fiscal (accountancy and tax support hubs)
NGO	Non-government organisation
Norad	Norwegian Agency for Development Cooperation
NTA	National Taxpayers Association
NTRN	Nigerian Tax Research Network
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
PEA	Political Economy Assessment
PERL	Partnership to Engage, Reform and Learn
PFM	Public financial management
SDG	Sustainable Development Goal
SEATINI	Southern and Eastern African Trade, Information and Negotiations Institute
SDG	Sustainable Development Goal
SSA	Social Security Administration
TAI	Transparency and Accountability Initiative
TJN	Tax Justice Network
TWP CoP	Thinking and Working Politically Community of Practice
URA	Uganda Revenue Authority
USAID	United States Agency for International Development
VAT	Value Added Tax
ZBC	Zambia Business Council
ZIPAR	Zambia Institute for Policy Analysis and Research
ZRA	Zambia Revenue Authority
ZTP	Zambia Tax Platform

Executive summary

Introduction

In recent years, the international development community has been paying more and more attention to domestic resource mobilisation (DRM) in developing countries as a means of meeting the Sustainable Development Goals (SDGs) and reducing their dependence on aid and foreign borrowing. Consequently, donors have also begun to think about the role that civil society organisations (CSOs) can play in domestic efforts to strengthen tax systems. To date, this has been a decidedly limited area of engagement, with only 3% of donor funding for DRM from Organisation for Economic Co-operation and Development (OECD) countries going to local civil society. However, the literature on civil society engagement in tax reform is sparse, too, largely comprising isolated donor programme reports. What's more, international support has been based on a number of assumptions – for example, that the key constraint on the engagement and influence of CSOs in tax reform is weak technical capacity. This assumption, and others, need to be tested.

This research project aims to provide a more politically informed understanding of civil society in relation to domestic tax reform (as opposed to the better documented international tax justice movement) and to explore how international development actors can lend more effective support to CSOs engaged in this space. From a rapid survey of tax civil society in eight countries – Brazil, El Salvador, Kenya, Nigeria, the Philippines, Uganda, the United States (US) and Zambia – the report seeks to answer the following research questions:

- What is the appetite for civil society engagement on tax issues and why?
- What is civil society's capacity for engagement (if there is appetite) and what is its influence on tax issues?

- What kind of support do international development actors provide to civil society on tax issues?
- What form might more effective support to civil society actors take? How could current mechanisms of support to civil society become more effective?

While our findings are not intended to be comprehensive or to provide a rigorous evaluation of civil society engagement in taxation, they offer some insights into the role, influence and capacity of some civil society actors in DRM in different contexts.

The roles, influence and capacity of civil society

Roles

CSOs tend to play three broad roles in tax debates, often in combination: *analysis* of tax policy, *advocacy* for or against policy proposals, and *awareness* raising on tax rights and obligations. In most cases, analysis and advocacy are primarily reactive, responding to existing tax policies or proposals for reform rather than proactive civil society-led reform.

The most common form of civil society advocacy tends to be in opposition to unpopular taxes. Organising public protest against taxation seems to be easier than galvanising advocacy for revenue mobilisation. In all of our cases, business associations are active in pursuing the reform of taxes relevant to them, but usually with the aim of reducing the tax burden. In contrast, non-governmental organisations (NGOs) and think tanks in our eight country cases tend to target fairer and more progressive tax systems. Their work in this area focuses, in particular, on excise duties and international taxation, both of which offer the potential for collaboration between government and civil society against industry lobbies.

Our findings suggest that there is considerably less NGO and think-tank engagement on issues related to the main domestic taxes, including value-added tax (VAT) and income tax, especially personal income tax. There can be a lack of societal pressure – and, hence, incentives for NGOs and think tanks – to work on raising revenue from these taxes, perceived as falling more directly on individuals. In our case studies, while business associations play an active role in tax administration reforms, we found few, if any, instances of NGOs and think tanks working in this area. Interestingly, civil society engagement in awareness-raising also appears limited at the national level, which is surprising given current thinking on the importance of civil society’s role in education and communication around tax issues and tax reform.

Influence

Two key factors emerge from our research as regards the influence of CSOs on tax reform. First, civil society influence on tax policy largely reflects the nature and quality of broader state–civil society linkages. In certain cases, governments can disregard civil society fairly easily. In others, more formal engagement exists, but does not necessarily translate into influence. Elsewhere, where civil society has been stronger historically, CSOs are perceived as legitimate actors and their engagement in passing (or blocking) tax legislation has been significant.

Second, substantial civil society-driven policy successes come when they align with other powerful interests in raising revenue. In our case studies, this alignment of interests is most common on international taxation and excise duties, where there are examples of coalition building between government and civil society to overcome opposition from other actors. However, our cases also suggest that civil society opposition to government policy, when coordinated and typically involving mass mobilisation, can play an important role in securing policy concessions.

Capacity

Our research shows that the technical capacity to deliver sophisticated analysis of tax policy remains a considerable challenge for many CSOs and there is clear demand for capacity building in this

regard. However, our findings also suggest that the more fundamental challenges to civil society participation in and influence on tax reform are non-technical. Engaging in taxation is not an easy task for CSOs due to the political sensitivity of the domain, especially in contexts where the connection between taxation and citizenship is weak and where taxation is viewed as an unwelcome intrusion by unaccountable governments.

The non-technical constraints highlighted by our research include: (1) the ability to build coalitions between various actors, including those who don’t usually engage on tax issues; (2) CSOs’ ability to apply their understanding of the context to engage strategically in tax debates, identifying entry points and taking advantage of political windows of opportunity; (3) strategic communication skills to convey tax messages in an understandable and persuasive way; (4) legitimacy of CSOs’ standing with government and across civil society; and (5) resource constraints, including funding restrictions and staffing shortages.

Implications for donor support to civil society

Our findings have important implications for international development actors who want to assist CSOs in their work on domestic tax issues as potential allies in support of fairer and more effective tax systems. The findings resonate with broader lessons on how to improve the effectiveness of international assistance. Perhaps the single most important lesson is that the nature of the challenge (for civil society, as well as development more broadly) is not primarily technical, nor even financial; it is fundamentally political. Above all, international development actors need to take a more strategic and pragmatic approach to supporting CSOs that is grounded in thinking politically and, consequently, working differently.

Based on an emerging consensus in the literature and reinforced by the findings of our project, our report highlights some ideas, recommendations and reflections on how those international actors providing support to civil society on tax and DRM issues can become more effective in their assistance.

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1. **Develop a deep understanding of the context.** More in-depth country analysis is needed to better understand domestic pressures for tax reform and the existing interest and capacities of CSOs to engage on tax issues, as well as to identify potentially fruitful entry points for reform.
 2. **Tailor interventions and support programmes accordingly.** Programmatic choices should be made on the basis of contextual understanding, including how different state and civil society actors are positioned on tax issues and why. This calls for in-depth political economy analysis (PEA) or other diagnostic tools to explore domestic pressures for tax reform, existing interests, the incentives and capacity of civil society to engage on tax issues, and the potentially fruitful entry points for reform. Which tax issues to focus on, what activities to support and why, and the type of support that is feasible and realistic will all depend on the context.
 3. **Support a tax ecosystem.** A fairer and more effective tax system results from contestation between diverse actors with diverse interests. We, therefore, encourage international donors to support civil society actors parallel to working with governments. More effective tax policy can't be expected to emerge organically just as a result of increased technical capacity among these different stakeholders, however. Instead, donors should think strategically about which specific actors to support, when, and in what kind of roles (analysis, advocacy and/or awareness) to shift the outcomes of these contestations. This may include support to a wider mix of civil society, including academia and the media.
 4. **Develop approaches that provide technical capacity, but are also politically savvy.** There is space for training to build civil society capacity, but it should be tailored support that is context specific and longer term, involving mentorship rather than a one-off exercise. Simultaneously, and perhaps more importantly, donors should consider how they can encourage political capacity. This could include brokering and convening spaces for locally led reform, encouraging coalition building across civil society and supporting more strategic thinking among civil society to identify and capitalise on entry points and political windows of opportunity.
 5. **Be aware of (unintended) consequences of support for CSOs.** Governments can be smart about dismissing difficult CSOs as mouthpieces of foreign governments. The priority for donor support should be to build local legitimacy for CSOs and fundamentally ensure that visibility of support does not damage it.
 6. **Provide flexible funding over the longer term.** All CSOs cited the unsuitability of highly prescriptive, project-based funding for work on tax, which is highly political and fluid. They need flexible and sustainable funding to maintain legitimacy in society, enabling them to have a voice on the most prominent tax issues and to take advantage of political windows of opportunity. Unfortunately, the trend among donors we interviewed is away from flexible core funding, which could hamper CSO influence in this sphere.
- This research project was intended as a rapid study on the role of civil society in the tax domain and was not meant to be comprehensive. Our findings remain largely descriptive and anecdotal, but they give some insights and identify some potentially fruitful opportunities to support DRM efforts more effectively in what is a nascent area of research and policy engagement. These include exploring similar questions with more in-depth national and subnational analysis, as well as the motivations behind patterns of civil society engagement, and looking at a wider range of civil society actors. More investment is needed in scoping and testing the modalities of donor support to civil society and the ways in which civil society support can be integrated into broader DRM programming to complement work with national revenue authorities.

1 Introduction

1.1 Background

The international development community has been paying more and more attention to DRM in recent years, especially since the launch of the 2015 Addis Tax Initiative, which stemmed from the Financing for Development conference in Addis Ababa, committing governments in donor and recipient countries to strengthening their DRM efforts. Revenue mobilisation remains a considerable challenge in low- and middle-income countries (LMICs) (Lagarde and Gaspar, 2018). Countries need to significantly increase their fiscal space to meet the SDGs and reduce their dependence on official development assistance (ODA) and external borrowing (De Paepe et al., 2017; Coplin and Nwafor, 2019; Metzger et al., 2019). Equally, as various analysts have argued, the DRM process can help strengthen the quality of the relationship between state and society and catalyse a more responsive and accountable government (Coplin and Nwafor, 2019; Dom, 2018; Moore, 2015; Unsworth, 2008).

Many international development actors are enthusiastic about the crucial role that civil society could play in pushing for and shaping tax reform at the domestic and international levels. As Prichard (2018:3) suggests:

Put simply, the promised benefits of investments in strengthening tax systems are likely to depend on the ability of taxpayers to generate pressure for fair and equitable taxation, and the consistent translation of tax revenues into public benefits. This realisation has prompted a rapidly expanding focus on the crucial role of civil society in seeking to shape the tax reform agenda locally, nationally and internationally.

As a result, a number of international development actors, including members and partners of the Transparency and Accountability Initiative (TAI),¹ are making increasing efforts to strengthen the capacity of civil society to engage on tax issues. However, evidence remains limited on how and why civil society engages in DRM efforts and how international development actors might support those efforts more effectively. This project seeks to address this gap.

Over the past two decades, there has been a significant expansion of civil society mobilisation in LMICs on issues from corruption and service provision to transparency and participatory budgeting (Gaventa and McGee, 2013; Rocha Menocal, 2014a; Civicus, 2016). Until recently, however, CSOs – which, for the purposes of this research, include not just NGOs and international non-governmental organisations (INGOs), but also think tanks, business associations, social movements, academia and the media – have been less actively engaged in the tax domain. Nevertheless, many in the international development community have assumed that civil society has a role to play in DRM.

The logic behind the growing interest in promoting civil society engagement in tax-related issues is based on several assumptions, including:

- that CSOs are, in fact, interested in shaping and driving tax reform, and
- that civil society will be influential in tax reform provided it has the necessary technical skills and capacity.

The premise of this research project is that the above assumptions on effective civil society engagement in the tax domain should be treated

1 <https://www.transparency-initiative.org/>

as hypotheses that need to be analysed and tested on the basis of existing evidence, rather than as statements of fact.

1.2 Research questions

This project focuses on the role and participation of civil society in tax at the national (and, where possible, subnational) level. It does not, therefore, look at CSOs working at the global level on issues such as money laundering, tax evasion and other illicit financial flows, in which there has been considerably more engagement. Rather, this project seeks to provide a more nuanced and politically informed understanding of whether and how civil society can exert influence on and make a difference to efforts to promote tax reform in a range of domestic settings. The purpose of the project is to use this analysis to identify how donors can strengthen support mechanisms for civil society.

Taking context as the starting point, our overarching research questions are:

- What is the appetite for civil society engagement on tax issues and why?
- What is civil society's capacity for engagement (if there is appetite) and what is its influence on tax issues?
- What kind of support do international development actors provide to civil society on tax issues?
- What form might more effective support to civil society actors take? How could current mechanisms of support to civil society become more effective?

These research questions interact with and build on each other in different ways. As set out in the framework (see Box 1) in the Methodology section, we start with an analysis of the role of civil society, specifically, why various civil society actors may or may not be interested in engaging in tax reform, how they do so, when they do so, etc. This includes exploring who the main civil society actors involved in tax issues are, the particular tax issues they are involved in, and the interests, incentives, needs and priorities that motivate them.

We then examine their capacity to act on these interests, including their technical and non-technical strengths and limitations. Next, we examine civil society efforts to influence tax issues and how effective these are. We subsequently look at existing international development assistance to civil society actors in this and related fields, such as public financial management (PFM) and transparency, voice and accountability, to see whether broad lessons can be drawn. Lastly, we explore how international support for civil society in the tax domain can become more effective, in ways that are more founded in contextual reality and responsive to the differing needs and interests of civil society on the ground.

1.3 Methodology

Based on academic and grey literature, and informed by expert suggestion, we reviewed cases of civil society engagement in domestic tax reform in 26 countries and used this to develop a framework for our case studies (see Box 1). From this, we selected eight countries to explore in more detail – Brazil, El Salvador, Kenya, Nigeria, the Philippines, Uganda, the US and Zambia – as they covered a range of efforts by civil society to engage on tax issues and drew on suggestions from our project donors. The information we gathered comprised rapid literature reviews and interviews with key informants in each country. In total, we spoke to 53 key informants in the eight countries: 24 members of CSOs and social movements, 17 donors (including private funders), five academics or members of the media and seven government (current and former) officials (see Annex 1). Based on these interviews, annexes 2–9 provide short snapshots of civil society engagement in tax issues in each country.

1.4 Limitations and caveats

This is a relatively brief and rapid desk-based research project. The aim was to generate a breadth of findings on as many cases as possible in a short period of time, rather than to go into depth on fewer countries. Our sample of interviews

Box 1 Case-study framework

1. The role of civil society

- Who are the key civil society actors involved in tax issues (for example, NGOs, business associations, academia, media, etc.)?
- What tax issues do they engage in?
 - We disaggregated these as follows: international tax issues (such as multinational corporations and extractive tax policy), national tax policy (for example, personal income tax, corporate income tax, VAT), local taxes (such as property tax and market taxation) and tax education (in other words, teaching taxpayers about their tax rights and responsibilities).
- Are the actors predominantly reactive (in that they respond to government policy) or proactive (in that they develop policy proposals of their own)?
- What is the nature of the interactions/linkages between civil society and the state on tax issues (are they, for example, more collaborative or oppositional)?

2. The influence of civil society

- How influential are civil society organisations on government and tax policy and decision-making and why?
- What evidence is there of civil society influencing tax policy or implementation?

3. The capacity of civil society

- How well developed is the civil society sector on tax issues and how is it organised?
- What is the technical capacity of key civil society actors on tax?
- What is their non-technical capacity (for example, political nous, campaigning and communication skills)?
- How sustainable are these organisations?

was limited. While civil society includes a wide range of actors (such as NGOs, think tanks, business associations, social movements, academia and media), the majority of our interviews focused on the role of NGOs and think tanks in relation to tax issues and we had only minimal engagement with other kinds of civil society actor. Our findings, therefore, relate mostly to NGOs and think tanks. In addition, we were able to conduct more interviews in some cases (Zambia and Uganda) than in others (Nigeria and the Philippines). In the latter, in particular, it was not possible to triangulate the information we gathered from a range of CSOs with government actors or other stakeholders.

Thus, our findings are not intended to be comprehensive or to provide a rigorous evaluation of the role and influence of civil society in relation to tax. Rather, these findings remain largely descriptive and anecdotal in nature and are relevant mostly to NGOs and think tanks. Still, they offer some insights into the engagement of civil society actors in the tax domain in different contexts. They also identify certain gaps, raise questions and point to initial indications as to the current situation. To conclude, we highlight a few issues that could be explored in greater depth in order to analyse the factors underlying when and why civil society engagement in tax issues is more or less prominent and effective.

2 The role of civil society in tax reform

2.1 Analysis, advocacy and awareness

Across our case studies, our research suggests that CSOs tend to play three broad roles in tax matters, often in combination. The first is the *analysis* of tax policies and proposed alternatives. This mainly involves the research and scrutiny of existing or proposed legislation and policies and relies most heavily on technical tax expertise. The second is *advocacy* on legislative, regulatory, and administrative tax matters – whether in favour of or against a given tax policy. Such advocacy is often aimed at policy-makers in the executive and legislature, as well as at the wider public. Depending on the target or objective, advocacy can take different forms: it can range from behind-the-scenes engagement and meetings to more overt lobbying and mobilising public campaigns. Third, CSOs can contribute to *raising awareness* and ‘tax education’. This can have separate or dual aims: first, to deepen citizens’ understanding of their tax rights and obligations in the hope of increasing tax compliance and, second, to increase people’s understanding of tax issues and underscore the links to public expenditure, potentially with a view to fuelling demand for government accountability (Prichard, 2009; World Bank, 2014).

2.1.1 What are the broad trends in civil society involvement in these three roles?

Analysis

In the cases we studied, CSOs’ tax analysis is commonly structured around annual tax bills and budget processes, scrutinising government proposals and occasionally suggesting some of their own. Some legislative contexts are more

open to this than others. In Kenya, for example, the 2010 constitution requires public participation in annual tax bills at both the national and county level (Kenya Law, 2013). NGOs can participate directly and facilitate the participation of others. Kenya’s National Taxpayers Association, a national organisation, builds the capacity of civil society groups to make submissions to the tax process. Likewise, in Zambia, NGOs, business associations and professional associations make annual submissions to the budget for review (Bwalya et al., 2009; interviews with key informants). The Zambia Business Council (ZBC) is a formal mechanism by which private-sector associations discuss key policy issues with the government during the annual process (see Box 2).

As mentioned, most analysis of national tax policy described by our interviewees is reactive scrutiny of government policy proposals rather than proactive development, but there are exceptions. In Brazil, for example, a comprehensive proposal for the reform of national tax policy was led by an association of tax auditors. In the Philippines, while the country has a government-drafted reform plan, civil society has been proactive in driving the agenda (with both analysis and advocacy) in collaboration with the government (see Box 3). In El Salvador, women activists have combined analysis with advocacy, mobilising around the creation of a more enabling environment for micro-enterprise development and elaborating on proposals to simplify the tax system for small businesses and individuals through a *monotributo*, or ‘single tax’.

Advocacy

In terms of *advocacy*, with the exception of the US and, to some extent, Brazil and the Philippines,

Box 2 Analysis of and advocacy on mining taxation in Zambia

The issue of taxation, particularly mining taxation, is a salient political issue in Zambia and has been a central feature of election campaigns since the 1990s. This is unusual, as most political campaigns in African countries are devoid of tax issues and debates (Rakner, 2017). However, contrary to expectations under fiscal contract theory, the tax bargains between political parties and citizens in Zambia have mostly revolved around an ‘unearned tax’ – mining revenues (Rakner, 2017). The Patriotic Front has consistently pushed the issue of increasing the tax paid by mining companies, while the Movement for Multiparty Democracy has mostly focused an ‘investor-friendly’ tax regime, though each has altered its mining tax policies in response to campaign demands. The policy positions of the parties have changed over time, with the incumbent party often adopting opposition policies after the election (Rakner, 2017).

There is strong public perception that international mining companies do not pay taxes and are depriving the country of its wealth. As a result, Zambia has a substantial number of CSOs that focus mainly on mining taxation, coordinated by the Zambia Tax Platform (ZTP). Due to prominence of the issue in political campaigns and public debate, a range of civil society organisations are involved, from economic NGOs to journalists and religious organisations. The ZTP has agreements with two universities, which help with technical capacity for research, as well as the Zambia Institute for Policy Analysis and Research (ZIPAR), a quasi-government research organisation, which also conducts analysis (Manley, 2013). The ZTP has a strong advocacy presence, regularly issuing press statements and engaging in ‘media wars’ with the powerful mining association, The Zambia Chamber of Mines (Manley, 2017). This has recently included a press campaign with INGOs, such as ActionAid and Oxfam Zambia, to challenge mining companies’ claims that they will lay off workers in response to any tax changes.

Importantly though, as with our other case studies, NGOs in Zambia are less visible on domestic tax issues, such as VAT and personal income tax. As one interviewee put it, on national taxation issues, “civil society is completely quiet, apart from [professional associations]”.

Source: Rakner (2017); Manley, 2013 and 2017; author interview with academic

CSOs have a broadly similar focus on international tax issues, excise duties and/or opposition to unpopular taxes. We discuss each of these in turn below.

International tax issues and the taxation of multinational corporations seems to have received the greatest civil society attention. Our case studies chime with other research suggesting that “civil society work on tax in developing countries has been less focused on the ‘nuts and bolts’ of country tax systems and more on global norms and standards around such issues as aggressive tax avoidance and illicit financial flows, or on particular aspects of domestic tax policy, such as natural resources or tax incentives” (IBP, 2016: 14). INGOs, in particular, have played an influential proactive role in pushing for debate on illicit financial flows, international tax justice, transfer pricing and the taxation of extractives (such as

mining or oil). While we focus less on the work on international tax justice, the taxation of extractives is a prominent issue in some countries (see Box 2 on Zambia).

Like international taxation, so-called ‘sin taxes’ – or excise duties on specific goods that are deemed harmful to society and individuals (such as tobacco) – are disproportionately the focus of civil society advocacy in many of our case studies. Kenya and the Philippines, for example, have two similar cases of civil society working in ‘politically smart’ ways, supporting reforms to promote a healthier population (for example, to discourage smoking or excessive alcohol consumption) and increase taxes on alcohol and tobacco (see Box 3).

When it comes to international taxation and excise duties, civil society and government actors can have a shared interest in improving health

Box 3 Politically ‘smart’ advocacy and scrutiny of ‘sin tax’ legislation (Kenya and the Philippines)

Excise taxes on cigarettes and alcohol have complex links to policies aimed at improving health, as well as budgetary effects. So-called ‘sin taxes’ are among the most prominent examples of civil society influence on tax policy, presumably in part because it is an area where civil society and government can have a shared interest in improving the health of the population and increasing revenues, as in OECD countries. In Kenya and the Philippines, CSOs have been politically active in building coalitions of support among government and atypical civil society actors on ‘sin tax’ issues.

Kenya passed tobacco tax legislation in 2015, after tobacco-control organisations, such as the Institute for Legislative Affairs, advocated for it along with journalists interested in public health and tax groups such as the National Taxpayers Association, backed up by research from the Kenya Institute for Public Policy Research and Analysis. The coalition also won allies in the Ministry of Health.

In the Philippines, Action for Economic Reforms (AER) worked with government reformers to pass a ‘sin tax’ law that raised taxes on tobacco and alcohol. Sidel (2014: 1) argues that “diverse and flexible” reform coalitions were the key to the law’s success, with “their core strength [coming] from established advocacy groups and experienced activists”. AER used its access to key cabinet members to put the ‘sin tax’ on the presidential agenda and then mobilised prominent doctors and health organisations, winning the support of Members of Congress “through a combination of backroom politicking and media-savvy public relations work” (Sidel, 2014: 13).

Sources: Sidel (2014); author interviews with CSOs

and revenue mobilisation ‘against’ tobacco and alcohol lobbies or multinational corporations. Notwithstanding the power these lobbies and companies can hold over governments, this may create the political space and support for NGO advocacy in a manner that is not as common with other domestic taxes, such as VAT or income tax.

Otherwise, when it comes to the domestic tax agenda, our interviews suggested that most advocacy work tends to be in opposition to unpopular taxes. This often involves large-scale public protests, with CSOs leading mobilisation and coordination. The protests are often issue-specific and reactive in nature. Recent examples include mobile money taxes in Uganda (BBC, 2018; Emorut, 2018; Mumbere, 2018), a tax reform law to expand the income tax base in Jordan (Al Jazeera, 2018a, 2018b, 2018c; Sweis, 2018) and the introduction of new property taxes in Lagos State in Nigeria (Bolarinwa et al., 2018). A well-documented example in the academic literature (Friedman, 2006; Osei, 2000; Prichard, 2009) is of civil society resistance to the Ghanaian

government’s attempt to introduce a VAT policy in 1995. The work of the Brazilian Instituto de Estudos Socioeconômicos (INESC) from 2008 to 2010 stands out as an exception of broad-based mobilisation in opposition to more comprehensive and less issue-specific tax reforms (Salvador, 2012).

Awareness

Most of the CSOs we interviewed reported less (or no) work on raising awareness² as compared to advocacy or analysis. However, interviewees in El Salvador, Kenya and the Philippines highlighted the need for CSOs to do more in this regard, though they noted it was also essential to secure funding for such work. For the most part among our case studies, it is the government that undertakes tax education or awareness efforts, but there are some exceptions, where the government has sought out partnerships with CSOs to raise public awareness. For example, in Brazil, the government set up tax and accounting assistance hubs (NAFs) together with different universities to provide tax support to the economically marginalised and to

2 We use tax education and awareness interchangeably in this report to refer to informing the populace on their rights and obligations as taxpayers.

generate fiscal knowledge (OECD and FIIAPP, 2015). Likewise, our interviewees in Kenya mentioned that the Kenya Revenue Authority was planning to set up a partnership with an NGO to reach and educate young people and other underprivileged groups at the grassroots level on taxation and tax morale. The Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI) also undertakes some work at the local level to demystify tax issues in Uganda, including radio talk shows and translating materials into local languages. The broader literature also offers a few examples of joint civil society–government involvement in awareness-raising work, such as in Burundi (World Bank, 2014) and Sierra Leone (see Box 4).

Much awareness-raising work by CSOs in our LMIC cases appears to be at the subnational level, where the link between taxes and tangible expenditures is closer (Save the Children, 2018; World Bank, 2014). This contrasts with the experience of many high-income countries, where many citizens obtain information on taxes, the budget and related issues through civil society and the private sector (in the US, for instance, through the Tax Policy Center, TurboTax and the

Washington Post) rather than the government. Due to the scope and limitations of our project, we were unable to capture ongoing efforts in this regard. Nonetheless, it is still surprising that many of our informants described more analysis on and advocacy in relation to tax policy than on tax-awareness work, at least at the national level, given the emphasis that the theoretical literature and documented case studies place on the central importance of awareness raising and the role that civil society can play in this regard (see, for example, Prichard, 2018; Delgado et al., 2018; Krueathep, 2004; Nell and Mascagni, 2017; World Bank, 2014; Save the Children, 2018). This may be an important area for international development actors to explore further.

2.1.2 How does civil society engage in these three roles?

Across most of our cases, civil society appears to be more reactive to government-led tax policy and proposals for reform than proactive in that domain. There are, of course, some exceptions, including the US, where civil society often develops proactive policy proposals, and, to a lesser extent, Brazil and the Philippines, where CSO engagement on

Box 4 Tax education in Sierra Leone

In Sierra Leone, sub-national civil society is involved in raising awareness on tax issues. This is closely linked to donor efforts to support accountability and participatory budgeting programmes at the subnational level. Community leaders and community groups have attempted to make data on budget and tax revenues that are publicly available, but difficult to decipher, more accessible and meaningful to the public. Citizen Budget Watch has trained volunteer tax and budget monitors to support public engagement in public forums on these issues (IBP, 2016). The forums themselves are often hosted by traditional authorities. Community radio stations are an important medium, hosting ‘council hours’, where councillors can explain development plans and the need for tax revenues and the public can raise questions about tax revenues and their distribution.

Much of this work is funded through Christian Aid’s Enhancing the Interaction between Citizens and the State in Sierra Leone (ENCISS) programme. The programme reports increased revenue generation by Bo City Council (the second-largest city after the capital, Freetown), attributed to better understanding of how revenues are used and, thus, greater compliance (Christian Aid, 2015:17). Despite a potential shared interest in increased tax compliance and revenue generation, political support for civil society in this role cannot be guaranteed; greater transparency remains threatening to some. One interviewee described how similar efforts have been made in localities across Sierra Leone with varying effectiveness, the key determining factor being a supportive public official.

Source: Interviews with key informants and draft documents not yet in the public domain

tax issues is more prominently framed around strengthening progressive tax systems with regular collaboration and partnerships between civil society and government. This is in addition to the international tax justice agenda, whereby key non-government campaigns (such as the Tax Justice Network (TJN)) have been instrumental in framing the debate and setting the policy agenda and where, in certain countries, they have begun to get some traction in translating policy into implementation. Presumably, coalitions formed around civil society work on tax (for example, the ZTP and Uganda's Tax Justice Alliance) could, in theory, be a basis for more shared proactive civil society agendas.

Perhaps not surprisingly, our research suggests that CSOs are generally better placed to engage proactively in tax issues in settings where civil society is more developed, effective and organised. Thus, at one level, the challenge of civil society engagement may be one of limited capacity – both the technical capacity to develop proposals and the organisational capacity to work in more proactive ways, be it owing to a lack of staff, competing priorities in different areas of work, financial constraints, or the like. The more fundamental reason, however, may be more political in nature (see, for example, Metzger et al., 2019). The benefits to CSOs of engaging more proactively on tax issues are likely to be less obvious and immediate in settings where the connection between taxation and citizenship is still incipient and weak. Consequently, CSOs may have considerably fewer incentives to work proactively in this arena, either in terms of compliance and implementation of existing laws or of proposed tax reforms. As one Philippine CSO noted in relation to tax reform, in particular, supporting reforms to increase taxation is an area “few are willing to touch”.

2.1.3 Where is civil society engagement lacking?

There are some issues among our country cases where civil society engagement seems to be very limited. For example, in the literature review, as well as in our interviews in developing countries, there was almost no mention of NGO/think-tank engagement in domestic taxes, such as VAT or income tax, even if international actors were

paying increased attention to issues such as the taxation of high-net-worth individuals (Kangave et al., 2018). This is in sharp contrast to private-sector or business associations, which (though we did not explore them in depth) lobby frequently on income tax and other domestic taxes and call for lower taxation.

Once again, political challenges partly explain the lack of civil society engagement on personal income-tax issues. Advocating for higher taxes on individuals, even wealthy ones, may be challenging in a context where people do not associate higher taxation with better services or greater accountability. Informants in both Zambia and Nigeria described a lack of public pressure for more progressive income tax, as formal direct taxation does not much affect the average citizen. As one INGO interviewee stated, “if most people don't pay income tax, the concept of what's fair on income tax is more abstract”. It is not possible to draw firm conclusions from our research as to the motivations behind the lack of civil society engagement on personal income tax, but in section 7, we suggest areas for further research to explore this issue.

Likewise, there was little mention in our interviews of NGO engagement in tax administration reform (such as e-services or simplified tax reforms). Most of the NGOs and think tanks we spoke with focus their analysis, advocacy and awareness-raising efforts on tax policy, rather than tax administration. As in the case of domestic tax policy reform, this contrasts with business associations, which tend to engage with and lobby government on tax administration issues. Opportunities and interest, or the lack of them, for civil society engagement in tax administration reforms would be an interesting issue to further explore.

2.2 What types of civil society actors engage?

The space for civil society to become involved in tax issues varies substantially by country. In Brazil, El Salvador, Kenya and Zambia, civil society is more active, while in Uganda and Ethiopia, the space is far more constrained. The type of organisation involved also varies by country. For

example, the tax space in El Salvador attracts mainly of regional NGOs or think tanks, while other countries, such as Zambia, where mining taxation is a prominent national issue, have a broader range of civil society actors engaged in tax issues. These include tax-specific organisations, economics and trade organisations, religious organisations, and journalists (see annexes 2–9 for more detail).

In the countries we studied, most organisations that provide technical analysis of government tax policy are economics-based organisations and think tanks that work on a variety of issues that include tax as a substantial area of work. From our sample, organisations that are focused exclusively on tax tend to be the exception. However, this is not necessarily a significant problem. Even the US – which our studies show as having the largest organised civil society tax engagement – has very few exclusively tax-focused organisations, all of them relatively new. It also emerged from our interviews that a range of CSOs that do not normally undertake sustained work on tax issues can become involved in tax-related advocacy when tax issues have particular relevance to or resonance for the work they are trying to do.

Examples include tobacco-control groups campaigning for tobacco tax, climate-change activists and fuel-tax advocates in the Philippines and organisations of women micro-entrepreneurs in El Salvador advocating for a *monotributo*.

We also attempted to explore the role of other civil society actors when it came to tax, including academics and journalists, but on a much more limited basis. Our research does not allow us to identify trends as to their roles among our country cases, but our interviewees nonetheless flagged some interesting constraints. In Uganda and Zambia, tax journalists described working in collaboration with CSOs and the government, citing technical tax training programmes for journalists. One interviewee noted the difficulty of proactive investigative reporting on tax issues, as this requires not just technical knowledge of tax issues, but also investigative journalism skills and, vitally, access to whistle-blowers. Describing the lack of academics working on tax issues in Uganda, one interviewee ascribed this to a lack of prestige and pay for academics, especially compared with other positions in government or the private sector that involve a technical understanding of tax issues.

3 The influence of civil society in the tax arena

Because of the scope of our research, and especially given the lack of evaluative work on civil society engagement in tax, it was not possible to ascertain when and why CS actors were able or unable to influence tax debate and policy. Nonetheless, a broad – albeit limited – comparison of our cases helps to illustrate two factors that matter in shaping civil society influence in the tax arena: the broader context and history of state–society relations and the extent to which civil society objectives align with those of other key stakeholders, including the government and other organised groups. Once again, this helps to show that politics is probably more decisive than technical capacity in determining the kind of influence and impact civil society can have in the taxation domain. This may not be surprising, but it is worth repeating in light of the way in which international development actors have engaged in this space (for more, please see sections 5 and 6 of this report).

3.1 Broader civil society context

The importance of context is well established in the development field and, not surprisingly, our case studies suggest that the ability of civil society to effectively influence the tax debate and policy-making process reflects broader patterns in the evolution, nature and quality of state–societal relations. In countries with more established traditions of popular activism and organisation, we see more cases of influential CSO engagement in tax reforms.

Broadly speaking, in countries such as Brazil, the Philippines and the US, there is a long history of strong civil society with influence over government (obviously, for different reasons, the analysis of

which lies outside the scope of this project). In Nigeria and El Salvador, civil society in general tends to be weaker and this is reflected in its relatively limited influence on tax issues. Countries such as Kenya and Zambia have relatively large civil societies engaged in tax issues and beyond, but this may not automatically translate into influence, given the (clientelist) nature of their respective political systems. In Uganda and Ethiopia, hegemonic party states have systematically undermined civil society and, thus, its influence on government, including tax issues.

In countries where civil society is more established, stronger and better organised, CSOs have been more proactive when it comes to influencing and shaping tax debates and decision-making processes. The collaborative partnerships between US policy-makers and civil society to develop tax policy illustrate this. The activism of CSOs in Brazil and the Philippines are further evidence of more proactive, albeit uneven, engagement. Elsewhere, in our case studies, tax policy remains very much centralised within government (in particular, the executive branch) and the scope for engagement is dictated from the top down. As a result, CSO work is much more reactive and involvement may not translate into real influence on tax decision-making processes. In El Salvador, Nigeria and Uganda, for instance, the CSOs we interviewed were able to provide examples of where their proposals on tax bills had been adopted into law, but such examples of influence remain quite limited (for example, in 2018 in Uganda, only three out of 20 proposals were accepted). Our informants also said that, far more often, CSO involvement remains rather tokenistic and the government can easily disregard proposals with which it disagrees.

3.2 Collaboration vs opposition

Civil society's influence in our case-study countries appears to depend substantially on whether it is working with or against some degree of political will and whether its relationship with government is more collaborative or oppositional.

Unsurprisingly, the prominent examples of civil society influence on tax policy (highlighted in both the literature and interviews) tend to be where there are shared objectives between key CSOs and (at least some parts of) government, opening up the possibility of collaboration for the purposes of resource mobilisation. This is most common in the areas of 'sin taxes' and extractive or international taxation – where, notwithstanding the significant influence of industry actors (mining companies, the tobacco lobby, etc.), civil society and government have a potential shared interest. INGOs, in particular, appear to have been influential in getting international taxes onto government agendas. Here, CSOs usually play a political advocacy role. For example, one interviewee described how the passing of a tobacco tax in Kenya in 2015 (see Box 3) occurred under conditions that were particularly conducive to civil society influence: the tax raised revenue,

civil society did not need be directly critical of government and CSOs were able to build broad government coalitions (including partners of the Ministry of Health) against the tobacco lobby.

Collaboration between civil society and government is rare on domestic tax issues more generally, with AER's campaigning in support of the government's comprehensive tax reform in the Philippines being an exception (see Box 5). Work with revenue authorities on tax education and awareness designed to increase tax compliance (for example, Brazil's NAF programme and Box 4 on Sierra Leone) also signals the potential for a collaborative relationship between civil society and government (OECD and FIIAPP, 2015).

In countries with more open democratic systems and civil societies, such as Brazil, Kenya, the Philippines, the US and Zambia, interviewees recognised the influence CSOs can have with parliamentarians. Government actors and other reform supporters (such as international donors) we interviewed described attempts to win the support of elements of civil society as part of a strategy for getting tax bills through parliament.

In our case studies (the US being the exception), engagement is usually in reaction to government policy rather than a proactive

Box 5 Civil society and government in a collaborative role: AER and the Comprehensive Tax Reform Programme in the Philippines

The Government of the Philippines' Comprehensive Tax Reform Programme (CTRP) is currently a focal point of civil society engagement. The aim is a comprehensive reform of domestic taxation, including broadening the VAT base, lowering income tax rates, introducing new excise taxes, changing valuations for property tax and other measures. AER has publicly stated its support for the reforms and advocated their passage into law. AER's position paper on the reform argues that the country needs "bold tax reforms to attain poverty eradication, prosperity, equity and inclusivity, and sustainability" (AER, 2017: 2).

As mentioned, few CSOs have the appetite to call for reforms that would raise taxes. However, similar to the previous 'sin tax' reform (see Box 3), AER works on bringing together a coalition of support sufficient to influence parliamentarians. Across civil society, this includes labour groups, organisations of elderly people and others who can be persuaded to support particular elements, for example, climate-change activists on fuel tax and health organisations on tobacco taxes. AER also engages the media through a simple and powerful communication strategy, as well as parliamentary supporters. This is highly political work, but it is supported by credible technical analysis, including independent welfare analyses, which have lent greater credence to the government's reforms.

Source: AER, 2017; author interviews with donors and CSOs

Box 6 Advocacy in opposition to unpopular taxes (mobile money tax in Uganda and property taxation in Lagos, Nigeria)

The recent imposition of taxes on mobile money transfers in Uganda gave rise to public opposition and widespread protests. Much of the organised civil society opposition came under the umbrella of the Civil Society Budget Advocacy Group (CSBAG), a coalition of NGOs. CSBAG produced analysis highlighting the negative consequences of the tax, ran public campaigns and focused its advocacy on the Ministry of Finance, the parliamentary committee on finance and certain members of parliament. As a result, government reduced the tax to 0.5%, claiming this was in response to public calls to make the tax ‘fair’. Civil society was not successful in its opposition to the social media tax, which went into effect at the same time.

In 2018, the Lagos State government introduced a new Land Use Charge law, doubling most property tax rates (Bolarinwa et al., 2018). There was an intense public backlash, including from law societies, manufacturers and private-sector organisations, individuals and opposition political parties. The opposition included public protests and the Nigerian Bar Association and the Joint Action Front (a social movement of the ‘working people’) staged a walk-out from a public hearing on the tax. The state government tried to explain the purpose of the tax, but ultimately conceded, lowering the rates and eventually withdrawing the legislation (ibid).

Source: Bolarinwa et al. (2018); author interviews with CSOs and former government officials

initiative. CSOs are, therefore, often seen as being in ‘opposition’ to government, even though it may very well be constructive critical engagement. Indeed, during our research, it was common for government or former government interviewees to portray an attitude of distrust towards civil society and to view CSOs as ‘anti-tax’, or being unwilling to work collaboratively and giving priority to popular resistance to taxation. This impression can be magnified in countries where civil society engagement in tax issues lacks technical sophistication. In some cases, the relationship between government and civil society is actively hostile: for example, ActionAid’s offices in Uganda were raided in 2017 (Daily Monitor, 2017).

Our cases suggest that civil society opposition to government tax policy is not entirely fruitless. Broad and coordinated public mobilisation has been able to block or amend government policy. For example, INESC and civil society partners in Brazil mobilised to prevent tax breaks for the wealthy being put to a vote in parliament (Salvador, 2012). Box 6 describes similar, more recent, examples in Uganda and Lagos. A wide range of CSOs are involved in these large-scale mobilisations and they are by no means limited to those that regularly engage on tax issues. CSOs that were interviewed also commented on the value of combining public mobilisation with more ‘structured engagement’ and behind-the-scenes lobbying of government or parliamentarians (more likely to be based on a technical analysis of tax policy).

4 The capacity of civil society on tax issues

4.1 Technical capacity on tax

According to a 2015 study by Kangave and Katusiimeh (2015: 19) on public and private involvement in Ugandan tax reform, “the technical nature of tax issues has traditionally restricted engagement with tax reform to a selected community of actors”. Our research findings do not necessarily dispute this. Many interviewees emphasised that there was considerable space for CSOs to improve their technical skills as they engage on tax issues. As one said, “building knowledge and technical capacity is important” for civil society actors to be able to engage credibly with government counterparts. Unsurprisingly, there is high demand from CSOs for capacity building – and it is certainly needed.

The main constraint on effective civil society analysis appears to be more political than technical, however. Many countries in our sample seem to have an adequate number of organisations with the technical capacity to analyse government tax policy effectively, at least in principle. What’s more, as we have seen, much of the influence of CSOs in relation to tax has been through their advocacy role, where rigorous technical skills in relation to tax (while still useful) are less critical than in the case of policy scrutiny and analysis. Several interviewees noted that technical skills were required for CSOs to come across as credible actors in the tax domain and gain the government’s respect. It is also worth noting, however, that the organisations that have been able to build productive relationships with government reported that this takes time and comes through the building of relationships and trust, and not just technical acumen or the quality of the research or evidence.

Nonetheless, there are some areas where technical capacity is particularly lacking (see annexes 2–9 for details on civil society capacity in the case-study countries). For example, international and national NGO interviewees in Kenya described the difficulty of facilitating civil society engagement on tax at the subnational level, where capacity among subnational CSOs, as well as literacy rates among the general population, can be low. Outside Brazil and the US, academic research on tax also appears limited. In addition, in many of the organisations we spoke with, tax expertise tends to be spread rather thinly, perhaps centred on just one or two individuals. Sometimes, it needs to be contracted out, mainly due to skills and other resource constraints. CSO staff resources in general can be scarce. Capacity may be particularly stretched, as in most cases (with the exception of the US, where CSOs are more specialised), CSOs that advocate for strengthening the tax system also work on mobilising demands for accountability, as well as other fiscal and debt issues.

4.2 Non-technical capacity

While technical capacity on taxation is important, our cases suggest that non-technical tax issues appear to be greater barriers to civil society engagement in this area than constraints on technical capacity. This reflects wider lessons in the development field (see, for example, Metzger, 2019; Coplin and Nwafor, 2019; Rocha Menocal, 2014b Booth and Unsworth, 2014). As the International Budget Partnership (IBP)(2016: 14) has emphasised: “Tax debates [are highly] politicised and divisive [. . .] particularly when conflicts arise between the public interest and

influential opposition. Thus, engaging in work on tax will likely test partners' ability to think politically and may require cultivating new allies and developing new strategies in order to succeed."

The most relevant political constraints that our research uncovered include building coalitions that cut across different concerns and can overcome vested interests, thinking strategically and identifying entry points, developing strategic communications and establishing legitimacy among diverse stakeholders. Other non-technical limitations facing the CSOs we interviewed included funding and a lack of staff.

Some of the most effective CSOs in our case-study countries (such as AER in the Philippines and INESC in Brazil) are those that are able to mobilise coalitions of support. As various interviewees put it, coalitions among NGOs and other relevant stakeholders are important in order to counter the power of business associations. Such skills and networks in coalition building are seldom within the expertise of those who have the technical tax capacity. For example, in Brazil, INESC has focused more on citizen and civil society support, including 'translating' and communicating tax and budget issues in order to seek the support of social movement leaders and advocating for tax reform in Congress.

Likewise, in Kenya, it was reported that some organisations are savvy with donors (and technical expertise), while others have political savvy, but both are needed to engage with tax policy. As one person we spoke with put it, "there is a gap between those in the advocacy space and those that are technically able to speak advocacy". In El Salvador, the more established think tanks working on tax policy tend to be suspicious of more activist or mass mobilisation efforts. They tend to view them as failing to grasp the evidence and/or being instrumentalised, if not manipulated, by certain groups and interests.

Two other crucial non-technical skills that remain barriers to effective civil society engagement on tax issues are strategic thinking and strategic communications. Several CSOs seem narrowly focused on the 'issues of the day'. They may lack the time and space to think strategically about what they can do on tax issues in the medium or long term and to develop an approach that is

comprehensive and/or can gain political traction. In other words, they may miss the wood for the trees. With regard to strategic communications, several CSOs said it is as important to be able to communicate complex tax issues as it is to produce rigorous analysis and evidence in the first place. The reports and manner in which the information is communicated must be both persuasive to policy-makers and accessible to the general public, and this may call for skills that are not readily available.

A further constraint on civil society influence is perceived legitimacy among stakeholders, especially government. Technical rigor can be an important component of building such legitimacy, but while essential, it is not in itself sufficient to establish the credibility necessary to engage effectively in the tax arena. Our case studies found that CSOs with access to closed-door government areas, which can translate that access into real influence, are those that have built long-term relationships of trust with the government.

This does not come without its own complications, however. An ongoing challenge for CSOs is how to maintain substantive linkages with broader civil society (and the coalition-building skills mentioned previously) while engaging constructively with government. One INGO interviewee commented that CSOs that gravitate towards the executive branch of government in an attempt to influence policy can lose their 'rootedness' in civil society.

Lastly, CSOs interviewed mentioned organisational resource constraints. General financial sustainability is a difficulty for most organisations, potentially limiting their ability to engage in additional activities, such as awareness raising, more proactive analysis or advocacy. Most CSOs we interviewed are predominantly funded by international donors, often channelled through INGOs. One potential repercussion of this is that their rules of engagement or targeted policies may reflect the priorities of donors rather than the public at large. These are two areas worth exploring further. Moreover, largely due to resource constraints, the tax expertise of some organisations we interviewed lay with one or two individuals, or had to be contracted out. In general, CSO staff resources can be lean.

5 International support for civil society on tax issues

The main multilateral and bilateral agencies currently involved in supporting tax reform and DRM efforts are the OECD, the International Monetary Fund (IMF), the World Bank, the German Corporation for Development Cooperation (GIZ), the UK Department for International Development (DFID), the Norwegian Agency for Development Cooperation (Norad) and the United States Agency for International Development (USAID). Capacity building is supported through multi-stakeholder programmes, such as the International Tax Compact and the Addis Tax Initiative. The international development agencies tend to focus their support and capacity-building efforts overwhelmingly on governments, especially ministries of finance and revenue authorities. For example, in 2015, of the USD 191 million in DRM assistance (from OECD donors), only 3% (USD 6 million) was channelled to local civil society or NGOs. In other sectors (PFM, health, education, etc.), 12% of assistance was channelled to local civil society or NGOs (Wainer, 2018).

Despite the comparatively modest investment in CSOs when it comes to DRM, it is telling that longer-term support to CSOs involved in tax issues seems to have borne fruit. For example, some of the more technically capable organisations we encountered in our research had previously received support from donors, including AER in the Philippines (multiple donors), SEATINI in Uganda (the European Union) and the Fundación Salvadoreña para el Desarrollo Económico y Social (FUSADES) in El Salvador (USAID).

Support to civil society to date has come mainly from private funders, such as the Bill & Melinda Gates Foundation, the Hewlett Foundation, the Ford Foundation, the Open Society Foundations and the German foundations (or *Stiftungen*, such as the Konrad Adenauer Foundation) with a

view to building the practical capacity of recipients – mostly INGOs, such as the TJN, the International Centre for Tax and Development (ICTD), ActionAid, Open Oil and various Oxfam country programmes. Much of this international support focuses on technical capacity building, especially training. While such training has often involved one-off workshops with little follow-up, more recently, some INGOs have made a welcome shift towards longer-term support (TAI, mimeo).

The three bilateral donors we interviewed – DFID, USAID and Norad – often have varying approaches towards civil society and tax. DFID’s strategy, for example, has been to focus mainly on government support. Its (informal) theory of change reflects the idea of sequenced support, whereby government capacity is built first, data are made available and civil society is then supported to engage with it. One DFID country office, however, a tax programme is currently engaging both government and civil society actors through separate components.

Historically, USAID has worked closely with CSOs to build their capacity on the tax front. USAID’s engagement with civil society at present is based on the recognition that civil society is an influential actor in reform processes; it believes CSOs should be taken into account to ensure the passage of government reforms that USAID supports. For example, USAID Philippines has partnered with civil society on a tax reform roadshow to explain new laws and collect feedback for the government, with a view to winning CSO support and building a coalition behind government tax reforms.

Of the three bilateral donors we interviewed, Norad currently has the most explicit focus on civil society, though its work in this area is

relatively new. It funds INGOs, mainly in relation to international and extractive taxation (many of which, in turn, work with more local iterations of civil society). Support for civil society on tax is often part of a broader programme (for example, on PFM, fiscal transparency or illicit financial flows). More recently, however, Norad has offered civil society funding for tax issues, for instance, to support investigative journalism into tax-related topics.

Support to civil society on tax issues tends to be siloed within donor agencies. Assistance to CSOs is spread over many organisational divisions, for example, the civil society department, the tax and PFM department and the governance department. This may limit donors' ability to orchestrate a comprehensive and well-coordinated programme with both government and civil society.

According to many of our interviewees, donors exert substantial influence on the issues that CSOs address. This means that decisions about what areas of engagement CSOs should focus on and prioritise may not be determined by what they actually want to do, but by incentives and pressures from donors and the funding they provide. Often, CSOs do not view this kind of influence as helpful. As one interviewee from a

Kenyan NGO said, "having an open mind allows a country to come up with projects that are in line with their own priorities, as opposed to having the priorities sent down from the donor. Often those priorities are supposed to cut across the various countries in which they are operating, but the contexts are different."

Lastly, the CSOs interviewed also mentioned that while general financial sustainability is often an issue, the lack of flexible funding is particularly problematic. Our informants were often critical of project-based funding, or funding for specific, pre-determined activities with little room for adaptability. Project-based funding is increasingly the norm among donors, largely as a result of the need to demonstrate easily attributable results over the short term. USAID, for example, used to provide seed funding to CSOs working on tax (for example, to FUSADES in El Salvador), but according to interviewees, it is now far less inclined to do so. The organisations we spoke with believe this kind of funding has limited their ability to work flexibly and, ultimately, more effectively on tax issues, especially as much of their work requires building trust, fostering relationships and developing and strengthening networks and alliances, all of which take time.

6 Implications for donor support of civil society tax work

This section draws on our findings on the nature of civil society engagement in tax reforms in our case-study countries to identify how international donor support to civil society could be better aligned with realities on the ground. In addition to the preceding descriptive analysis, the implications are informed by other literature on civil society support, views and feedback from CSO interviews on how to improve donor support and interviews with donors working on tax issues.

6.1 Lessons from support to civil society more generally

Over the past 20 years, there have been a number of new insights into international efforts to strengthen civil society that illustrate many of the issues highlighted in section 5. Analyses, assessments and evaluations have consistently found that, while there has been some progress, international development actors still have much to do to make their efforts to support civil society more effective.

Perhaps the single most important lesson is that the nature of the challenge (for civil society, as well as development more broadly) is not primarily technical or even financial, but fundamentally political (see, for example, Unsworth, 2008; Booth, 2012; TWP CoP, 2015; Wild et al., 2015). Long-standing critiques of support to civil society include that they are (see for example, Rocha Menocal and Sharma, 2008; Rocha Menocal and O’Neil, 2012):

- too technical and focused on building technical capacity

- grounded in theories of change that do not take proper account of underlying politics and power dynamics and based on assumptions of how change happens that are not sufficiently tested/problematised
- based on perceptions of CSOs that do not sufficiently recognise that ‘civil society’ is diverse and consists of diverse interests, incentives, ideas and values that coalesce around different issues and may not always be aligned
- based on interventions that tend to be top-down and donor driven and not tailored to contextual realities
- focused too narrowly on either the ‘supply’ or ‘demand’ side of voice and accountability without building synergies between them
- siloed and fragmented in ways that make it difficult to develop a coherent approach to civil society support, even within individual organisations.

There are also concerns that there is a tension between the long-term processes of transforming state–society relations, which involve redefining underlying power structures and dynamics, and donors’ needs or wishes for quick results (Natsios, 2010; Rocha Menocal and O’Neil, 2012; Valters and Whittey, 2017). International development actors need to be more realistic about what can be achieved in the shorter term. In addition, there is an issue regarding the sustainability of interventions to strengthen civil society. Many of the organisations that donors support are highly aid-dependent and it is not clear how these are supposed to become self-sufficient.

These insights and lessons on the limitations of international efforts to strengthen civil society (and promote development more broadly) have important implications for how donors might better support CSOs engaged in tax issues.

Above all, what is needed is a more strategic and pragmatic approach that is grounded in thinking and working politically (Rocha Menocal, 2014b; TWP CoP, 2015) and doing development differently (DDD Manifesto, 2015).

What might this entail? Based on an emerging consensus in the literature, reinforced by the research and interviews we carried out for this study, this section highlights some ideas, recommendations and reflections on how the international agencies providing support to civil society on tax and DRM issues can become more effective.

6.2 Develop a deep understanding of the context

Develop a deep understanding of the political economy of tax and DRM in a given country and how different actors in state and civil society are positioned on tax issues and why. This calls for in-depth PEA or other diagnostic tools to ensure that programmes are appropriate to context. Such analysis should help to:

- identify and contextualise domestic pressures for and against tax reform and the relative balance of power between groups in both state and society who are for or against change
- identify possible entry points and actors to engage with on that basis, who may not necessarily be those that international development agencies know about and already work with
- identify potential tensions, dilemmas and trade-offs involved in processes of tax reform based on a sound understanding of who stands to benefit, who stands to lose and why.

Analysis should not be reduced to a single product (such as a PEA report), but should be an ongoing process. This is important to keep track of changing circumstances, test assumptions over time and identify any unintended consequences as they arise.

6.3 Tailor interventions and support programmes accordingly

It is vital for donors not only to invest in the kind of analysis just mentioned, but to use it to inform and shape their interventions. Translating insights from PEA into programme design and implementation remains a recurring challenge for international development agencies (Rocha Menocal, 2014a; TWP CoP, 2015; Wild et al., 2015). It is, however, essential to ensure that interventions are tailored to context and focused on realistic possibilities for change and reform based on what is politically and institutionally feasible, as well as to test assumptions and adapt theories of change accordingly and track unintended consequences, so that they can be addressed. This echoes the Metzger et al., (2019: VI-VII) review of DRM efforts, which calls for the “greater integration of political consideration in DRM efforts” and argues that “it is critical that development approaches create the foundational capabilities and systems necessary to capitalise on political windows of opportunity”.

The relevance and salience of different tax issues and the roles that CSOs can play in them will vary from country to country, and this variation and the reasons for it will need to be reflected in different support efforts. Among other things, this will include political histories, power relations, the nature of civil society and its capacity (technical and otherwise – more on this below) to organise and bring about change, the nature and quality of the linkages of civil society with government and other relevant actors, the political space for civil society to engage on tax reforms and the salience of different tax issues (Rocha Menocal, 2014a).

6.4 Support a tax ecosystem

A consistent central message that has emerged is that constructive engagement and collaboration between government and civil society actors has generally been essential to efforts to strengthen the latter and promote greater accountability of the former (Rocha Menocal and Sharma, 2008; Wild et al., 2015). We would, therefore, encourage donors to support civil society actors parallel to

building government capacity. Developing a tax system that is fair and effective and perceived as legitimate and rooted in the notion of a social contract, binding state and society across the population, is a deeply political and contested process within an ecosystem encompassing diverse interests. More effective tax policy cannot be expected to emerge organically as a result of increased technical capacity among different stakeholders. It requires targeted and ‘smart’ engagement with actors in both state and society to shift the outcomes of these political contestations. From our interviews, organisations that had worked on PFM emphasised this point, in particular, arguing that donors need to ‘learn the lessons’ of PFM and not leave CSOs behind (see Gurkan (2011) for similar reflections from the World Bank on the need to engage civil society more in PFM reforms).

Among other things, donors can develop programmes that focus on both the demand and supply side of tax debates, for example, the DFID Partnership to Engage, Reform and Learn (PERL) programme in Nigeria. PERL has two components – one to improve government processes and the other to work with civil society to improve government accountability. The programme and its predecessors, because of how they work, have begun to generate interesting insights and it may be possible to replicate a similar design for tax programmes (Booth and Chambers, 2014).

Clearly, as mentioned, in seeking to work with both government and civil society, donors need to be ‘smart’ and context specific, to ensure effectiveness and avoid conflicts of interest. So, for instance, in countries where civil society is generally respected by the government (for example, Brazil until recently, though things may change under the new government, El Salvador and the Philippines), it seems plausible that a donor could support both government and civil society within the same programme. In a country where trust is low and there is mutual suspicion (for example, Uganda), however, it could be more difficult to work with both in the same programme. Here, separate but complementary programmes might be more effective (for example, DFID supports the government and USAID supports civil society).

Supporting this kind of ecosystem may also involve supporting a wider mix of civil society

actors. As an interviewee from a CSO in Uganda commented, “you need the right mix of academia, media and civil society”. Compared to the US, among our other case studies, there is relatively little engagement from some of these atypical actors in the tax arena. The challenges to and constraints on the involvement of these less typical actors are not always obvious, and they will be context specific. However, it is likely that, even if they often lack technical understanding of tax issues, this may not be the most significant constraint. For more effective media engagement with tax issues and debate, for example, developing investigative journalism skills and working to support a more independent and critical media may be more useful and relevant than providing training on tax.

6.5 Develop approaches that provide technical capacity, but are also politically savvy

Technical tax capacity is important and more support is needed to build such capacity for civil society, as well as government, at both the national and sub-national level. Technical capacity can, among other things, ultimately serve as the foundation for organisational know-how and credibility, helping to build trust-based relationships with government and other relevant stakeholders and, eventually, translating into real influence.

For technical capacity building to work more effectively, however, it needs to be done differently. As mentioned, for example, training needs to be informed by and tailored to a country’s needs and priorities on tax issues and how its CSOs work and why. In all of our case-study countries, we found that issue-specific campaigning organisations and media had some of the biggest gaps when it came to technical tax knowledge, so training could be one entry point into tax debates. Likewise, local, grassroots CSOs lack the technical tax knowledge in almost all of the countries studied.

Replicating general tax training programmes for diverse CSOs in different countries is unlikely to be effective, because the most salient and relevant tax issues vary between and even within

countries and can shift quickly (especially at the international level). It may be extremely difficult to keep up to date and respond accordingly, even for well-trained and technically capable CSOs. For example, in Brazil, INESC struggled to develop a generally applicable training programme for different groups of stakeholders.

These difficulties can be exacerbated by the fact that there are different interests, incentives, values and skills at play that training cannot address, unless it is tailored to do so. To be most effective, technical training probably needs to be part of strategic and varied longer-term support for civil society engagement in tax reform. Our case studies suggest that a general technical tax capacity-building programme for diverse civil society actors is unlikely to be a 'quick win'.

Lastly, it is also essential to think about how to support technical capacity-building efforts beyond one-off training sessions. Greater efforts are also needed to track what happens once people have received their training, so as to develop a better understanding of how useful it proves in changing attitudes and behaviours.

As we know, however, technical capacity is seldom the principal challenge to CSOs' effective engagement in tax issues; political savvy and connections seem to be much more important. It may be difficult for international development agencies to influence this kind of political capacity directly, but a few ideas that be worth exploring include:

- **Brokering and convening spaces and processes for locally led reform.** Directly or indirectly, international development organisations can make a useful – and perhaps even indispensable – contribution to helping state and civil society actors overcome institutional obstacles to change and reform. Some of the biggest hurdles involve unresolved processes of contestation and collaboration. Often, cooperation among stakeholders proves impossible because there is a lack of trust or because incentives are not aligned. International development agencies may help to build trust, encourage incentives and interests and seek to facilitate and broker spaces for collective action (Booth and Unsworth, 2014; TWP CoP, 2015; Rocha Menocal, 2017).

Historically, many examples of successful reform have involved coalition building (see, for example, Booth, 2014; Booth and Unsworth, 2014; Rocha Menocal, 2017). If donors act as facilitators and brokers, they can play a potentially crucial role in supporting organisations in building strategic partnerships across civil society, as well as with other relevant actors in government, the private sector and beyond. This could also include connecting these stakeholders with less typical actors. For instance, donors could incentivise civil society coordination and collaboration as part of their funding to multiple actors and require cross-donor coordination. However, as we found in El Salvador, it is also essential to be realistic about what kinds of coalition are feasible given the histories, dynamics and fault-lines of national conflicts.

- **Supporting strategic thinking and engagement.** Donors can help by working with CSOs to sharpen their skills for political economy and other forms of diagnostic analysis. Very often, however, CSOs understand very well the contexts in which they work and are aware of the power dynamics and constraints and the opportunities that are involved. In such instances, it may be more fruitful for international development agencies to engage with CSOs to identify the implications of the context and to be more strategic in how they identify the issues they want to work on and why, as well as what entry points and openings they have to do so (and, as highlighted in the first bullet point, donors could benefit from doing the same).

Whether building technical or non-technical capacity, donors should provide ongoing support that involves mentoring, rather than one-off training, and commitment long term.

Part of supporting a tax ecosystem (as described in section 6.4) involves supporting civil society operating in the three key roles it has played, as well as strategic consideration about which of these roles need more support from donors and are more likely to be influential. What constitutes the most effective support, and the balance of focus on technical or political capacity, varies from role to role.

6.5.1 Analysis

Donor support for civil society to undertake tax analysis could include technical training. Most countries already have organisations with technical capacity, so it may be more fruitful to offer flexible financial support to these organisations, enabling them to best use this capacity.

6.5.2 Advocacy

It may also be possible to support civil society advocacy on DRM. For example, based on political opportunities and entry points identified through PEA, donors could work with CSOs on identifying and developing proactive initiatives to raise revenue while demanding greater government accountability. This could be done through technically sound research papers advocating reforms or regular awareness campaigns (such as radio or public-education programmes on television). Such actions could help build the legitimacy of civil society in the eyes of government, which, as discussed earlier, often sees CSOs as anti-tax or solely oppositional. They could also help foster the development of a social contract between state and society through the tax connection (Coplin and Nwafor, 2019).

Our cases also suggest that some of the most fruitful opportunities to gain traction on DRM will be on ‘sin taxes’, international taxation and extractive taxation, where government and civil society interests more often align. There needs to be willingness to act in these areas, but international development agencies could then help harness these domestic efforts by providing crucial support to CSOs (as well as other relevant stakeholders) for coalition building and advocacy and communication skills.

Advocacy against taxes seems quite organic and not dependent on international support. Another entry point for international agencies could, therefore, be to seek to channel existing opposition to taxation as a force for more government accountability – perhaps by emphasising the links between taxes and expenditure. If citizens know what they are getting out of their taxes in terms of the provision of essential goods and services, and they can feel confident that tax revenue is being spent effectively, this can enable more productive state–society relations to develop based on rights, obligations and responsibilities (Moore, 2015; Prichard, 2018).

6.5.3 Awareness

The role of civil society in tax education appears to be underappreciated in current donor thinking and practices in relation to supporting CSOs on tax and DRM. However, it may be worth exploring further, as it has the potential to foster civil society collaboration with government in increasing tax compliance, while nurturing a stronger connection between tax collection, expenditure and accountability demands. All the while, this builds the technical tax capacity of the CSOs involved, which may eventually evolve into a greater scrutineering and/or advocacy role.

6.6 Be aware of the (unintended) consequences of supporting CSOs

International support for CSOs can sometimes compromise them, so it is essential that donors are aware of such risks and able to address them. CSOs deemed to be challenging or troublemaking can be easily dismissed and discredited as mouthpieces of foreign agendas and interests (Dodsworth and Cheeseman, 2017). In settings where civil society is restricted or considered illegitimate, highly visible foreign donor support (including funding) runs the risk of undermining CSOs’ legitimacy and even their security. In such cases, support may need to be discreet (for example, no donor logos on products or equipment).

It is also worth considering whether a CSO can rely on other mechanisms to build its legitimacy, such as a proven track record, technically robust research, or a developed network of relationships of trust with key stakeholders. The critical issue is for the potential recipient to decide and for the donor to retain as low a profile as possible so as not to compromise the integrity of domestic CSOs. AER in the Philippines is a good example; it had built considerable legitimacy before receiving donor funding.

6.7 Provide flexible funding and longer-term horizons

One of the most consistent findings from our interviews with CSOs is the mismatch of project-based funding, whereby international development

actors (including donors and implementing partners) earmark funding for pre-determined activities based on the DRM work they are trying to do. This touches on a wider debate and discussion on how donors need to work differently to make their development efforts more effective (Natsios, 2010; Rocha Menocal and O’Neil, 2012; Booth and Unsworth, 2014; Wild et al., 2015).

There is growing understanding that development programmes need to be more flexible to allow for the necessary experimentation, adaptation and risk-taking involved in responding to changing circumstances (DDD Manifesto Community, 2015). Here, funding models and mechanisms are a core element. This is perhaps particularly relevant when it comes to DRM, given the context-specific and unpredictable nature of tax reforms (the emergence of taxes on mobile money and social media in Uganda being a prime example). One CSO interviewee in Uganda put it particularly succinctly:

If you have funding that is too prescriptive, it is impossible to respond to the reality. For some donors, we have not been able to include tax work, because their funding is too long frame, too project focused, too prescriptive. Tax is a highly political thing, it is highly fluid, unpredictable.

A lack of flexibility risks leaving civil society unable to respond to emerging tax issues, inhibiting its ability to lead from the front, respond in a timely manner, or remain relevant (and even legitimate) in the eyes of the population. As one Kenyan CSO interviewee put it, “we need to have funding that is flexible. Today I see a scandal in

taxpayer funding, but my money is too tied in programmes [. . .] to resonate with taxpayers, you need to respond to any type of scandal.” Some people we spoke with suggested that flexible donor funding may be even more prized in areas where civic space is becoming more restricted, as it may provide CSOs with greater adaptability to respond creatively to difficult circumstances and even prove essential to their ability to survive in more hostile environments.

In addition to more flexible funding, CSOs also cited the importance of securing longer-term donor support – in terms of both funding and objectives. CSOs need flexibility to think and work in more politically aware ways, which means they need to be more experimental and open to risk and failure. It is difficult to have the freedom to work in such flexible and adaptive ways when only shorter-term funding is available. In addition, as the changes sought are fundamentally about transforming state–society relations and altering power dynamics, it is also essential to be realistic about the kinds of short-term results that are to be expected. In effect, support (including funding) that is provided over several years and on the basis of long-term engagement is more likely to bring about meaningful change than one-off projects focused on immediate results. As many observers have noted (for example, Natsios, 2010; Rocha Menocal and O’Neil, 2012; Valters and Whittey, 2017), the pressure for quick results can lead to a focus on easily quantifiable indicators (such as a number of training sessions) that may contribute little to substantive change (such as whether those who received training were subsequently able to work effectively in related areas).

7 Ideas for further research

The research project on which this report is based was intended as a rapid study on the role of civil society in the tax domain, not to be comprehensive. It aimed for breadth rather than depth, and our findings remain largely descriptive and anecdotal. Nevertheless, the findings from our case studies and literature review have yielded some insights and potentially fruitful areas to pursue in this nascent area of research and policy engagement.

Questions that merit more in-depth attention and may offer potential opportunities to support DRM efforts more effectively include:

- Why are there issues in which civil society engages more substantively than others? For instance, how prevalent is the apparent lack of civil society engagement on issues related to personal income tax (especially in relation to high-net-worth individuals) and why? Why do CSOs seem less interested in tax administration issues and is this borne out by more in-depth research?
- What are the scope and opportunities for civil society to engage more fully in awareness-raising efforts, are they interested in doing so, and is there a role for international development agencies to support such initiatives?
- What kind of role do other forms of civil society not fully explored in this project, especially academia and the media, play in efforts to promote fairer and more equitable tax systems and why?
- What role do parliaments play when it comes to tax issues and what are the linkages between parliaments and civil society? Do parliamentarians see civil society as a source of expertise and analysis on legislative ideas?
- How sustainable have donor efforts been to provide technical capacity-building training and support to CSOs and why?
- What might a tax ecosystem look like in practical terms for a donor-country tax programme, including a roadmap and testing interventions?
- What are the implications of exploring such questions for international donors, in terms of where they should focus their efforts to support CSOs on tax issues? Should they consider abandoning interventions and areas of engagement in the absence of internal demand, and how can that be assessed and tested?

Above all, there is an opportunity through more in-depth country-level (national and sub-national) research to help build the evidence base on the high-level trends we have identified in the roles, influence and capacity of civil society on tax issues. As we have argued, this is vital to inform development programmes in this area. Future work could expand on the implications outlined in section 6 of developing politically aware tax programmes for international donors, ideally learning from experience and testing out some ideas in practice.

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Annex 1 List of organisations interviewed

Country	NGOs/Think tanks	Academia/Media	Government	Donors/Other
Generalist/ regional (17 informants in total)	ICTD IBP African Tax Administration Forum Tax Justice Network Africa		N/A	USAID DFID World Bank Norad Open Society Foundations Hewlett Ford Foundation Wellspring Fund
Brazil (4 informants in total)	INESC Instituto Justiça Fiscal (Tax Justice Institute, IJF) Associação Nacional dos Auditores Fiscais da Receita Federal do Brasil (ANFIP)			
El Salvador (6 informants in total)	FUSADES Iniciativa Social para la Democracia (ISD) Fundación Nacional para el Desarrollo (FUNDE)			USAID El Salvador DAI El Salvador
Kenya (5 informants in total)	International Institute for Legislative Affairs (ILA) National Taxpayers Association (NTA) Save the Children Kenya		Commission on Revenue Allocation (CRA) Kenya Revenue Authority (KRA)	
Nigeria (3 informants in total)	Nigerian Tax Research Network (NTRN)		Former Federal Inland Revenue Service (FIRS)	Gates Foundation
Philippines (4 informants in total)	AER Foundation for Economic Freedom (FEF)			USAID Philippines DAI Philippines
Uganda (8 informants in total)	SEATINI Civil Society Budget Advocacy Group (CSBAG) Action Aid	New Vision	Uganda Revenue Authority (URA) Former URA	DFID Uganda ODI Budget Strengthening Initiative (BSI)
United States (2 informants in total)	Bipartisan Policy Center Former Mercatus Center	Johns Hopkins University	Former Internal Revenue Service (IRS)/Social Security Administration (SSA) Former Joint Economic Committee US Treasury	
Zambia (5 informants in total)	ZTP	Chr. Michelsen Institute Freelance Journalist	Former Zambia Revenue Authority (ZRA) (x2)	

Annex 2 Brazil

Role of civil society

- CSOs engage mainly on national tax policy. CSOs campaign and build coalitions to oppose regressive taxes and propose comprehensive tax reform.
- INESC, which works on socioeconomic issues, is a leading organisation with sustained involvement in tax issues, including policy studies, mobilisation and advocacy with Congress and the executive branch. Tax issues are framed as issues of fairness and form part of broader civil society campaigns on inequality. INESC undertakes some proactive scrutiny of tax expenditures.
- Various technical tax professionals engage in national policy debates. For example, ANFIP, an association of tax auditors, has produced a detailed, technical proposal for comprehensive tax reform. IJF comprises individuals – mainly tax employees, auditors, economics professors – who scrutinise tax policy and advocate for ‘tax justice’.
- There are some academics working on tax, in addition to support centres (NAFs) set up by the government together with universities to provide tax support to the economically marginalised and to generate fiscal knowledge.
- There is limited civil society engagement at the local level (mainly property taxation). The particularly complex tax system and high variation in state-level policies makes it difficult to engage.
- IJF has conducted some scrutiny on transfer-pricing legislation, but international tax issues appear less a civil society focus than in other countries, with one interviewee suggesting they are “far from people’s realities”.

Civil society influence

- Historically, civil society has had influence on government. From 2008 to 2010, INESC coordinated a coalition of civil society opposition to a proposed tax reform that would have given additional tax breaks to the wealthy and eliminated funds earmarked for social services. The direct impact on individuals made it easier to mobilise opposition and, eventually, the proposal was not even put to a vote.
- Under the current president, national tax reform is unlikely. CSOs are aware that a change of government is probably necessary for comprehensive proposals to be accepted. INESC is shifting its focus to building coalitions in Congress and training activists to work on budgets at local level.

Civil society capacity

- Brazil’s civil society is large and active. Although only a few organisations specialise in tax, a wide range of CSOs has engaged when mobilised in relation to reforms.
- Technical capacity is strong and tax experts work at many of the key organisations. Technical policy proposals are comprehensive and detailed.
- Technical and political capacity is split within civil society. Some organisations focus more on technical tax proposals to appeal to parliament, while others focus more on citizen and civil society support.
- INESC is sufficiently institutionally sustainable to turn down donor project funding if it does not fit with its strategy.

Annex 3 El Salvador

Role of civil society

- There is INGO engagement on tax (for example, Oxfam and IBP) in addition to domestic/regional NGOs/think tanks (such as ISD, FUNDE, FUSADES).
- There is some engagement with media and academic research on tax issues (for example, Universidad Centroamericana research on tax evasion).
- Work on tax is mostly reactive (for example, researching the potential impact of the proposed increase in VAT).
- CSO roles have been largely limited to scrutiny (research/analysis) rather than public campaigning and mobilisation. Likewise, there has been little work on raising awareness of taxation issues among the population (mostly by the government).
- Business associations are active in the tax domain.

Civil society influence

- Relationships between CSOs and government are good, but influence is minimal.
- Some CSOs are invited to provide testimony/evidence to the National Assembly, but this remains rather tokenistic.
- Some CSOs engage with key actors (for example, in relevant ministries and in the National Assembly) behind closed doors on the basis of research and evidence, but, for the most part, the engagement does not appear to have much influence on tax policy.

Civil society capacity

- The technical capacity of CSOs was not reported as a challenge. While organisations are highly aware of the political challenges and dynamics of tax reform, their capacity to make use of this knowledge is less clear, for example, how far they are strategic in using this knowledge to prioritise research and engagement on tax issues with potential political traction and in building support for reform.
- Formal collaboration among domestic CSOs is rare because of deep ideological divisions stemming from the civil war (for example, the role of the state versus the market). These divisions have implications for building a united and more coherent front to advocate for tax reform and to harness more purposeful collective action on tax issues.
- Research-based CSOs are suspicious of the activist/social mobilisation efforts on particular issues. They tend to view them as being instrumentalised, if not manipulated, by certain interests and to be poorly informed.
- Limited funding is a problem. Historically, USAID had supported civil society when it came to tax issues, but, international support for CSOs now seems to be limited to IBP and the Friedrich Ebert Stiftung.

Annex 4 Kenya

Role of civil society

- Many and diverse actors are involved, thanks to an enabling legal environment for civil society. The 2010 constitution requires public participation at national and county level on (annual) tax bills. INGOs (such as Oxfam, Save the Children and IBP) and national NGOs (such as the NTA) engage at national level and facilitate this process at local level, building capacity and supporting local civil society in making submissions (Kenya Law, 2013).
- Business associations, including the Kenya National Chamber of Commerce and Industry, the Kenya Private Sector Alliance and the Kenya Association of Manufacturers are also actively involved in the scrutiny of tax laws as well as education on new legislation for their members.
- Some issue-specific organisations have worked on tax issues (such as the Bill & Melinda Gates Foundation assisting CSOs working on tobacco control to work on tobacco tax).
- INGOs (such as Save the Children) have provided technical assistance to county governments to develop frameworks for raising local revenue through property and ‘entertainment’ taxes.
- The government carries out most tax education, but CSOs voiced interest if funding were available.

Civil society influence

- There is substantial civil society participation in tax law at the national and sub-national level. Governments have been successfully challenged in court when insufficient participation is allowed. However, real influence on legislation seems limited, with government often disregarding civil society proposals. Only traces of civil society proposals remain in final legislation.
- Government does recognise civil society influence with parliamentarians, so engages civil society for support in passing tax bills.
- Beyond annual tax bills, there is little to no proactive civil society influence. The exception was tobacco tax legislation passed in 2015. This issue was conducive to civil society influence, as the initiative raised revenue, while CSOs did not need to be critical of government and were able to collaborate with the Ministry of Health against the tobacco lobby.
- It is easier for national CSOs to engage on tax at the sub-national level. For local, grassroots CSOs, it is harder to work on tax issues, as local government can more easily frame criticism as a witch hunt, rather than as legitimate critical scrutiny.

Civil society capacity

- CSOs at a national level report a need to bolster technical capacity, but access to flexible resources may be a larger constraint. These CSOs cover many issues but lack resources to act on tax.
- Issue-specific organisations like the ILA do not have unrestricted funding to engage in the budget process on a regular basis; donor funding dries up after individual policy successes.
- Civil society engagement in budgetary processes at local level is difficult; many are non-literate and documents are complex, often provided at late notice. Likewise, issue-specific organisations lack technical training in tax issues, which could benefit their engagement on sector-specific tax reforms when opportunities arise.
- Coalitions are a must. Some organisations are savvy with donors and others have political savvy – they need both. Coalitions also important to counter the power of business associations.

Annex 5 Nigeria

Role of civil society

- There is some CSO engagement on international tax (such as illicit financial flows). The abundance of the country's resources probably limits public interest in domestic taxes.
- Business associations dominate national engagement on tax issues.
- Most civil society engagement appears to be at state level. Specific state-level issues spur mobilisation and public resistance. These issues include double taxation, property taxes and business registration fees. The CSOs involved do not necessarily undertake substantial work on tax, but represent affected sectoral interests that would face increased taxes.
- Education and awareness raising is mostly done by the Federal Inland Revenue Service through media partners (for radio/TV programmes and newspaper articles).

Civil society influence

- Civil society lacks influence over the federal government thanks to a lack of technical capacity to unpick tax issues and top-down policy-making (government communicates decisions without consultation).
- Nigeria has a federal system, but initial findings suggest more examples than in Brazil of state-level opposition influencing policy. Influence often depends on public-sector officials in the individual states and their openness to civil society involvement.
- Lagos property tax changes in 2018 resulted in protests and a public backlash, including from law societies, which forced concessions and a moratorium on changes.
- The Association of Hotel Owners in Kano State took the state to court and won a ruling that the state's consumption tax amounted to double taxation.

Civil society capacity

- Few CSOs work in tax on an ad hoc basis (for example, the Civil Society Legislative Advocacy Centre, Oxfam and ActionAid), probably because tax is not a salient public issue in Nigeria. Technical capacity is reportedly weak.
- There is a lack of sustainable organisations in different states with substantial engagement on tax and a trusted relationship with government (possibly due to the dispersed nature of tax policy across states).

Annex 6 The Philippines

Role of civil society

- Civil society is mostly a source of opposition to government's tax reforms. Supporting reforms that increase taxation is an area that "few [CSOs] are willing to touch".
- Some influential CSOs collaborate with the government as trusted partners, building political support and advocating for the CTRP. Other issue-specific CSOs (such as labour groups, environmental groups and health professionals) support individual elements, not the whole proposal. Business associations lobby on corporate income tax.
- Civil society focuses its work on national policies, but sub-national taxation is connected, so they indirectly cover both (property tax assessments, for example, are done by national government).
- Civil society engages on some international tax issues (attends meetings, reviews transfer-pricing legislation), but sees more value in focusing on domestic issues, as does the current government.
- Tax education is conducted by both government and civil society, but mainly linked to concrete reform issues. Civil society lacks funding for more regular, general tax education programmes.

Civil society influence

- In 2012, AER played a critical role in working with government reformers to pass 'sin tax' legislation that raised revenue from alcohol and tobacco to fund health services.
- As in Kenya, the government recognises that civil society has influence with parliamentarians, so needs to be considered a powerful actor in supporting or blocking tax legislation. For current tax-reform proposals, AER has a sufficient clout to have substantial influence on politicians.
- Business Associations, such as the US and Japanese Chambers of Commerce, lobbied heavily against the removal of business incentives in TRAIN 2 (phase two of the CTRP) and the proposal stalled in the Senate. The government is expected to reintroduce the bill with some compromises.

Civil society capacity

- As in Brazil, the Philippines has an active civil society with influence on government, although organisations with substantial work on tax are relatively scarce.
- Technical tax capacity was not reported as a challenge. The Foundation for Economic Reform, for example, includes many economists and former finance ministers; indeed, the official who drafted the CTRP was previously a member. AER also reported having technical capacity in the form of independent analyses of government policy, which helps build credibility with parliamentarians.
- Political capacity is the main strength.
- Some CSOs have substantial political capacity and skill and donors have funded them on reform programmes specifically for this reason. They can build coalitions for reform within government, parliament and civil society and make tax issues accessible to the public. They use government and legislature contacts for behind-the-scenes' engagement and similarly emphasise political capacity.
- The government's perspective is that most CSOs lack the technical capacity to be productive players in tax reform, so simply oppose taxes. This may not just be down to a lack of capacity, however, but the fact that supporting tax reform is unpopular with the public.

Annex 7 Uganda

Role of civil society

- There are few actors. SEATINI (and its partners via the Tax Justice Alliance) is the main NGO with discreet ‘structured engagement’ with the Ministry of Finance, Planning and Economic Development on national taxes. CSBAG – the civil society umbrella body for PFM – also does some campaigning against regressive tax proposals.
- As in Kenya, business associations, including the Uganda National Chamber of Commerce and Industry, the Private Sector Foundation Uganda and the Uganda Manufacturers Association actively advocate for policies that benefit their members and regularly engage the government.
- There has been some CSO-led campaigning (television, radio programmes, etc.), leading to public unrest in response to unpopular national taxes (such as those on mobile money and social media).
- ActionAid and SEATINI undertake collaborative work with government on international taxation, such as developing policy frameworks for negotiating double-taxation treaties.
- Tax education is mainly conducted by the government. SEATINI runs a number of projects at the local level, including community dialogue to help citizens understand tax issues.
- At the local level, there are groups with latent interest in tax, such as informal traders supporting tax harmonisation to avoid double taxation, but they lack voice and often basic literacy.

Civil society influence

- The government is reluctant to engage with CSOs due to sweeping distrust (of all sectors of civil society) and does not want to be seen as getting close to CSOs, due to the National Resistance Movement and the president. Tax policy-making is top-down and there is limited propensity for civil society to influence government, despite some privately supportive allies in government. Uganda can be a ‘hostile environment’ for CSOs, which are susceptible to government intimidation.
- Proactive work is often behind closed doors. CSO tax bill proposals are mostly ignored. CSOs recognise the need to ‘agree to disagree’ with government on certain issues and know an adversarial approach is unlikely to be successful. There have been some minor concessions in response to public mobilisation (such as reduced rates of mobile money tax).
- National civil society campaigns on tax exemptions for parliamentarians resulted in executives shutting doors to CSOs and a backlash from parliament.
- CSOs report a better relationship on international issues, successfully persuading the Ministry of Finance to stop negotiating double-taxation agreements until guidelines were developed.

Civil society capacity

- NGOs in Uganda have a lot to offer and are technically sound. Limitations are mostly political. SEATINI’s technically sound proposals and long-term collaborative approach have built a relationship with government. The Economic Policy Research Centre, a government research institute, also produces good quality research, but government is not interested.
- Technical capacity is part of the basis for engagement with government and can be a starting point for building trust, but this takes time and may not be sustained as individuals change.
- There is an investigative reporting gap (whistle-blowers are needed, along with more proactive research, not just trained journalists). Low pay makes academic work on tax unappealing.

Annex 8 United States

Role of civil society

- CSOs can be categorised as conservative (right-leaning), liberal (left-leaning) or centrist. Most are general CSOs with tax experts. They engage in all areas (local, national and international tax), the key distinction being their ideological approach. Engagement is both proactive and reactive.
- Conservative CSOs (such as Mercatus, Heritage, the American Enterprise Institute, the Chamber of Commerce) align with Republicans on tax policy: they are pro-business and favour less regulation, a lower tax burden and lower tax rates. Republicans believe government should tax only to raise money for essential functions and that low tax policies help drive a strong economy. They promote tax cuts for businesses to allow them to grow and presumably hire more employees, as well as lower taxes for individuals, so they can spend, save or invest for the future.
- Liberal CSOs (like the Economic Policy Institute, Center for American Progress and Brookings) align with Democrats on tax policy, aiming to spread wealth, support small business and reach lower-income workers. Democrats broadly adhere to Keynesian economics and think state-funded programmes will pump more money into the economy. They want to raise taxes to fuel government spending, spurring sustainable economic growth, creating jobs and raising wages.
- Actors include NGOs, think tanks, business associations, academia, media and Congressional committees. Most academics are liberal-leaning; most business associations are conservative.
- CSOs publish materials to help those who develop policies and campaign on certain issues. Some present and provide reports to Congress or political parties to justify and advocate for reform.
- These organisations also provide reports and other education materials to the public.
- As in other developed countries, CSOs that work on fiscal issues (tax or spending) are not usually the ones that promote accountability and transparency in government (such as the American Civil Liberties Union, Government Accountability Project, Project on Government Oversight).

Civil society influence

- US government (especially Congress) relies heavily on its preferred CSOs for expert opinion on tax policy. CSO–government engagement is a continuous process, regardless of which political party is in power. When their respective side is in power, those plans often translate into policies.
- Experts from CSOs regularly engage with House Ways and Means Committee members, as well as Senate Finance Committee members, regardless of which party is in power.
- Most CSOs align with either the Republicans or Democrats, and both sides have their own experts and statistics to support their respective economic philosophies.
- Lobbying in the US is more prevalent than in other high-income countries, thus the private sector and business associations can be extremely powerful.

Civil society capacity

- Capacity is strong. Many experts are highly educated and spend their careers rotating between the government, academia, NGOs and congressional committees.
- The quality of ‘scholarly’ research is diverse, as is legal status for lobbying purposes (Brookings and Mercatus produce more scholarly research and do not lobby, for example, while the Center on Budget and Policy Priorities and Bipartisan Policy Center do more advocacy work and lobby).

Annex 9 Zambia

Role of civil society

- NGOs have mainly focused on mining taxation, in a collaborative approach with government, with donor support for a salient political issue. There is some CSO research on transfer pricing.
- The key actor is the ZTP, a coalition of NGOs, journalists and others that work on tax, with a focus on mining. A range of organisations is involved and not just economics organisations. Some are more involved in advocacy and campaigning, others more in research and scrutiny. The quasi-state research organisation (ZIPAR) is also active in producing research and proactive initiatives.
- NGOs, business and professional associations make annual submissions to the budget for review. This consultative process is increasingly used to lobby for tax concessions and exemptions. Journalists are paying greater attention to tax issues and there is public debate between the mining companies and civil society through the media. The Extractive Industries Transparency Initiative has been the only platform for constructive mining lobby–CSO interaction.
- Business associations, such as the Zambia Chamber of Commerce and Industry, Zambia Association of Manufacturers, Zambia Chamber of Mines and Zambia National Farmers Union, advocate for tax policies that benefit members (lower taxes). The ZBC is a formal mechanism by which private-sector groups discuss policy issues with government during the annual process.
- NGOs are much quieter on domestic tax (such as recent changes from VAT to sales tax). Tax education is mainly carried out by the government.
- CSO engagement on local tax is limited. They are reluctant to campaign for revenue mobilisation from local property taxes, as many of the individuals they represent are property owners.

Civil society influence

- The mining lobby is powerful and influential with government and civil society believes its influence with government is growing as the ZTP becomes more experienced.
- Civil society has little influence on national tax issues. Government makes policy privately and announces it. CSOs' work on domestic policy is mainly in early-stage analysis, with less advocacy.
- The safe civic space for criticism of government is limited, especially for organisations that are not part of larger coalitions.
- Zambia is unusual among LMICs, as CSOs have a very close relationship with political parties, which campaign substantially on 'unearned' tax.

Civil society capacity

- Donors have provided significant resources on mining taxation, which may have created a more developed civil society space than in other African countries. While much of this is advocacy, there may still be technical gaps in terms of analysis of the implications of mining taxation.
- The NGO agenda is mainly set by external actors due to funding constraints. The biggest issue for the ZTP is funding, as donors have changed strategic direction and reduced funding.
- Some tax training has been provided to the media. This is seen as beneficial by CSOs and a potential area for growth. The media often have good political connections.
- The government view is that other than mining taxes, civil society just lobbies for lower personal taxation. It believes civil society lacks the technical capacity or incentives to work productively with government to raise revenue and scrutinise the implications of domestic tax reforms.



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