

TAX GOVERNANCE AND DOMESTIC RESOURCE MOBILIZATION STRENGTHENING CIVIL SOCIETY CAPACITY & MODES OF ENGAGEMENT

TERMS OF REFERENCE

Context:

Transparency and Accountability Initiative (TAI) is a donor collaborative. Among the shared priorities of the donor members is the strengthening of international tax governance - fostering greater transparency, equity and integrity in the tax system. This is also of growing concern among a broader constellation of philanthropic, bilateral, and multilateral donors - particularly those who have committed to double funding for domestic resource mobilization under the Addis Tax Initiative.

TAI members fund civil society groups working on different aspects of taxation, primarily at the global level, but with a growing interest in pursuing work at the country level among key partners (for more details see transparency-initiative.org/tax). TAI recently conducted an initial review of training and capacity building efforts on tax for civil society. The findings align with those of recent scans conducted by such organizations as International Budget Partnership. They note first and foremost that demand eclipses supply. There are concerns over the effectiveness of existing capacity building models, and realization that there are few opportunities for civil society to learn with government or private sector and build shared understanding. At the same time, TAI members have found that many of their core grantees, particularly those that originate from the Global South, have one or more significant organizational weaknesses that limit their effectiveness and that the field as a whole suffers from a lack of appropriately skilled staff, limited and/or ineffective communications capacity, and lack of meaningful resources and financial planning capacity. Many organizations experience high levels of staff turnover, with staff leaving such organizations for peer NGOs that originate from the Global North, international organizations, and donors.

Scope of work:

This consultancy will pursue three complementary and mutually reinforcing threads:

- i) **Civil Society Expertise:** Reviewing and, based on the findings of the review, generating concrete recommendations for strengthening civil society technical expertise for effective engagement on tax issues at the international, national and subnational levels. This will be based on consultations with current civil society actors and training providers, consideration of relevant models from other areas, such as budgeting, and assessing their applicability to the primary needs of the tax field. The recommendations will consider the overall objectives to "deepen the bench" of civil society expertise on tax issues in a sustainable manner. Points for exploration include i) the role of formal training programs versus more "just in time" or workshop-based support ii) the potential for joint skills building/training/mentoring with governments and international financial institutions; iii) strengthening the measurement of levels and effective deployment of tax expertise within civil society; and iv) development and leveraging of course/training alumni networks.
- ii) **Models for Civil Society Programming:** Developing illustrative models of donor support to civil society for meaningful engagement on tax issues. This should draw on real case examples as much as possible. The goal is to provide inspiration to funders – suggesting forms for civil society led project components or stand-alone grants that strengthen non-state actor roles on the tax agenda, complementing

traditional technical assistance to governments. The consultant may draw on examples of effective country support from beyond the tax space, such as on public spending issues.

iii) **Civil Society Institutional Capacity:** Examining the institutional capacity of key civil society organizations working on tax issues and offering recommendations for donors on strengthening the capacity of the field. This review would be based on consultation with TAI members, as well as a select number of grantee organizations and would include a review of current donor organizational effectiveness support, such as the Ford Foundation's BUILD program and the Hewlett Foundation's Effective Philanthropy program.

Please refer to the brief below prepared for TAI by Wilson Prichard, University of Toronto, for a fuller understanding of the capacity challenges that we want to investigate and generate recommendations to address. TAI will also provide the consultants with results of a preliminary scoping of what trainings already exist for CSOs and their indicated capacity needs. The consultant will also be able to benefit from a forthcoming literature review of country-level civil society engagement on tax issues.

Deliverables:

- Inception memo outlining approach to generating insights and initial list of proposed interviewees
- Preparation for and participation in monthly virtual progress meetings with TAI
- One or more written briefing documents that provide concrete suggestions for each thread backed by a summary of research findings (no more than 20 pages total)
- Presentation of recommendations to TAI donors (and potentially others, including select grantees) via tele/videoconference
- 3 blogs – one with headline findings and recommendations for each of the three priority areas – strengthening expertise, models of civil society programming, institutional capacity.
- There is potential for a second phase helping funders prioritize and implement the recommendations to refine civil society support on tax.

Timeline

Project expected to start by December 2018 and be completed by March 15, 2019.

Candidate or Team Profile

- Demonstrated research or evaluative experience, ideally focusing on capacity development and assessment
- Knowledge of global taxation issues
- Pre-existing familiarity/relationships with organizations and initiatives working on taxation issues is a plus
- Ability to work on a tight timeline, in dynamic consultation with TAI secretariat and member staff, and resourcefully drawing on additional outside expertise as needed to complete the work



TRANSPARENCY &
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INITIATIVE

Budget & Expenses

Candidates and teams with proposals under \$45,000 encouraged. We do not anticipate the need for travel to complete these tasks.

Submission of Expressions of Interest

Interested candidates should send a letter (no more than 6 pages) describing their 1) evaluative or research experience, particularly around organizational capacity development; 2) familiarity and expertise in global (or Global South) taxation issues; 3) brief biographical statement and project role of all anticipated consultant(s); 4) ideas and/or questions that this TOR elicits; and 4) an initial quote for undertaking the consultancy on the timeline identified.

Please send all submissions to lauren.keevill@transparency-initiative.org no later than **Friday, November 9, 2018**. Other than confirming receipt of the EOI, TAI will only follow up with candidates invited to the next round of selection.

Improving Tax and Development Outcomes: What Next for Civil Society Engagement?

Wilson Prichard
October 3, 2018

Recent years have seen a dramatic surge in international attention to the importance of revenue raising in developing countries, spurred by (a) the need for revenues to fund investments critical to the achievement of the sustainable development goals, (b) growing concern with increasing inequality, and (c) the possibility that expanded taxation may offer a platform and opportunity for strengthening the fiscal contract between taxpayers and governments.

However, expanded attention to the potential importance of taxation has progressively been accompanied by growing awareness of the potential risks: existing tax systems in developing countries are frequently inequitable in their implementation and incidence, while taxpayers express significant scepticism that revenues are consistently translated into public benefits. Absent significant oversight and accountability there are concerns that these problems may persist, with investments in strengthening tax systems reinforcing existing inequalities and allowing governments to expand extraction from taxpayers without delivering reciprocal benefits.

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 realization has prompted a rapidly expanding focus on the important role of civil society in seeking to shape the tax reform agenda locally, nationally and internationally.

These efforts will build on significant existing strengths, including: global networks of civil society groups involved in monitoring budgeting processes, the extensive expertise and influence of civil society groups that have shaped international tax reform over the past decade, and more fragmented country level experiences of engaging directly with tax issues.

Yet expanded society influence also confronts significant challenges, including: (a) limited existing expertise relative to expanded demand, (b) the relative paucity of existing national campaigns around revenue raising, (c) the difficulty of building popular support for better taxation, as distinct from more common anti-tax advocacy, and (c) a need to strengthen links between national and international advocacy focused on the tax concerns of developing countries.

This brief note seeks to offer preliminary thoughts on the way forward, focusing on three questions in turn. First, in high level terms what might be appropriate focuses for civil society campaigning around taxation? Second, what, more con, and what are some of the likely challenges? Third, what types of capacity needs does this present, and how might they be addressed? In all areas the ideas presented here reflect broad initial thoughts, supported by anecdotal and selective evidence, in relation to engagement with tax issues specifically. Some key issues are almost certainly overlooked, while there is no effort made to comment on more general challenges of civil society organizing and engagement. It is thus intended as a contribution to a broader and ongoing discussion.

Framing Civil Society Engagement

In broad terms, tax related advocacy is likely to focus on two types of goals: (1) improving the effectiveness, fairness and equity of tax systems themselves, or (2) using mobilization around tax issues to improve the ways that revenues are used, and as a platform to support broader demands for accountability.

Improving the Effectiveness, Fairness and Equity of Tax Systems

From the perspective of taxpayers, tax systems in most developing countries can usefully be thought of as falling short of what would be socially optimal in at least four broad types of ways:

- 1. Inadequate Revenue:** There is broad consensus that most lower-income developing countries do not collect adequate revenue to finance investments needed to achieve the sustainable development goals. This is expected to be bad for both national development and the poor: while fiscal systems in low-income countries are far less progressive than they could and should be, public spending on services and infrastructure is nonetheless expected to be progressive and redistributive, with lower income groups reaping benefits that exceed the level of their tax payments.
- 2. Ineffective Taxation of the Wealthy:** The most striking characteristic of developing country tax systems, compared to the OECD, is the often extreme weakness of taxes targeting the wealthy. Personal income taxes provide only a small share of potential revenue - while frequently particularly weak among the wealthiest owing to a combination of (a) political interference, (b) opportunities offered by international tax havens, (c) corruption and (d) the weakness of efforts to tax non-salary sources of income, like capital gains. Property taxes tend to be similarly poorly collected, thus failing to tax rapid increases in property values in many urban areas. Finally, effective corporate taxation is frequently undermined by a combination of ineffective and unfair international tax rules, unfair tax treaties, often politicized tax incentives and exemptions and weak enforcement.
- 3. Heavy Burdens on the Poor:** Official data, and public discussion, often suggests that middle and lower income groups in developing countries pay relatively limited taxes. However, there is mounting evidence that these groups often in fact bear disproportionately high burdens of tax and 'tax like' payments, though these payments are often hidden from view. This in part reflects the significant burden of value-added taxes on poor households: while VATs can be an important component of progressive tax and spending systems, they can also exacerbate poverty where transfer programs for the poor are ineffective. More often overlooked is the often heavy burden of formal user fees and "informal taxes" on poorer households in areas of weak governance. Citizens are often confronted by the need to pay user fees, both formal and informal, to access essential services, while also paying bribes of various kinds and contributing to community development initiatives. These do not generally appear in government budgets, but recent studies suggest that in Sierra Leone and the Democratic Republic of the Congo formal and informal payments of taxes and user fees may amount to as much as 10-20% of the incomes of lower income households – an enormous burden.



4. **A Lack of Fairness:** These challenges are reinforced by a lack of fairness: little transparency about what and how much tax revenues are collected, poor public understanding of both taxes and spending, significant vulnerability of taxpayers to illegal exactions and harassment by tax collectors, a lack of consistency in the application of tax laws, and few if any modes of appeal in the case of unfair treatment. These patterns contribute to the heavy burdens borne by lower income groups, while undermining broader faith in tax systems and the state.

These challenges have large implications for the livelihoods of the poor, the potential for redistribution, and the potential quality of public goods. In turn, significant improvements are likely to depend on mobilizing broad political pressure for reform, in order to overcome often powerful vested interests among both large taxpayers and tax administrators themselves.

Strengthening the Links Between Taxation and Service Provision

In and of itself, taxation is neither a development goal nor of public benefit. Taxation only contributes to broader development objectives when it is translated into valued public goods and services. Absent a strong connection between revenues and public spending, taxation may amount to upward redistribution through the forced extraction of wealth from frequently low-income groups.

Yet in practice this strong connection between revenues and spending remains in doubt. Wide-ranging research has highlighted the frequently low quality of public spending, particularly for the poor, often driven by high levels of corruption and revenue leakage. Meanwhile surveys reveal that taxpayers themselves are frequently very skeptical that their tax payments will be used productively.

More optimistically, civil society is armed with powerful narratives – and growing empirical evidence – that popular engagement around tax concerns may offer an effective entry point and catalyst for strengthening broader demands for accountability. This reflects two mutually reinforcing logics, supported by mounting empirical evidence:

1. **Mobilization:** The experience of paying taxes can prompt stronger feelings of "ownership" over government, and correspondingly increased willingness to sanction corruption and make proactive demands for improved outcomes. Various civil society organizations have correspondingly found anecdotal success in using narratives stressing individuals' identity as taxpayers as a mobilizing tool. Thus the advocacy message is not simply 'you have the right to demand better quality education', but, instead, '*as a taxpayer* you have the right to demand access to better quality education – it is *your* money'.
2. **Resistance:** When a government seeks to raise tax revenue, its ability to do so depends in part on societal acceptance of the tax. The ability of taxpayers to resist new taxation offers them political leverage in negotiating with governments. Taxpayers may collectively, and publicly, oppose the introduction of new taxes, or may equally, but privately, engage in active evasion and avoidance when they are unsatisfied with government performance. This makes taxation a unique site for popular mobilization: taxpayers do not merely wield the threat of democratic mobilization, but also the threat of seeking to strangle the fiscal resources of the state. This gives taxpayers expanded power with which to advance their demands.

For organizations that are already involved in various types of budget advocacy there is an immediate opportunity to link existing work on public expenditures to a greater focus on revenue generation. Doing so can add fuel to existing efforts to demand greater accountability for public expenditures, while also broadening the scope of existing budget discussions: rather than such discussions being limited to the existing budget envelope, a focus on revenue opens up broader questions about what revenues are available, how they are being raised, used and overseen, and how budget resources may be increased in order to meet public needs.

Strategies for Engagement

Having highlighted broad potential targets for engagement, what have we learned about strategies for working on these issues effectively. What follows does not seek to touch on general messages about the drivers of effective campaigning by civil society organizations. Instead, it seeks to highlight key lessons and messages emerging from research and experience specifically related to taxation.

Improving the Effectiveness, Fairness and Equity of Tax Systems

Intuitively, there should be a large and ready constituency for advocacy efforts targeted at improving the effectiveness, fairness and equity of tax systems. The vast majority of citizens in most developing countries would benefit from efforts to strengthen progressive taxation, reduce informality around revenue collection, and invest revenues in public goods and service delivery. However, in practice reform has proven consistently challenging, reflecting two broad challenges.

1. **Effective resistance by the international community, powerful taxpayers and interests within the state:** The most compelling explanation for the weakness of income and property taxes lies in resistance by wealthy taxpayers. Relatively straightforward reform efforts that could immediately improve outcomes are widely recognized, but have rarely been adopted. These challenges are, in turn, exacerbated by international rules that have continued to fail to meet the needs of most developing countries. Meanwhile, high, often informal, burdens on the poor are often a reflection of the power wielded by state agents themselves, who resist reform that would reduce opportunities for rent seeking. These are fundamentally political problems, rooted in unequal political power, and demanding political mobilization to create change.
2. **The difficulty of mobilizing broad popular support – and thus political power – in support of improved taxation:** Despite the intuitive case for strong popular support for reform, in practice such support has been limited, for two major reasons. First, a significant distrust of tax systems, rooted in concerns both that enforcement will be unfair and that revenues will not be used productively. Second, the fact that historically taxes – and particularly national and international tax debates – have been treated as the preserve of experts, too complex to allow serious engagement by poorly informed citizens. As a result most large scale tax mobilization has been effectively anti-tax, rather than being focused on the construction of better, fairer, tax systems.

These challenges point toward the need for advocacy strategies that can build positive political power to overcome entrenched resistance. Doing so is likely to mean engaging broader constituencies in tax debates by making tax debates more relevant and accessible beyond traditional circles, while building

trust in tax systems so as to from anti-tax advocacy toward advocacy for better taxation. Both are likely to be challenging

There are reasons to think that **a broad framing around effectiveness, fairness and equity may be particularly useful, as research suggests that fairness and equity have broad appeal – and are difficult to argue against.** While many taxpayers are sceptical of calls for expanded taxation, most taxpayers are receptive to the idea that tax systems should be fairly applied and equitable in their incidence, such that everyone pays their “fair share”. It is, in turn, particularly difficult for groups resistant to improved taxation to argue publicly against calls for greater fairness and equity in the application of existing rules. Meanwhile, a broad framing around fairness and equity can capture the diversity of potential advocacy targets across countries: it bridges local, national and international concerns, while capturing the three areas in which political pressure for reform appears most needed – strengthening personal and corporate income taxes, strengthening property taxes and reducing frequently informal burdens on the poor.

Bridging quite distinct advocacy priorities at the local, national and international levels presents a particularly important challenge. At present there appears to be significant fragmentation: iNGOs having achieved substantial successes in pressing for the reform of international tax rules, but having been less successful connecting to the day-to-day concerns of broader popular constituencies in developing countries. This has meant diminished attention to several key issues domestic issues, including weak domestic tax enforcement among powerful groups, informal taxation and property taxation. More broadly it has hurt the ability of tax advocacy efforts to build grassroots political power with which to demand domestic reform – including the more effective application of available tools for taxing wealthy individuals and corporations, or the adoption of creative strategies for confronting international abuses. Yet stronger links appear possible, and stand to strengthen advocacy at all levels. Quoting from one recent study, focused on Action Aid’s programming Nigeria:

“Tax justice has become a popular concept, and a number of international tax justice campaigns have exposed aspects such as the unfairness of tax havens and harmful tax breaks. Yet, the idea of tax justice at the local level is less well-known. The impact of campaigns to end tax havens and harmful tax competition may seem far from the lives and day-to-day tax struggles of many people living in poverty, including market traders in the informal sector. ActionAid, an international non-governmental organisation (NGO), managed, not without challenges, to integrate tax claims of market traders – such as multiple taxation – into its international tax justice campaign in Nigeria...ActionAid succeeded in linking their campaign at the local, national and international levels, retaining relevance at each of these levels by identifying different targets that could be influenced. ActionAid’s work is a positive example for other tax justice campaigns.”¹

Efforts to strengthen links across the local, national and international levels will likely require efforts to make local campaigning more responsive to local priorities and needs, with several potentially useful strategies emerging from recent experiences.

- 1. Focus on understanding local burdens:** While there is limited existing evidence, all indications are that the particular taxes, user fees and informal exactions that are most important to

¹ Sempere

average citizens are likely to vary significantly across locations. Civil society groups are very well-placed to understand local concerns, and to seek both to address them directly, and to use them as a platform for broader engagement around tax issues.

2. **Link locally-owned research and advocacy:** In several documented cases local organizations have conducted small scale, but influential, research projects aiming to estimate the extent of actual local revenue collection, and compare that revenue to (a) reported government revenues, and (b) services provided. For example, in the DRC a local NGO, ODEP, used local researchers to estimate the level of revenue collected from local city markets using small scale surveys, and was able to demonstrate that the revenue collected vastly exceeded both what was reported in the official budget and what was spent on services. This set the stage for a public campaign that led to reform of revenue collection in markets, increase spending and broader discussion of inequities in revenue collection.
3. **Support taxpayer education and dialogue with government:** Surveys consistently find that a key barrier to popular engagement is a lack of understanding of taxes that are due. There thus appears to be significant potential for civil society to act as "translators" in building public understanding of tax rules and revenue collection, ideally while creating formal spaces for direct engagement with government about revenue collection. Such efforts may stretch not only into the "public square" but into schools, religious institution and other publicly important institutions.
4. **Link the push for tax reform to efforts to improve tax-expenditure links:** While there is a conceptual distinction organizationally between pushing for improved tax collection, and greater accountability in how revenue is used, for taxpayers these two questions are likely to closely intertwined, and the most effective advocacy may involve linking the two into a focus on *more fair, equitable and accountable tax systems*.

This said, the barriers to building broader coalitions should be clearly recognized, with two tax specific challenges most apparent. First, most current mobilization around taxation is essentially anti-tax, seeking to prevent the expansion of what are viewed as unreasonable, poverty increasing or repressive taxes – or the prevalence of predatory, abusive and corrupt methods of collection by tax officials. Shifting public energy toward pressure for the improved collection of more progressive taxes will likely require a shift in mindset, and efforts to build belief both that victory is possible and that public benefits will follow. Second, drawing meaningful links between local, national and international advocacy will inevitably be challenging given the sharply different tax issues at stake in different contexts. Yet the hope remains that distinct campaigns, unified by a sharpened vocabulary around fairness and equity, may serve to reframe tax debates, build public attention, and therefore to at least some extent be mutually reinforcing.

Strengthening the Links Between Taxation and Service Provision

There now exist powerful and widely accepted narratives about the ways in which the expansion of taxation may give rise to popular demands for accountability. There is little doubt that in at least some circumstances the expansion of taxation has, indeed, helped to empower taxpayers to demand greater responsiveness and accountability from governments, as new taxation has both mobilized taxpayers and

empowered them through the threat of tax resistance. However, it is equally clear that such positive "bargaining" is far from guaranteed: it depends, most fundamentally, on taxpayers being able to mobilize and wield the power necessary to make effective demands on governments. In this effort civil society appears to have a critical role to play.

What might civil society campaigning to strengthen links between taxation and service provision look like? Among the earliest well documented examples in Africa is the case of the creation of a National Taxpayer's Association (NTA) in Kenya led by a local NGO, the Center for Governance and Development (CGD). CGD had an established track record in budget monitoring work, seeking to track whether national and local spending commitments were actually translated into benefits on the ground. With the creation of the NTA it sought to link expanded discussion of revenue raising to its existing budget monitoring work. This was, to a large extent, a political strategy: CGD found that focusing on the idea that individuals were taxpayers with a corresponding right to reciprocity and accountability was helpful both in mobilizing popular engagement and strengthening the effectiveness of demands on governments. Over time, these initial efforts expanded into broader investigation of how revenues were raised, and where revenue raising fell short of what was needed to support local service provision.

This experience captures the potential for seeking to organize members around tax issues as a means to spark popular mobilization and demand making. The more challenging question is what we can say about *how* to make efforts to mobilize popular demand making catalyzed by tax concerns most likely to be successful.

At a very broad level, academic research has suggested broad strategies that civil society may adopt in seeking to encourage "tax bargaining". Quoting from a recent OSF/ICTD report²:

1. **"Improving public awareness, transparency and taxpayer services:** Where taxpayers understand the taxes that they pay, why they pay them and how revenues are used they are more likely to feel motivated to make demands on government, and to have the information to make those demands successfully.
2. **Incentivizing or directly supporting civil society engagement with, and collective action around, tax issues:** Civil society can play a critical role both in expanding public awareness of taxation, and in playing a facilitating role in organizing and strengthening demands for reciprocity.
3. **Creating forums through which taxpayers can engage with the government:** Because taxation has often been treated as the preserve of a narrow group of experts, creating forums for popular engagement can play a critical role in encouraging engagement and creating institutional incentives for governments to be responsive and accountable."

These high level messages offer useful initial guidance, but also demand more specific insights. Illustratively, there is mounting evidence that transparency per se may be of limited value: transparency is only likely to be translated into accountability where it is the right kinds of operational information, delivered to taxpayers in ways that are comprehensible and accessible and in the context of broader opportunities to deploy that information for advocacy purposes.

² (Prichard et al. 2018)

With this in mind the OSF/ICTD report has pointed toward a range of potentially relevant messages for guiding engagement, focused around three areas: increasing political salience of taxation, increasing meaningful transparency and directly supporting engagement.

1. **Enhancing the political salience of taxes:** It has long been argued that direct taxes on income and property are particularly valuable in spurring popular engagement, because they are more viscerally visible, and thus salient, to taxpayers. However, this points toward a broader message for civil society: it can seek to encourage broader popular engagement by increasing the political salience of all types of taxes through framing the tax debate, supporting tax education initiatives, working with the media and presenting tax issues as legitimate areas of public debate.
2. **Improving meaningful transparency:** In order to make transparency initiatives more effective, recent tax-related research suggests two key needs.
 - a. *Emphasizing the need for access to operational information:* that is, information presented in ways that are understandable to a broad cross-section of taxpayers, and that speak intuitively to the potential connections between revenue raising and specific areas of public spending. Illustratively, government budget data is often organized according to administrative categories, whereas to be useful to citizens data should be organized by tax types and specific types of expenditure – or, better still, specific expenditure projects. In some contexts civil society may go further in pushing for the earmarking of some revenues for specific spending projects, in an effort to strengthen potential oversight and build public trust.
 - b. *Focus on accessible and engaging forms of information dissemination:* the most common mediums for communicating information about taxes and tax revenues have been postings at government offices, billboards and, in some cases, presentations by state officials about the importance of paying taxes. However, posted information is unlikely to be accessible or understandable to most taxpayers, while even state led education forums rarely allow much space for taxpayers to ask questions and understand existing systems in detail. Emerging evidence suggests that information can be shared most effectively by focusing on forums that allow broad geographic access, and some scope for engagement, such as radio call-in shows, interactive town hall meetings, events led by civil society or business groups, or interactive whatsapp groups.
3. **Directly supporting popular engagement in tax debates:** While spurring popular engagement is difficult in all contexts, research suggests specific barriers to engagement with tax issues linked to fear of potential reprisals, a lack of information and understanding, and a sense of futility in a domain dominated historically by ‘expert’ advice. Civil society thus appears to have an important role to play in helping to overcome these various challenges, and opening up space for bargaining over the ways that revenues are used. In doing so research suggests several possible considerations.
 - a. *Design forums that are perceived as safe and inclusive:* Engaging in forums to debate tax issues appears daunting to many taxpayers, in particular to those lacking education or from comparatively marginalized groups, including women. Shaping the tone of such forums can help, while direct civil society engagement in facilitating such forums alongside government appears to be a useful strategy for opening up more genuine public discussion.
 - b. *Act as “translator”, “enabler” and “trainer”:* Because of the limits of popular knowledge, and popular fears of engaging, civil society has an important role to play in translating tax



- information into a language accessible to most taxpayers, enabling more active engagement and training taxpayers to understand the links between revenues and expenditures. Illustratively, civil society efforts to organize revenue and budget trainings jointly for taxpayers and local governments appear to have been quite successful and well received in Ghana.
- c. *Understand local priorities and needs:* A critical lesson from recent research is that what taxpayers seek in exchange for their tax payments may vary significantly across contexts. Most obviously, the public services that communities seek will reflect particular local needs and challenges. Less obviously, in many cases taxpayers may be equally interested in, for example, translating their tax payments into stronger recognition of their property rights or greater protection from harassment by state officials.
 - d. *Support opportunistic large-scale mobilization where possible:* Large-scale popular mobilization around tax issues is rare, both because of the difficulty of spurring popular engagement and the risks that such mobilization entails. Most civil society activity is likely to begin with smaller scale efforts to spark engagement in revenue raising and budgeting debates. That said, comparative experience suggests that on occasion tax debates, fuelled by a sense of inequity, can facilitate larger scale mobilization even in areas where it may appear unlikely. Civil society can play a catalytic role when such opportunities present themselves, while seeking, where appropriate, to complement anti-tax messages with a greater stress on building reciprocity and accountability around public revenues.
 - e. *Explore the potential roles of tax earmarking:* An important barrier to popular engagement with tax debates appears to lie in the difficulty that many taxpayers have in linking the payments that they make to concrete services. One potential solution is to highlight the potential for tax earmarking: that is, explicitly dedicating specific new revenue streams to specific types of service provision, sometimes accompanied by special reporting requirements. Such strategies need to be used sparingly, as they can fragment and complicate budgeting processes. However, used selectively, or in a time delimited fashion, they may be a valuable tool for sparking popular engagement, and expanding the ability of citizens to hold governments to account.
 - f. *Where appropriate, seek constructive engagement with tax authorities:* While tax authorities are sometimes the source of poor outcomes, in other cases their interests may be aligned with those of taxpayers. For example, tax administrations themselves often express exasperation at political interference that prevents effective income or property taxation, or at the proliferation of tax incentives and exemptions. More broadly, tax collectors often have a strong interest in encouraging the more effective use of tax revenues, as this makes the job of tax collection more straightforward. They can thus sometimes be useful allies in seeking reform, or stronger tax-expenditure links.

Capacity Needs and Opportunities

Tax issues have not historically been a major focus for development organizations nationally or internationally, with the consequence that tax specific expertise and advocacy experience is comparatively limited in most places. There are thus important questions about the potential need for capacity development efforts, and how such efforts might most effectively be carried out. Effectively answering these questions will require additional research, but some preliminary reflections are

possible, again emphasizing messages specific to engagement around tax issues, rather than more general messages about how to design effective capacity building programs.

The most important message is likely to be that capacity building efforts will need to be tailored to the particular advocacy targets of particular organizations and groups, reflecting the diversity of potential targets and modes of engagement in tax debates. The expertise required to engage in reform of international tax rules is quite different from the expertise needed to design local level campaigns focused on reducing abuses, and increasing reciprocity, around informal user fees. To this end, several more specific observations are possible:

1. **Technical Experts:** Taxation is a relatively technical and complex field and it is unlikely to be realistic or practical to develop wide-ranging technical expertise among more than a comparatively narrow set of experts who can act as resource people for broader campaigning organizations. For those seeking to fill such roles, it seems likely that quite intensive and extended training – such as term long or a year-long professional Master’s program – would be ideal.
2. **Local, National and International expertise:** The particular tax knowledge required by civil society is likely to vary significantly between those working primarily at the international, national or local levels. That said, there is also likely to be significant value in building some overlapping capacity, in order to strengthen coordination and cooperation among campaigns targeting different levels, and in order to avoid false debates over which targets are more important – they are, in practice, mutually dependent, while building power at one level should, ideally, feed pressure for change at all levels.
3. **Developing training materials:** Research and expertise related to taxation has historically been focused in the OECD, with training and information about developing country tax systems often reflecting that bias. There appears to be a significant need to develop training materials targeted to the needs of civil society, stressing the realities of developing country contexts, and which can provide a pragmatic introduction to key issues and debates. Discussions have begun at the International Centre for Tax and Development about the possibility of partnering with civil society to iteratively develop such materials, to be made available for in person trainings, but also online.
4. **Support the Construction of Local Knowledge and Capacity:** While taxation is viewed as a relatively technical field, the local government level also offers significant scope for the construction of local knowledge and capacity to feed advocacy efforts. As noted earlier, there are compelling examples of civil society networks that have undertaken local research projects to understand the nature of formal and informal tax burdens, and to trace how that revenue is (or is not) used for public purposes. This type of research requires neither complex research skills, nor complex tax knowledge, and relatively simple guidelines, templates, training or support could be put in place to support such locally led efforts, which can then feed locally owned campaigning.