

Executive Summary

The Addis Tax Initiative (ATI) is a multi-stakeholder partnership comprising 77 partner countries, development partners, and supporting organisations. Its mission is to promote fair and effective domestic revenue mobilisation (DRM), strengthen policy coherence, and enhance partnerships and knowledge building, focusing on partner country needs.

Launched at the Third International Conference on Financing for Development (FfD) in Addis Ababa, Ethiopia, in July 2015, the ATI initially focused on the ATI Declaration 2020, which outlined three core commitments to support DRM through 2020. In November 2020, ATI members reaffirmed their commitment by adopting the ATI Declaration 2025, which introduces four core commitments to advance DRM efforts. Since its inception, the ATI has seen significant growth in membership. It now includes 33 partner countries from across Africa, Asia, South America, and the Pacific; 20 development partners; and 24 supporting organisations, including international institutions, private foundations, and research bodies.

ATI Commitment 1: ATI partner countries commit to enhance DRM on the basis of equitable tax policies as well as efficient, effective and transparent revenue administrations. ATI development partners commit to support such reforms.

The average revenue-to GDP ratio for ATI partner countries was 17.7% in 2021 and 16.15% in 2022, compared to 16.9% in 2020. Tax revenues comprised 84.2% of total revenue in 2021 and 84.8% in 2022, compared to 84.4% in 2020. The largest source of tax revenue in 2021 were taxes on goods and services (44.8%), while in 2022 taxes on income, profit and capital gains were the most significant source (41%).¹

Progress is also evident in the adoption of targeted tax policies. Seven ATI partner countries reported implementing tax measures to promote gender equality by 2023, compared to two in 2020. 12 partner countries adopted tax measures to support environmental sustainability by 2023, doubling from six in 2020.

By 2022, 29 ATI partner countries had Large Taxpayer Offices, with a further eight having set up units engaging High Net Worth Individuals.

Trends in timeliness of tax filings and payments between 2020 and 2022 show mixed progress across key tax types. Outliers contributed to significant fluctuations in aggregate performance metrics and may reflect prolonged recovery from the COVID-19 pandemic and temporary tax relief measures, as well as variation in data sources used to compile payment and filing statistics.

Out of 16 ATI partner countries responding to tax gap-related survey questions, 11 reported having recently conducted tax gap analyses (up from eight in 2020), with many focusing on VAT. In 2022, the closing stock of arrears across ATI partner countries averaged 52.4% of total tax revenue, ranging widely from 0.7% to 514.3%. Large variations in closing stock of arrears may be due to the economic shocks of COVID-19 lockdowns in 2020 and 2021, where levels of non-compliance increased, and revenue potential decreased. While economic conditions gradually began to improve by 2022, progress has been slow to return to pre-COVID levels.

In 2023, 35.7% of Official Development Assistance (ODA) for DRM provided by ATI development partners included aims to promote equity outcomes and 32.3% supported efforts to enhance the efficiency, effectiveness, and transparency of tax administrations.

¹ 2023 data is not yet available.

ATI Commitment 2: ATI development partners collectively commit to maintain or surpass the 2020 global target level (USD 441.1 million) of DRM cooperation for country-owned tax reforms.

In 2023, gross ODA for DRM disbursed totalled USD 281.1 million, marking a 20.3% decrease compared to 2020. Despite this decline, ODA for DRM has increased by 17.5% since 2015. However, ATI development partners remain USD 160 million short of their collective 2025 target. In 2022 and 2021, development partners disbursed USD 345.12 million and 349.73 million, respectively. Notably, 13 out of 20 development partners have more than doubled their ODA for DRM at least for one year between 2021 and 2023.

ODA for DRM in 2023 reached at least 98 countries, with ATI partner countries Tanzania, Ghana, and Indonesia among the top ten recipients. Of the 33 ATI partner countries, 18 received increased ODA for DRM compared to 2022. The Sub-Saharan Africa region was the largest regional recipient, accounting for 21% of total disbursements. An increasing share of ODA is being directed to unspecified developing countries. In terms of income classification, 43.2% of ODA disbursements in 2023 were unallocated by income group. Least Developed Countries (LDCs) were the second-largest group, receiving 24.6%, down from 35% in 2020.

Project-type interventions continue to be the dominant form of DRM support, comprising nearly 60% of total disbursements. 13 ATI development partners identified specific ways they are promoting a country-owned approach to their DRM-related ODA.

ATI Commitment 3: ATI members commit to apply coherent and coordinated policies that foster DRM and combat tax-related illicit financial flows (IFFs).

The 2023 peer review on harmful tax practices issued recommendations for one ATI development partner. Of the 19 ATI government development partners,² 18 are signatories to both the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) and the Country-by-Country Multilateral Competent Authority Agreement (CbC MCAA).

Notable progress was observed in 2023, as the number of compliant tax agreements under BEPS Action 6 increased significantly, from 373 in 2020 to 746 in 2023. There were 116 active bilateral exchange relationships under the CbC MCAA between ATI development partners and partner countries, up from 35 in 2020. The number of ATI development partners with activated bilateral exchange relationships increased from just two in 2020 to seven in 2023.

In 2021, four development partners underwent Stage 2 peer reviews under BEPS Action 14 regarding their Mutual Agreement Procedure (MAP) provisions. Although no additional peer reviews occurred in 2022 or 2023, many development partners continue working toward full compliance with Action 14.

As of 2023, only Denmark, the Netherlands, and Ireland had conducted spillover analyses to assess the impacts of their tax policies on the ability of other countries to raise domestic revenue.

Among ATI partner countries, 26 have published tax expenditure data, with 17 doing so regularly, compared to 13 regularly reporting out of 21 partner countries with published tax expenditure data in 2020. Despite this progress, about half still do not include tax expenditure information in their supporting budget documentation for the fiscal year.

In terms of tackling illicit financial flows (IFFs), 18 of the 19 ATI government development partners (excluding the United States) are signatories to, and have begun implementing:

² This excludes the EU, as individual countries are signatories.

- the Common Reporting Standard (CRS) Multilateral Competent Authority Agreement (MCAA) for Automatic Exchange of Information (AEOI); and
- the Amended Multilateral Convention on Mutual Administrative Assistance in Tax Matters for Exchange of Information on Request (EoIR).

By 2023, 11 ATI partner countries had also become signatories to the CRS MCAA.

Efforts to strengthen legal frameworks for identifying and registering beneficial owners show mixed results. However, where data is available for partner countries, there is a discernible reduction in financial secrecy.

ATI Commitment 4: ATI members commit to enhance space and capacity for accountability stakeholders in partner countries to engage in tax and revenue matters.

In 2023, 22 ATI partner countries published tax or revenue strategies, doubling the number reported in the 2020 Monitoring Report. Additionally, 27 partner countries publicly reported revenue raised by individual tax types, while eight reported tax revenues by economic sector.

Across ATI partner countries, 63% published disaggregated tax revenue data and included multi-year revenue estimates by category in their national budget processes. On tax expenditure transparency, 12 countries published some relevant information. However, many reports lacked key elements, such as the policy rationale, a list of intended beneficiaries, and estimates of foregone revenue.

Data on revenue foregone concerning taxes on goods and services, income, and property was available for 23 ATI partner countries. However, reporting on property tax expenditures remains both limited and relatively low compared to other tax types.

In terms of public engagement, analysis from the Open Budget Survey (OBS) suggests modest progress since the 2021 OBS. Public engagement on tax matters remains limited, particularly during budget formulation, implementation, and legislative phases. Challenges also persist regarding advance provision of information to citizens and the effective use of public feedback mechanisms.

In 2023, 17% of total ODA for DRM aimed to promote accountability, transparency, and the involvement of non-state actors in tax policy. However, only 4.5% of total ODA for DRM was directly channelled to civil society organisations as primary implementing partners.