

**PCT WORKSHOPS ON:
IMPLEMENTING MEDIUM-TERM REVENUE STRATEGIES IN SUPPORT OF THE 2030 AGENDA**

Concept Note

Background

1. **Mobilizing sufficient financing for the implementation of the 2030 Agenda for Sustainable Development has become a key challenge for both developing and developed countries.** A large majority of countries have incorporated the 2030 Agenda and the Sustainable Development Goals into national sustainable development strategies and plans. However, while the SDGs are increasingly mainstreamed into national policies, they are rarely fully resourced or underpinned by national budgets, investment strategies and integrated national financing frameworks.

2. **The PCT produces joint guidance and tools on key issues of fiscal policies and international taxation. On fiscal policies, partners promote both jointly and individually policy actions on the revenue and expenditure sides:**

- ✓ *On the revenue side*, some PCT partners support countries in designing and implementing a medium-term revenue strategy (MTRS) approach, for coordinated and sustained support to country-led tax system reform in support of implementing the 2030 Agenda. The MTRS approach frames the tax system reform in a comprehensive framework of four interdependent components: (1) building broad-based consensus in the country for medium-term revenue goals to finance needed public expenditures for sustainable development; (2) designing a comprehensive tax system reform covering policy, administration, and the tax legal framework to achieve these goals; (3) committing to steady and sustained political support (government-led and whole-of-government approach) during MTRS formulation and subsequently implementation of the strategy over multiple years; and (4) securing adequate resourcing—domestically and from capacity development partners and donors—to support MTRS implementation.
- ✓ *On the expenditure side*, PCT members and development partners provide fiscal policy support for medium-term expenditure frameworks by costing the SDGs and developing spending strategies to improve prioritization of public spending linked to national plans. The aim is to overcome the short-term nature of the annual budget process. For example, the IMF has estimated the additional spending that is needed in health care, education and selected areas of infrastructure to achieve the SDGs in 155 countries. UNDP helped over 35 developing countries implement development finance assessments (DFAs), focused on the integration of planning and financing, collaboration between public and private actors, frameworks for monitoring and review, and systems for transparency and accountability.
- ✓ *From a holistic perspective*, Member States of the United Nations called in the Addis Ababa Action Agenda for integrated national financing frameworks (INFFs), as a tool to help mobilize and manage financial and other means of implementation in support of national sustainable development strategies. Country-led and country-owned, INFFs help policymakers map the landscape for financing sustainable development and lay out a strategy to increase and make most effective use of investment for sustainable development, coordinate technical and financial cooperation, manage

financial and non-financial risks, and ultimately achieve priorities articulated in the national sustainable development strategy or plan.¹

Purpose of this activity

3. The main objective of this initiative is to conduct two capacity building workshops in 2020 aimed at exchanging experiences on tax system reform and discussing the benefits of adopting the MTRS approach to make these reform efforts more effective. The workshops will feature countries—including those that are in different stages² of adopting the MTRS approach—as the primary speakers, with participation from donors and technical assistance partners. The Platform Partners will lead the organization of these events and will participate as moderators and speakers, as needed.

For Countries:

For countries engaged in different stages of MTRS work:

- (i) Exchange views and experience in achieving inclusive country ownership through a government-led effort;
- (ii) Provide a forum for exchange of experiences in the formulation and implementation of MTRS and similar comprehensive and sustained tax system reform approaches;
- (iii) Exchange views and experiences with sustained political commitment and ‘whole-of-government’ approaches to enable effective tax system reforms;
- (iv) Discuss how to shape multi-year commitments to tax system reform and mobilize the required support from development partners.
- (v) Distill and promote good practices in the formulation and implementation of MTRS;

For countries interested in adopting an MTRS and other countries invited to the workshop:

- (i) Develop a better understanding of the MTRS approach to tax system reform, including its four interdependent components.
- (ii) Raise interest in MTRS as an approach for undertaking comprehensive tax system reform to support implementation of the 2030 Agenda;
- (iii) Provide a platform for exchange of good practices with countries working on adopting the MTRS approach;
- (iv) Receive an overview of available/potential capacity building support from PCT members and development partners.

For Development Partners:

¹ See [Financing for Sustainable Development Report 2019](https://developmentfinance.un.org/fsdr2019)- <https://developmentfinance.un.org/fsdr2019>.

² As described in the June 2019 PCT Progress Report 2018-2019, and from recent updates since, with PCT partners support a couple of countries are implementing their MTRSs, around 8 are receiving support for the formulation stage, and around 10 are in a dialogue to transition their tax system reform efforts into MTRSs.

- (i) Learn about experiences of countries in formulating and implementing MTRS and similar comprehensive and sustained tax system reform processes;
- (ii) Forge linkages with PCT members in providing support on MTRS and DRM reform more generally;
- (iii) Better align programmatic activities and coordinate their support with governments-led MTRSs;
- (iv) Better understand MTRS process and implementation.

Themes

4. The following main themes will be covered over the course of each of the two workshops:
- (i) Country experiences in MTRS formulation and implementation—challenges and good practices in:
 - a. Securing an effective implementation within the wider context of efforts to mobilize financing and other resources to achieve the 2030 Agenda for Sustainable Development
 - b. Building broad-based consensus in the country for tax system reform, notably to agree on revenue mobilization goals, including (but not limited to) a revenue-level change (higher tax-to-GDP ratio) to support additional expenditures for development;
 - c. Discussing challenges related to the design and implementation of tax system reform, the second key component of the MTRS;
 - d. Securing adequate and predictable resourcing—domestically and from capacity development partners and donors—to support implementation of the MTRS.
 - (ii) Situating MTRS within wider efforts to mobilize financing and other resources to support national sustainable development strategies:
 - a. Linking MTRS to the broader country strategy to mobilize and make effective use of resources for sustainable development.
 - b. Linking MTRS with results of costing the SDGs at the country-level
 - c. Linking MTRS to medium term expenditure frameworks;
 - (iii) Improving coordination and delivery of support from development partners to capacity development on DRM, especially MTRS:
 - a. Sharing lessons learned on MTRS with development partners;
 - b. Exploring the role of the PCT in promoting a more coherent implementation of MTRS;
 - c. Next steps and concrete follow-up measures to ensure MTRSs support the 2030 Agenda and are better aligned with national sustainable development strategies.

Output

5. **The PCT Secretariat will produce an informal workshop report and share it with participants after the event.** The findings of the report will provide inputs into the annual report of the PCT.

Participants

6. **Participants for both workshops should include countries and organizations engaged in fiscal reform, including in the context of MTRS.**

- Countries engaged in MTRS work: Albania, Egypt, Ethiopia, Georgia, Ghana, Guatemala, Indonesia, Lao PDR, Liberia, Malaysia, Mongolia, Myanmar, Papua New Guinea, Rwanda, Senegal, Thailand, Uganda and Uzbekistan
- Countries engaged in tax system reform who are invited to the Workshop to learn about the MTRS experience including DFA and INFF Countries
- Multilateral organizations: IMF, OECD, World Bank Group, United Nations, including UNDP
- Development partners: DFID, Japan and others
- Civil Society and private sector

Format

7. **The workshop will typically be for two to three days. Discussions will be held in an interactive format, facilitated by professional moderator(s) from Partner Organisations with in-depth knowledge of DRM challenges in developing countries.** Chatham House Rules will apply to encourage free, honest and solution-based discussions.

Preparation & Delivery

8. PCT partners will implement the workshops in collaboration with regional partners and/or countries interested in hosting the workshop, with the PCT Secretariat providing administrative and operational support.

Dates

9. Q3, Q4 2020.

Location

One country each from two different regions-Sub-saharan Africa and Asia.

Costs

10. The PCT Multi-Donor Trust Fund will cover the costs of the regional workshops other than those covered by the host. Costs of technical contributions by moderators and/or speakers from Partners would be covered by the respective Partners.

Target Audience

11. These workshops are targeted at senior officials from Finance Ministries and Revenue Administration Agencies involved with MTRS formulation and implementation (from countries engaged in MTRS work) and those involved with tax system reform in general (from countries who have not yet adopted the MTRS approach) as well as senior representatives from PCT Member organizations and development partners. High-level representatives from civil society and the private sector will provide additional feedback and inputs to the discussion.