

# Evaluation of Finland's initiatives focused on enhanced domestic resources mobilization (DRM)

Presentation of Findings

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# Evaluation Questions



EQ1 – Strategic and programming approach:

To what extent have the 2016-2019 and 2020-2023 Action Plans acted as guiding instruments for Finland's support to DRM in the context of development cooperation?



EQ2 – Whole-of-government approach and policy coherence

To what extent has Finland's DRM agenda in the context of development cooperation been implemented in a coherent manner?



EQ3 – Cross-cutting objectives

To what extent has Finland's support to DRM in the context of development cooperation responded to Finnish cross-cutting objectives?



EQ4 – Partnership working and influencing

To what extent has MFA's choice of partners, modalities, and influencing channels been coherent, relevant and worked well?



EQ5 – Selected results in partner countries and regions

To what extent have MFA's initiatives contributed to strengthening the DRM agenda in partner countries and regions?

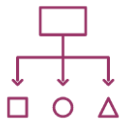
# Data collection and analysis

## Data sources



- 55 Interviews with Finnish and non-Finnish actors
- Desk research (MFA policy, programme documents, memos, external), portfolio data

## Theory of change (ToC)



- Linking the two Action Plans (2016-19, 20-23)'s objectives with Finland's development policy ToC

## Analytical blocks



### Block 1 Policy and institutional analysis

- Policy timeline and analysis
- Stakeholder mapping (Finnish actors)

### Block 2 Portfolio analysis and stakeholder mapping

- Inventory of 30 project proposals (quantitative)
- Structured review of project documentation, using a cluster approach (qualitative)
- Stakeholder mapping (MFA partners)

### Block 3 Selected partners' achievements and MFA contribution

- Sampled interventions and policy influencing actions

# Policy timeline

## FINLAND

STRATEGIC PROGRAMME  
OF PRIME MINISTER JUHA  
SIPILÄ'S GOVERNMENT

2015

ADDIS ABABA ACTION  
AGENDA

2020 ADDIS TAX INITIATIVE  
DECLARATION

OECD/G20 INCLUSIVE  
FRAMEWORK ON BEPS

FINLAND'S DEVELOPMENT  
POLICY: GOVERNMENT  
REPORT TO PARLIAMENT

TAX AND  
DEVELOPMENT  
ACTION PLAN  
(2016-19)

2016

PLATFORM FOR  
COLLABORATION ON TAX

2017

PROGRAMME OF  
PRIME MINISTER  
SANNA MARIN'S  
GOVERNMENT

2018

10-YEAR ANNIVERSARY OF  
THE GLOBAL FORUM ON  
TRANSPARENCY AND EOI

2019

TAXATION FOR  
DEVELOPMENT  
ACTION PLAN  
(2020-23)

2020

2025 ATI  
DECLARATION

TOC AND  
AGGREGATE  
INDICATORS FOR  
FINLAND'S  
DEVELOPMENT  
POLICY

2021

WORLD BANK  
DRM/GRID  
STRATEGY

OECD TWO-PILLAR  
SOLUTIONS  
STATEMENT

POLICY PAPER:  
TAX  
RESPONSIBILITY  
PRINCIPLES IN  
FINLAND'S  
DEVELOPMENT  
COOPERATION  
FUNDING TO THE  
PRIVATE SECTOR

2022

TAX COOPERATION  
AND IFF UN  
RESOLUTIONS

FINLAND'S  
POLICY ON  
FINANCING FOR  
SUSTAINABLE  
DEVELOPMENT

2023

PROGRAMME OF  
PRIME MINISTER  
PETTERI ORPO'S  
GOVERNMENT

UN SECRETARY  
GENERAL REPORT ON  
TAX COOPERATION

INTERNATIONAL



particip

**NIRAS**

EMS - Evaluation Management Services

# Objectives of the two Action Plans

## Tax and Development Action Plan 2016-19

1. International cooperation has achieved and implemented revised international tax rules.
2. Developing countries' domestic resource mobilisation and taxation capacity has been strengthened.
3. In developing countries, civil societies' awareness and knowledge on the link between taxation and public services has increased, and the ability to hold governments accountable.
4. Reliable country-specific research and analysis of illicit financial flows and solutions to curb them exist.

## Taxation for Development Action Plan 2020-23

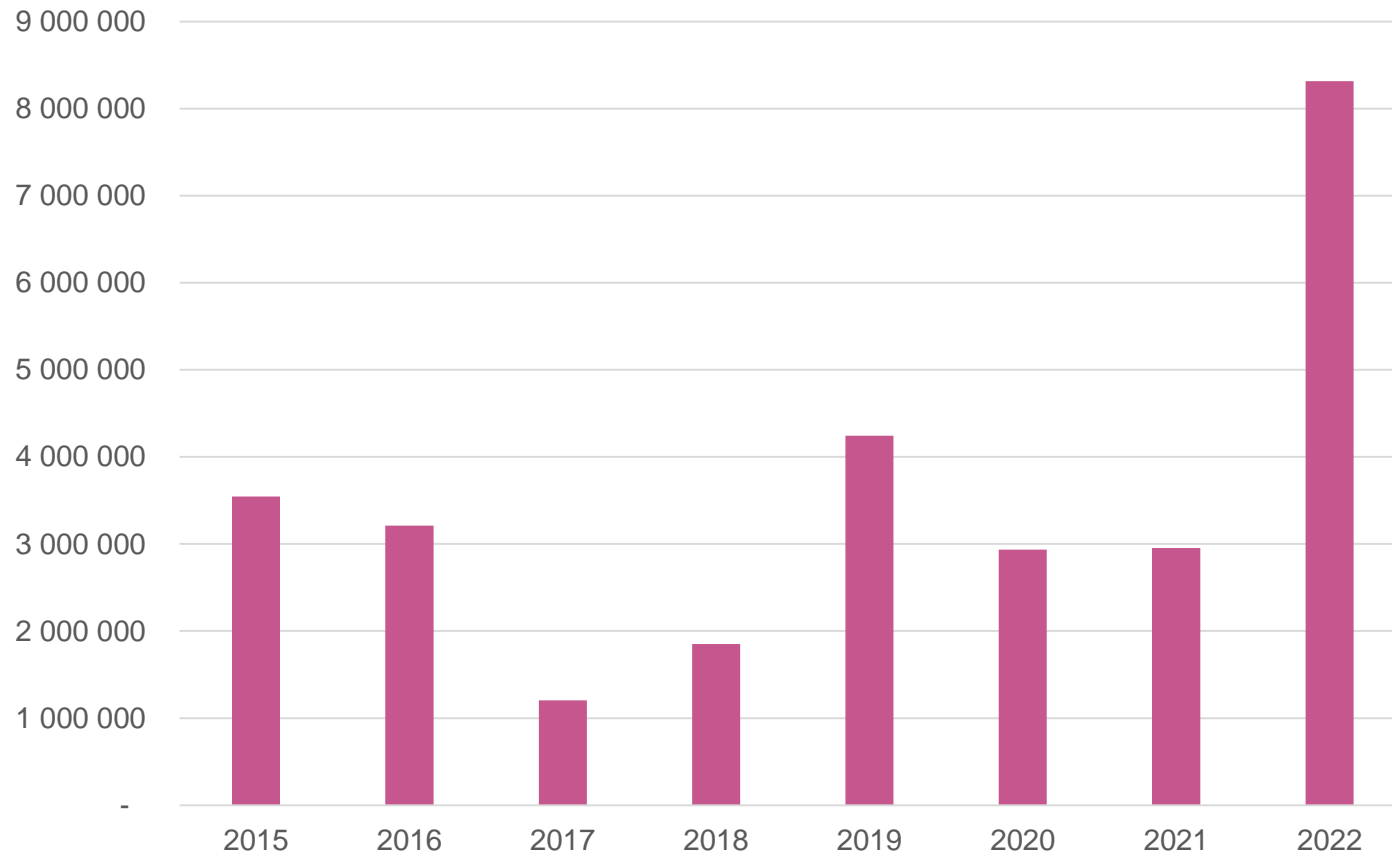
1. To strengthen the taxation capacity of developing countries.
2. Ensuring the tax responsibility and transparency of companies supported with development cooperation funding
3. Strengthen the position of developing countries in the global tax policy and ensure perspectives of developing countries are taken into consideration



- The two APs respond to the government priority to strengthen taxation capacity in developing countries
- Cross-cutting objectives, tax responsibility, and Africa have received more attention under the 2<sup>nd</sup> AP
- The two APs have followed a very different approach to programming – the 1<sup>st</sup> being very detail oriented; the 2<sup>nd</sup> lacking focus on the how.

# Overview of the ODA portfolio (trend)

Finland's ODA disbursements for DRM 2015-22 (EUR)

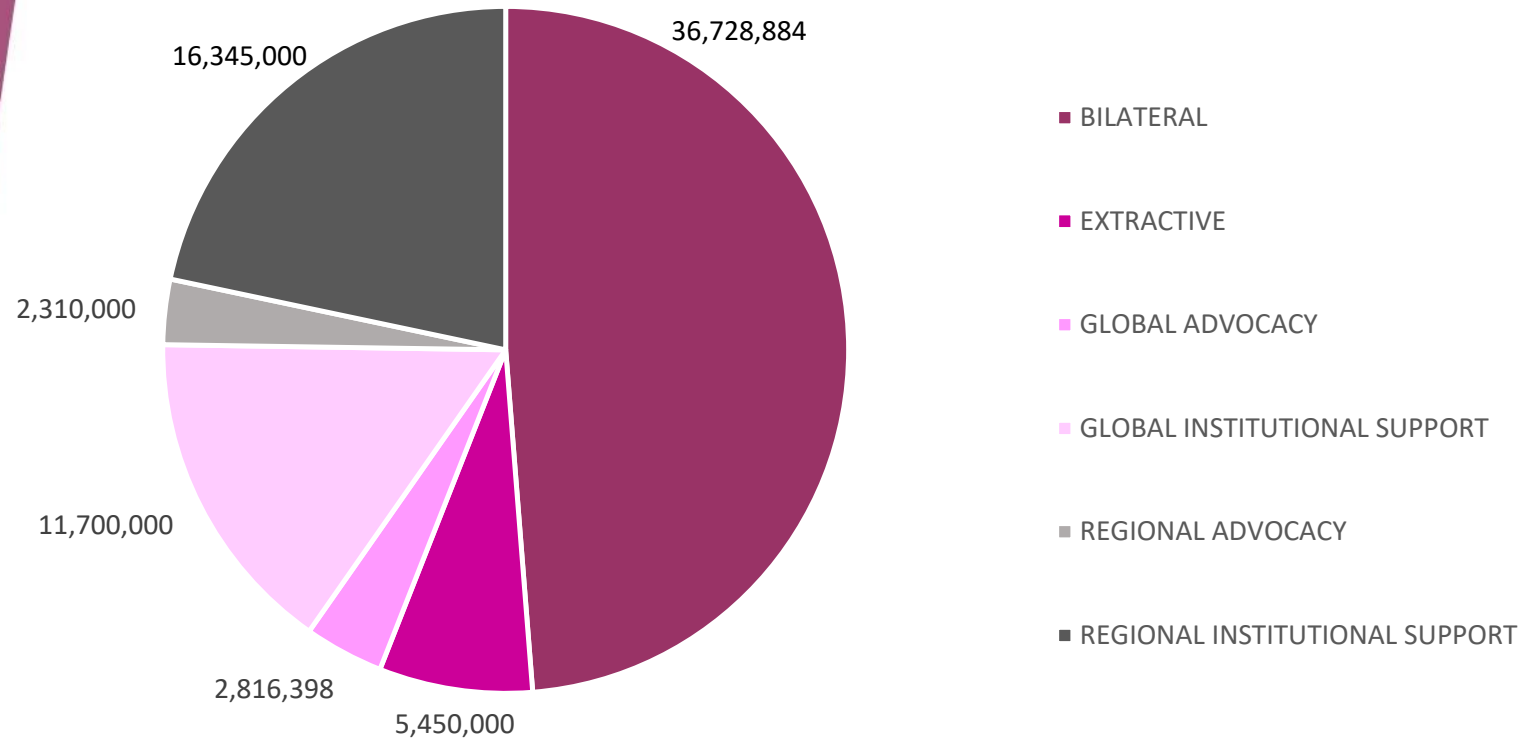


Pledge to double ODA for DRM met

Finland's share of support to DRM in total ODA is second to Norway's

# Overview of the ODA portfolio (per cluster)

Distribution of DRM support per cluster (commitment EUR)



Total ODA EUR75m, half of which bilateral support

MFA's largest commitment to date is Tax Inspectors without Border / UNDP Tax for SDGs (EUR 10m)

Long-standing partners include the African Tax Administration Forum (ATAF) and the Extractive Industry Transparency Initiative (EITI)

Support to NGO-led advocacy amounts to EUR 7m (9% of total commitment)

# Conclusions (1)

**Conclusion 1.** An Action Plan document remains the **most appropriate option** to prioritise DRM as part of a broader agenda.

**Conclusion 2.** The **implementation** and **monitoring** of the two APs have been hindered by **the lack of prioritisation, the limited** financial and human **resources and complex** governance **arrangements.**

**Conclusion 3.** To be effective, **intra-governmental cooperation** requires genuinely **shared priorities.**



## Conclusions (2)

**Conclusion 4.** Finland is **well positioned** to further demonstrate its **commitment to transparent, fair and equitable global tax systems.**

**Conclusion 5.** Finland's **choice of partners** has not just strengthened the **relevance** of its support but also helped to **create synergies.**

**Conclusion 6.** Finland could have **done more to mainstream** cross-cutting objectives, in particular **non-discrimination and climate change.**

# Conclusions (3)

**Conclusion 7. MFA's influencing has been mostly through partners rather than direct.**

**Conclusion 8. In partner countries, Finland has contributed to strengthening tax administration and, with it, tax revenue collection. Its support to research and advocacy for more transparent and progressive tax policies has also led to some achievements.**

# Recommendations 1 & 2: 3<sup>rd</sup> Action Plan and organisational set-up

**Recommendation 1.** Prepare a rolling **3rd Action Plan**, based on **realistic resource provision** (including staffing), building on Finland's achievements to date, and taking into account the **need for prioritisation and monitoring** from the outset.

- Continue to include ODA and influencing objectives
- Focus on existing flagship initiatives at bilateral, global and regional level
- Include result monitoring framework from the beginning
- Be widely disseminated and updated on a yearly basis

**Recommendation 2.** Refrain from establishing formal working groups and **develop** instead a **purposeful and structured approach to collaboration** within government and external actors.

- Establish a purposeful and structured approach to collaboration, meeting relevant Ministries departments / units (as well as other lead actors) around well-defined shared agendas.
- Explore “tapping into” already established groups to bring in the tax dimension.

# Recommendations 3 & 7: Whole-of-government and influencing

**Recommendation 3.** Include in the 3<sup>rd</sup> AP broader policy influencing objectives that fully reflect Finland's commitment to the **policy coherence agenda** in relation to international tax

- The influencing / policy coherence objectives should, inasmuch as possible, reflect already existing or - easily obtainable - common positions with other Ministries.
- Possible entry points include work with MDBs, ATI declaration, tax responsibility principles

**Recommendation 7.** Sharpen **MFA's knowledge and offer** by conducting a **spillover analysis** and gaining further **insights from key partners** in the South.

## Recommendation 4 & 8: Choice of modalities and partners

**Recommendation 4.** Ensure that MFA's support remains **conducive to synergies and coalition building** at country, regional, and global levels, with a continuous emphasis on promoting **South-South cooperation**.

**Recommendation 8.** In **partner countries**, combine technical assistance to **strengthen tax administration** (taking into account VERO's limited expansion capacity) with **support for more transparent and equitable taxation systems**, working in partnership with other donors.

# Recommendation 5 & 6: Mainstreaming

**Recommendation 5.** Encourage MFA' s implementing partners to draw on **available research and share new evidence and good practices** on integrating cross-cutting issues (starting with gender and non-discrimination) at a **higher level of results.**

**Recommendation 6.** Start paying more attention to the **climate and tax agenda**, with a view of promoting the **needs and priorities of developing countries** in the solutions towards clean energy transition.

**Thank you!**