



CIVIL SOCIETY ENGAGEMENT IN IMPLEMENTING DOMESTIC TAX POLICY

A SYNTHESIS OF RECENT RESEARCH FINDINGS

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Acronyms

- BMGF – Bill & Melinda Gates Foundation
- BMZ – German Federal Ministry for Economic Cooperation and Development
- CSO – Civil Society Organization
- DRC – Democratic Republic of the Congo
- DfID – United Kingdom Department for International Development, now FCDO
- EGAP – Evidence in Governance and Politics
- FCDO – United Kingdom Foreign, Commonwealth and Development Office
- GIZ – Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
- IBP – International Budget Partnership
- IFI – International Financial Institution
- IMF – International Monetary Fund
- ISORA – International Survey on Revenue Administration
- ITC – International Tax Compact
- LATERAL – Latin America Tax Expenditure Research, Advocacy, and Learning (an IBP project)
- NGO – Non-Governmental Organization
- OCED – Organization for Economic Cooperation and Development
- PCT – Platform for Collaboration on Tax
- RA-GAP – Revenue Administration Gap Analysis Program (RA-GAP)
- RCT – Randomized Control Trial
- RMTF – Revenue Mobilization Thematic Fund
- TADAT – Tax Administration Diagnostic Assessment Tool
- TAI – Transparency and Accountability Initiative
- TJNA – Tax Justice Network - Africa
- VAT – Value Added Tax



Executive Summary



Tax systems are fundamental to governance. They critically influence governments' fiscal capacity, allowing states to fund essential public services. Tax systems can also increase government accountability to citizens, strengthening the compact between citizens and the state. The role of civil society in strengthening this citizen-state compact has increasingly gained interest among researchers, practitioners, and funders. Historically, the role of civil society organizations has been conceptualized as contributing to the debate on the adoption of better tax policies related to both domestic and cross-border resource mobilization. Once a tax policy is adopted, however, the central challenge is fair and efficient implementation. Revenue authorities may not have the legitimacy or capacity to administer the tax regime, and taxpayers may not comply.

This paper seeks to address the question: What role might organized civil society have to play in facilitating equity considerations in tax administration? This is a question around which there is emerging evidence and a need for a robust agenda of future research. This role for civil society has recently been highlighted by the Addis Tax Initiative's commitment to "enhance the space and capacity for accountability stakeholders" (Addis Tax Initiative, 2020). At the same time, there is little consensus on what meaningful implementation of such a role could look like.

The Transparency and Accountability Initiative (TAI) commissioned IDinsight to provide a synthesis of this emerging evidence and highlight promising areas for investigation. As a part of this exercise, we first map key stakeholders and their potential interactions in the tax ecosystem. This mapping allows us to identify what roles civil society can play when working towards equitable and accountable tax administration. The roles, or points of entry, entail fostering transparency between citizens and tax administration, mobilizing taxpayers, facilitating their participation, and engaging state actors for a more equitable tax administration. For each of these roles, we synthesize findings from the literature and our interviews with selected researchers, practitioners, and funders and propose areas for further investigation.

Table 1 - Key Findings and Areas for Further Exploration for CSOs Point of Entry

CSO Point of Entry	Evidence Base	Key Findings and Areas for Further Exploration
Fostering Transparency and Taxpayer Awareness		<p>Key Findings:</p> <ul style="list-style-type: none"> • Taxpayer literacy and understanding of the link between tax collection and service provision is low. Providing information on these topics is - by itself - not sufficient to establish accountable tax administration. • While CSOs are well positioned to foster taxpayer awareness in theory, and some successful examples exist, only few CSOs focus on it in practice. <p>Areas for Further Exploration:</p> <ul style="list-style-type: none"> • To which extent is information around tax administrative topics available to CSOs? To which extent do CSOs use this information to foster transparency? • What type of information, narratives, and dissemination strategies are effective in engaging citizens with tax policy implementation issues?
Mobilizing Taxpayers		<p>Key Findings:</p> <ul style="list-style-type: none"> • Successful approaches to mobilize taxpayers for tax administration reform involve CSOs leveraging existing citizen forums. • CSO coalitions that include a diverse set of groups across national and subnational levels appear more successful in mobilizing citizens. <p>Areas for Further Exploration:</p> <ul style="list-style-type: none"> • How can other civic actors that may not primarily work on tax more easily relate to and integrate tax equity in their agenda?

		<ul style="list-style-type: none"> • What lessons from CSOs' work on tax policy, the international tax justice movement, and other social accountability sectors such as health or education apply to CSOs' work on tax policy implementation?
Facilitating Taxpayer Participation		<p>Key Findings:</p> <ul style="list-style-type: none"> • CSOs may facilitate tax bargaining between citizens and the state, but the evidence base is weak. • CSOs can facilitate safe and inclusive spaces required for citizen participation and advocate for the creation of effective formal spaces where none exist. <p>Areas for Further Exploration:</p> <ul style="list-style-type: none"> • What role can CSOs play in creating spaces for taxpayer participation, in particular in contexts where such forums may not exist? • What factors determine the effectiveness of formal spaces for CSO and community participation in tax policy implementation?
Engaging State Actors		<p>Key Findings:</p> <ul style="list-style-type: none"> • CSOs have pursued both collaborative and confrontational approaches to influence tax policy, however evidence in tax administration reform is limited. • Local governments and CSOs can collaborate to make revenue collection, compliance, and enforcement more equitable. <p>Areas for Further Exploration:</p> <ul style="list-style-type: none"> • How can CSOs balance collaboration with confrontation? • How can CSOs better engage the judiciary and supreme audit institution as avenues for accountability for equitable tax administration? • What role should CSOs play in collaborating with revenue authorities on taxpayer facing functions related to taxpayer education, tax collection, and enforcement? • What avenues exist for CSOs to advocate with International Financial Institutions to explicitly consider equity in tax administration reform?

Based on these findings, we highlight some points of reflection for funders who strive to support civil society organizations to work towards increased accountability in domestic tax policy implementation:

- **Working toward accountable systems may take a decade or more – a timeline that may be in tension with shorter, project-based support.** Exploring ways to support local CSOs on their path to long-term, diversified, and flexible funding may therefore be an important consideration.
- **Civil society organizations may require higher than traditional levels of flexibility to be able to react effectively to narrow windows of political opportunity.** In experimenting with novel strategies, including public interest litigation, it may be more difficult for CSOs to predict when and what extent of resources may be required.
- **Working through effective coalitions emerges as a critical component of success - and is a topic that funders may have ample experience with.** Ensuring that coalitions are - and remain - unified in purpose is particularly important given that partners may have different narratives about equity in this field.
- **Expanding on the scarce evidence base means to better understand the contribution of CSOs to changes in highly complex systems.** Rigorous micro-studies may often only provide compelling answers to a subset of these questions. A broader rigorous toolkit including methods such as process tracing may provide a more systematic understanding of CSOs contribution.
- **CSOs may be inhibited from engaging in accountability activities due to the inherent political risks involved in holding governments accountable.** Understanding these risks and uncovering learnings from CSOs engagements in budgetary processes may enable CSOs to work effectively in this space.

We hope that this background paper can provide the basis for a broader conversation among researchers, practitioners, and funders about the implications of what we know and do not know for collaborations in partner countries.

A HIGH-LEVEL UNDERSTANDING OF THE TAX POLICY IMPLEMENTATION ECOSYSTEM

Tax administration is the mechanism through which a country's tax code is implemented.¹ Therefore, we refer to tax administration as tax policy *implementation*. Tax policy is the process of developing and passing the laws that regulate various individual and corporate taxes. The implementation of tax policy is the process of administering the tax law and includes the assessment and collection of these taxes. In the process tax authorities interact with taxpayers through taxpayer education programs, enforcement activities, and processing payments.² Tax administration is tax policy in practice (Mansfield, 1987).

A large proportion of international support for tax administration has been dedicated to domestic revenue mobilization by fostering efficiency and effectiveness of revenue administration³, while not explicitly focusing on transparency, accountability and equity of tax administration.⁴ The World Bank's framework on Enforcement, Facilitation and Trust in increasing tax compliance highlights the importance of equity and fairness in building trust in the tax system. According to this framework, "fairness" implies tax systems are fairly and competently designed and administered, while "equity" implies burdens are equitably distributed, and everyone pays their share (Prichard, et al., 2019).⁵

Our objective is to conceptualize the role that civil society may play in advancing fairness and equity in tax administration. We define civil society as groups that organize collective action around shared interests, purposes, and values that are generally distinct from government and commercial for-profit actors (WHO, 2007). Such groups include local, national and international non-governmental organizations (NGOs), not-for-profit organizations, and advocacy groups among others. While our classification of stakeholders below aggregates all these actors into one broad category, individual civil society groups may have nuanced interests and motivations to care about good tax administration.

This work focuses on CSOs' role in traditionally domestic topics of tax administration, such as Value Added Tax (VAT), corporate and personal income tax, and property tax.⁶ Historically, the role of civil

¹ A tax code is a set of laws that usually include an income tax act; a customs act covering import tariffs and surcharges; an excise tax act; a general sales tax law; social security legislation; export, wealth, and property taxes (if any) and other minor taxes and fees (Mansfield, 1987).

² Tax policy implementation also includes the institutional framework governing the administrative processes. One example is the legal discretion Revenue Authorities may have in providing tax exemptions.

³ The proportions of support provided to state vis-a-vis civil actors varies by funder and appears to be decreasing in recent years among funders registered in the OECD's Creditor Reporting System:

<https://blog.savethechildren.org/2019/09/data-snapshot-how-do-donors-support-citizen-engagement-tax-policy.html>

⁴ Effectiveness of collection refers to increasing tax compliance, while efficiency of collection refers to the resources required to collect a given amount of revenues.

⁵ While tax codes may be inequitable in many cases, our work focuses on how CSOs can engage in the tax ecosystem to enhance equity of tax administration. For further narrative about focusing more on equity refer to:

<https://www.ictd.ac/blog/tax-finance-sdgs-equity/>

⁶ This focus is motivated by the finding that fewer CSOs pursue domestic taxation topics as their core strategy (Mohiuddin & de Renzio (2020), Sharp et al. (2019)). Even though parallels may exist, it is not part of our scope to cover evidence on CSOs' role in topics of tax administration with a more international focus, such as illicit financial flows, base erosion and profit shifting (including in the extractives sector), and customs administration. Our work also excludes evidence on CSOs' role in informal taxation. For these reasons, we focus in particular on the role of national and subnational CSOs in the tax policy implementation ecosystem.

society organizations has been conceptualized mainly as contributing to the debate on the adoption of better tax policies, especially regarding cross-border revenue generation. Recent work, mainly by the International Budget Partnership, has focused on better understanding early lessons emerging from CSOs work on tax policy (Lakin (2020), Mohiuddin & de Renzio (2020), de Renzio & Lakin, (2020)). While we borrow from this the literature where applicable, we do not provide an in-depth synthesis.

STAKEHOLDERS IN THE DOMESTIC TAX POLICY IMPLEMENTATION SYSTEM

We categorize stakeholders operating in the domestic tax policy implementation ecosystem into state actors and non-state actors. The former include the Ministry of Finance, the revenue authority, the legislature (or parliament), the judiciary (or court system), and possibly independent audit authorities. Many of these actors may be represented on both national and subnational levels. On a subnational level, relevant state actors may also include Ministries of Local Governance. Further, we classify a subset of donors and international financial institutions as state-like actors. Non-state actors include private actors, such as small and medium-sized enterprises, larger corporations, and private media outlets; academic and research-oriented institutions; citizens; and CSOs. In Table 2, we discuss the goals that we hypothesize these stakeholders to pursue in the ecosystem. We also discuss the functions they play and the approaches they may take to pursue their goals.⁷

Entry Points into the Tax Policy Implementation Ecosystem

We identify four broad roles that CSOs may play in this tax administration ecosystem. We term these roles “entry points” and hypothesize that CSOs may have to play a combination of roles to contribute towards equitable tax administration. While we present these entry points in a sequence that mimics the process a taxpayer may go through when engaging with tax administration for the first time, these CSO roles are interlinked in complex ways.⁸








- 1. CSOs can foster transparency of tax administration and increase taxpayer awareness.** CSOs may conduct research to increase the availability of information and support other stakeholders' efforts to raise taxpayers' awareness, for example on the connection between tax compliance and the provision of public services. In raising awareness, CSOs will predominantly interact with taxpayers, i.e. citizens (1)⁹ and businesses (2). In producing and disseminating information, CSOs may find powerful allies in the media (3) and academia (4).
- 2. CSOs can mobilize taxpayers for better tax administration** through coalitions with other civic actors on subnational, national, and possibly international levels (5). Once more the media may act as an important catalyst.
- 3. CSOs can facilitate taxpayer participation** in tax bargaining and in demanding transparency and accountability of state actors. CSOs may enable taxpayers' to directly voice their concerns with the government, e.g. through existing fora on subnational and national levels (6).

⁷ Lakin (2020) provides a more extensive analysis of the incentives and the evidence around some of these stakeholders' involvement in the broader tax (policy and administrative) reform process. In addition, each of these stakeholders is in turn composed of individual actors with specific incentives which may not align with the entities overarching incentives. For example, Revenue Authorities are led by a group of commissioners and employ tax administrators. Corporations are led by a group of executives and employ workers. The incentives of these individual actors within their broader groups with regards to tax administration may not be aligned, posing opportunities for CSOs to engage.

⁸ These entry points can also be grounded in the broader social accountability literature, which discusses the connections and relationship between these concepts in more detail than we can here (Fox (2015), Fox (2016), Grandvoininnet et al. (2015)).

⁹ Numbers in [brackets] refer to the respective entry points in the systems map in Figure 1.

Table 2 - Key stakeholders, their idealized goals, functions, and approaches in the tax ecosystem

Stakeholder	Idealized Stakeholder Goals*	Functions and Approaches
 Revenue Authorities	<ul style="list-style-type: none"> Efficient revenue collection 	<ul style="list-style-type: none"> Collect domestic tax and customs revenue Increase tax compliance, for example through enforcement
 Ministry of Finance	<ul style="list-style-type: none"> Maintain fiscal balance Balance policy trade-offs regarding growth, public service provision, taxation and equity 	<ul style="list-style-type: none"> Formulate tax policy Prepare and execute budgets for public services provision
 Civil Society Organizations	<ul style="list-style-type: none"> Aggregate and advocate the voice and interests of (particular groups of) citizens on a variety of topics Specific topics may include the promotion of equitable tax systems that are fair and reduce inequality and poverty 	<ul style="list-style-type: none"> Organize citizens and communities for collective action to demand transparency and accountability Produce research on local tax burdens and tax administration practices Increase awareness and understanding around tax related topics
 Citizens	<ul style="list-style-type: none"> Benefit from public services Fair and effective tax burden 	<ul style="list-style-type: none"> Demand accountability through increased transparency and tax bargaining Pay taxes
 Small Businesses	<ul style="list-style-type: none"> Generate profit through favorable business environment and infrastructure Low effective tax burden (tax obligation + administrative burden) Predictability of tax burden and ease of payment 	<ul style="list-style-type: none"> Pay taxes
 Large Businesses	<ul style="list-style-type: none"> Reduce tax burden through preferential taxes, incentives Favorable business environment and infrastructure Predictability of tax burden and ease of payment 	<ul style="list-style-type: none"> Pay taxes Influence budget and tax policy*
 Donors / Inter'l Financial Institutions~	<ul style="list-style-type: none"> Diverse, among others include: Increased domestic revenue mobilization Strengthen the public financial management systems for increased transparency and accountability, contributing to good governance 	<ul style="list-style-type: none"> Provide technical and financial assistance to Ministry of Finance, revenue authority, civil society
 Judiciary	<ul style="list-style-type: none"> Uphold justice in line with constitution and law 	<ul style="list-style-type: none"> Resolve tax disputes through judicial review
 Academia / Research Organizations	<ul style="list-style-type: none"> Knowledge generation and publication 	<ul style="list-style-type: none"> Research on local tax burdens and tax administration practices
 Legislature	<ul style="list-style-type: none"> Create and revise revenue code in line with political party ideology. 	<ul style="list-style-type: none"> Create and revise laws and regulation that governs tax policy and tax administration.

Notes: * The goals listed in this table constitute idealized goals of the respective entities and abstract from the agency and incentives of actors within these institutions. We discuss individual actors' incentives within these entities whenever applicable below. + Large businesses are perceived to exert relatively more influence on the tax process both through advocacy and also formal fora compared to smaller businesses (Lakin, 2020). ~ Donors and International Financial Institutions comprise global as well as regionals offices where applicable.

- 4. CSOs can engage with state actors** to enhance responsiveness to taxpayer concerns. CSOs may directly confront state actors with these concerns through the judicial system (7). CSOs may also take more collaborative approaches, engaging directly with the Revenue Authority [8], e.g. by supporting efforts to strengthen tax compliance [1,2]. Lastly CSOs may build and leverage relationships with donors and international financial institutions (IFIs), such as the OECD, the World Bank, and the International Monetary Fund (IMF), to advocate for better tax administration [9].

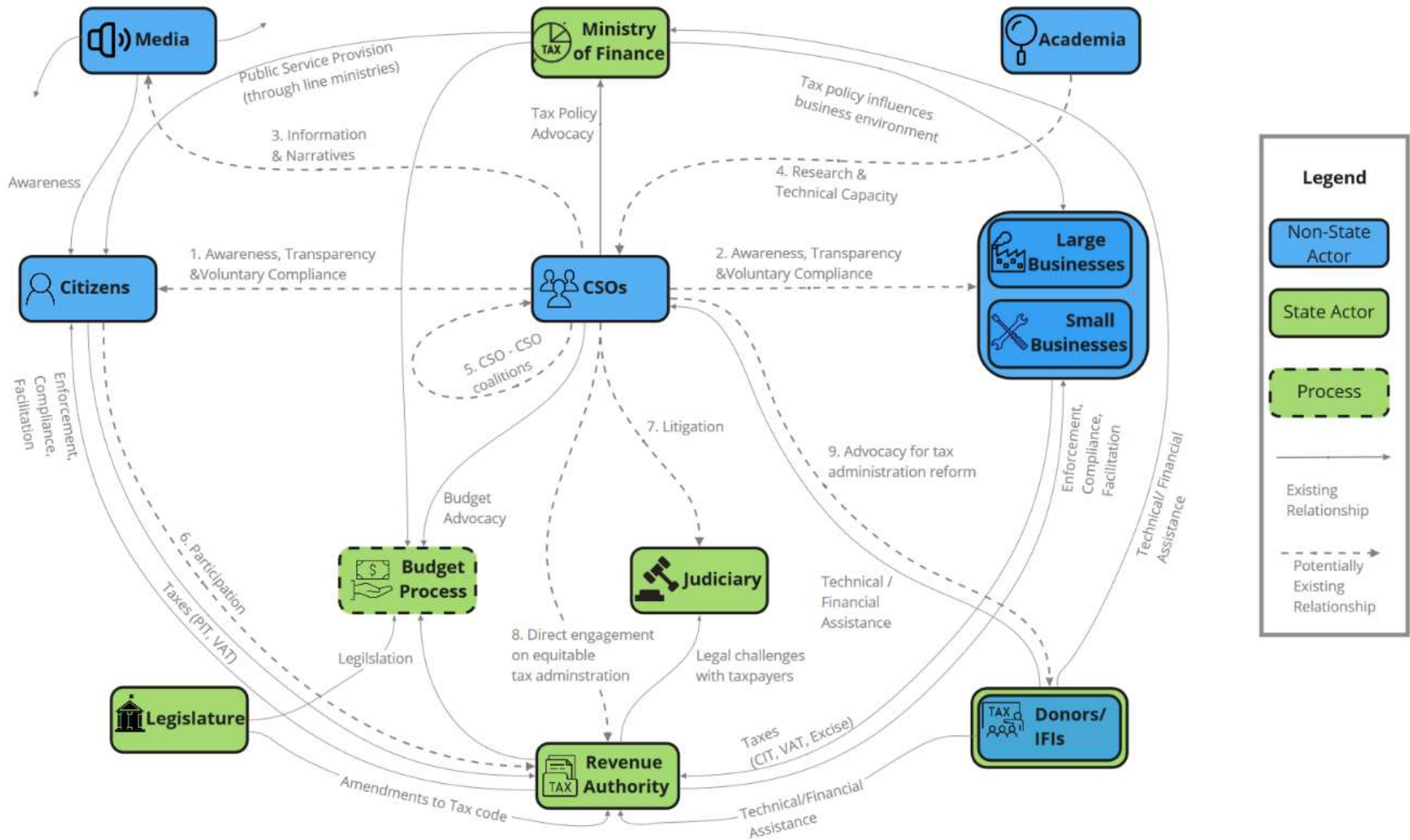
We present these relationships between CSOs and the respective stakeholders in the system map in Figure 1. We classify relationships between stakeholder pairs either as existing - oftentimes formalized processes, such as revenue collection or the provision of public services - or as potentially existing.

CSOs may pursue different approaches within each of these entry points and potentially through existing relationships. Following Fox (2015), we differentiate between tactical and strategic approaches. Tactical approaches are bounded interventions that assume that information is sufficient for spurring collective action - an assumption that our brief review of this literature refutes (Fox (2015), Fox (2016), Grandvoinet et al. (2015)). Strategic approaches use multiple coordinated tactics to create enabling environments in the ecosystem. They often include various stakeholders and engagement with state actors across different levels. In-depth case study analyses suggest that pursuing strategic approaches might be more successful in influencing tax policy and administration reform (de Renzio & Lakin, 2020) and fostering transparency and accountability in other sectors (Fox (2015), Fox (2016)).

In addition, numerous contextual factors determine the effectiveness of CSOs approaches within these entry points. For example, the effectiveness of information dissemination and transparency is among others affected by the accessibility of the information, taxpayers' trust in the source, and current levels of awareness on the issue. Discussing these factors in depth for all entry points is beyond the scope of this report. That said, the World Bank's Study on Social Accountability can be a useful resource when analyzing entry points in tax administration reform (Grandvoinet et al., 2015).

Our system map should be understood with the following limitations in mind. First, the relationships in this map are necessarily a simplification of what actual interactions may look like. For example, few interactions will be strictly bilateral. Second, the mapping does not claim to be exhaustive and likely omits stakeholders and relationships that may be important in a given context. We encourage others who apply this map to tailor it to the given context, e.g. by conducting a political economy analysis of the local context (Sharp, et al., 2019). Third, as mentioned above, we aggregate various types of civil actors in this description. Yet, many CSOs may not pursue equitable taxation as their main goal. As a result, we expect CSOs to engage with this topic in different ways.

Figure 1 - Systems Map of the Tax Ecosystem



Evidence on CSOs' Entry Points

In this report, we provide a high-level assessment of what we know and do not yet know about CSOs' potential roles in domestic tax policy implementation. We discuss specific approaches that CSOs may pursue within each of the four entry points identified above and synthesize the available evidence on these strategies. We identify relevant literature based on a screen of the research and funder initiatives in Appendix I and complement this with an independent search of the literature. In this search, we include both rigorous quantitative studies and qualitative case study reports.¹⁰ We also use selected findings from the broader social accountability literature wherever applicable and existing evidence specific to tax is scarce. Lastly, we integrate anecdotal evidence from key informant interviews with researchers, practitioners, and funders.¹¹

This evidence reviewed covers case study analyses and experimental studies spanning countries in Sub-Saharan Africa, South East Asia and Latin America, although most studies are based in Sub-Saharan Africa.¹²

FOSTERING TRANSPARENCY AND TAXPAYER AWARENESS

CSOs can play a key role in raising taxpayer awareness on tax administration and in fostering transparency of the information, processes and equity implications of tax administration. There is some evidence documenting CSOs approaches and strategies in raising taxpayer awareness, while evidence on CSOs role in fostering transparency is scant.

Taxpayer literacy is low. In many contexts, taxpayers do not know what types of taxes they are supposed to pay, when to pay, and how to pay (Isbell, 2017). This knowledge seems particularly low among small taxpayers (Nalishebo & Halwampa, 2014). Even though revenue authorities routinely engage in taxpayer education, e.g. through radio and social media (Mascagni & Santoro, 2018), the effectiveness of such state-led efforts is unclear (Prichard et al. (2019), Mascagni et al. (2019)).¹³ The first experimental study of taxpayer education finds increased knowledge, compliance, and tax morale in Rwanda (Mascagni et al., 2019).

For taxpayers to understand the link between tax collection and service provision is key but not sufficient to spur compliance. Survey evidence from Sierra Leone and Ghana suggests that citizens primarily want to know - and see - how tax revenues are spent and be reassured that revenues are used well (van den Boogaard et al., 2020). Experimental evidence from the Democratic Republic of the Congo (DRC) suggests that tax compliance remains low because of such concerns (Paler, et al., 2017). Further, an experimental study from Haiti finds that stronger enforcement leads to lower compliance

¹⁰ We provide more information about the literature search and inclusion criteria in Appendix II.

¹¹ We provide a list of the stakeholder interviews we conducted in Appendix III.

¹² The literature reviewed is based on evidence from: Burundi, Democratic Republic of Congo, Ghana, Sierra Leone, Kenya, Uganda, Thailand, Vietnam, Brazil, Mexico, Guatemala.

¹³ Some studies suggest that the effectiveness of such efforts may be limited due to their focus on increasing compliance, rather than establishing a broader narrative linking tax collection to services and taxpayer rights (Mascagni & Santoro (2018), van den Boogaard et al. (2020)). Other studies discuss the importance of generating and disseminating evidence on local tax burdens in helping citizens engage more with tax issues (Prichard (2018), van den Boogaard et al. (2020)).

and increased political protest, whereas the provision of a valued public good (garbage removal) increases tax compliance and decreases violence (Krause, 2020). In contrast, Evidence in Governance and Politics' (EGAP) Metaketa Round II focused on taxation, a coordinated, global research effort of six experimental studies, finds that providing taxpayers with information on the link between taxation and public services is generally not sufficient to translate increased intentions to formalize into actual formalization and increased tax revenue (Grady et al. (2020), Gottlieb et al. (2020)).¹⁴ Instead, individual decisions appear to be driven by weighing expected benefits with expected costs, and may be affected by the messenger of the information as well as the availability of outside options.¹⁵

While CSOs are well positioned to foster taxpayer awareness in theory, only few CSOs focus on it in practice. A recent global survey of CSOs, conducted by the International Budget Partnership (IBP) as part of its Tax Equity Initiative, reveals that “literacy and awareness raising” is the least prevalent activity in CSOs' work, with about 50% of CSOs engaging in it (Mohiuddin & de Renzio, 2020). However, CSOs may have potential to engage more in this area given their reach into local communities, especially at subnational levels (Prichard, 2010). At the same time, the IBP survey finds that only about 50% of CSOs who report working on domestic tax, state to also work on subnational levels, emphasizing the importance for CSOs to build coalitions, which we discuss in the following section. In doing so, CSOs may play a critical role as creators and translators of tax information through messaging that is intuitive, salient, and accessible to taxpayers, e.g. by using local languages or audio-based content (van den Boogaard et al., 2020).

Some findings indicate that CSOs can successfully engage in raising taxpayer awareness. A process tracing study in Kenya finds that a CSO educating citizens on the basics of taxation and the link between revenues and services increased citizens' confidence to demand accountability on how resources are raised, allocated and spent (Delgado, 2018). In Sierra Leone, the Budget Advocacy Network is making revenue information accessible in local languages via short videos shared on social media (van den Boogaard et al., 2020). A case study in Guinea finds that a USAID project seeking to link the collection of local market taxes to the construction of improved market facilities, combined with information on the link between these, resulted in a doubling of revenues due to greater compliance and community monitoring of tax collectors (Prichard, 2010).

CSOs can engage the media as effective allies to create positive narratives to engage taxpayers on taxation. Meaningful transparency requires information to reach citizens and to convey a “credible and appealing” narrative that counters prevalent mindsets around taxation (Mohiuddin & de Renzio, 2020). Qualitative evidence suggests that CSOs working on domestic taxation still need to “learn how to [better] leverage the media to their benefit” (*ibid*). One emerging lesson is that relatable information can be effective: A case study from Mexico finds that Fundar's framing of tax amnesties as “fiscal privileges” for the wealthy was key in attracting and maintaining the media’s attention, better enabling the average taxpayer to engage with the topic (de Renzio & Lakin, 2020). In terms of

¹⁴ There are a total of six studies in the Metaketa Round II. We only cite the studies that were publicly accessible when writing this report.

¹⁵ The EGAP study conducted in Malawi, for example, randomly provides a subset of citizens with information about how tax compliance will contribute to maintaining free waste collection, a service provided as part of the study. The study finds no effect of the information campaign on tax compliance and hypothesizes that this may be due to readily available alternatives to dispose of waste, e.g. through dumping (Grady et al., 2020). A second EGAP study conducted in Lagos, Nigeria, “randomly assigned market vendors to receive tax from state or non-state agents [and finds] that non-state actors are not effective messengers for state tax initiatives, but state tax appeals can be effective when state agents are trusted and viewed as credible” (Gottlieb et al., 2020).

modes of information provision, although likely varying by context, local radio remains the most popular in Western Africa, both in terms of audience numbers and geographical reach (van den Boogaard et al., 2020). Case studies also describe the use of twitter and other social media to share information on domestic taxation, with mixed levels of success (de Renzio & Lakin, 2020).

We find little evidence of CSOs fostering transparency through independent research or amplifying available information on tax administration. Based on anecdotal evidence from our stakeholder interviews, information on tax administrative topics, such as non-compliant taxpayers, is publicly available in many contexts. At the same time, this information appears rarely used or amplified by CSOs, raising a question around potential constraints to effective use of available information.¹⁶ A deeper investigation could shed light on what information on tax administration is publicly available, how this information overlaps with evidence CSOs have access to, and how CSOs do (not) use this evidence in their work towards more equitable tax systems.

Areas for further investigation on CSOs' role in fostering transparency:

- What type of information, narratives, and dissemination strategies are effective in engaging citizens with tax issues?
- How can CSOs more effectively collaborate with the media to increase taxpayer awareness on tax collection and the link between expenditure and equity concerns?
- What information about tax administration is publicly available? To which extent are CSOs aware of this information and to which extent do they (not) use it to foster transparency?

MOBILIZING TAXPAYERS

Transparency and awareness can lead to individual empowerment to engage with tax issues among taxpayers (Delgado, 2018) but may not necessarily result in collective engagement. CSOs can engage with a wide range of other civic actors to expand their outreach and to mobilize citizens on tax equity. Building effective coalitions with a broad set of groups and actors has been mentioned across our interviews as one of the most effective activities CSO can engage in. There is some evidence on the approaches that CSOs may use in building coalitions as part of this entry point.

CSOs can mobilize citizens by engaging citizen interest groups around tax equity issues, especially on subnational levels. CSOs expand their outreach by engaging with existing groups and associations, such as worker unions, small business associations, and religious communities (van den Boogaard et al., 2020). In doing so, CSO may need to identify narratives on tax equity that various interest groups align with (de Renzio & Lakin, 2020). Case study evidence from Guatemala shows how ICEFI, a local CSO, used a corruption scandal to build support among a broad range of groups who would normally not have engaged with tax administration issues. Promoting reforms for improving transparency and governance in tax administration through this coalition equipped ICEFI with a high credibility when subsequently entering negotiations about tax reform with the government (Mohiuddin & de Renzio, 2020). Evidence from Sierra Leone suggests how a civil society program led by Plan USA worked with youth associations and stakeholders through outreach, training and engagement, which encouraged

¹⁶ We discuss several approaches that CSO could use to generate information in collaboration with Revenue Authorities further below.

tax compliance and broader engagement in the tax collection process (van den Boogaard et al., 2020). Case study evidence from Ghana and Sierra Leone suggest that trade unions and business associations may be potential groups that CSOs can mobilize, as “these groups often have a natural interest in tax issues and, in principle, broad popular constituencies” (*ibid*).¹⁷

CSOs can work through specific and credible actors to act as grassroots mobilisers. Process tracing evidence from Kenya documents how CSOs leveraged social auditors¹⁸, who regularly oversee public service provision, to engage the broader community on issues in tax administration through linking public service provision to tax revenue (Delgado, 2018). The social auditors were trained by CSOs on taxation and public expenditure, budget cycles and public participation and then leveraged a variety of existing fora to share their newly acquired knowledge with the broader community.

CSOs can build horizontal and vertical coalitions with groups and organizations specifically focused on equity issues related to human rights, gender and youth (de Renzio (2020), Delgado (2018)). Evidence from a CSO tax scan conducted by IBP shows that CSOs cited “finding good partners/coalitions to join” as one of the key constraints in expanding the depth and breadth of their work in domestic taxation. They expressed a need for more civil society partners that could engage in movement building with ordinary citizens (Mohiuddin & de Renzio, 2020). To build coalitions, CSOs can explore how tax equity can be aligned with other equity concerns related to specific vulnerable groups, like women and youth which can also lend insights into specific entry points to engage with each sub-group (Delgado, 2018). INESC in Brazil built a broad coalition of about 100 civil society organizations from grassroots CSOs, social movements, labor unions, religious organizations, and research groups linked to universities to oppose a regressive tax reform. They created the “movement to defend social rights under threat by tax reform”, thereby aligning tax justice with social justice.¹⁹

Effective coalitions bring on board a wide set of skills and allow for peer learning. IBP’s Tax Equity Initiative identifies three broad sets of skills that are important for CSOs and coalitions engaging in tax reform. These are 1) technical capacity to understand and analyze topics of equity in tax administration, 2) political capacity to engage with different stakeholders, and 3) communications capacity to disseminate information and craft strong and compelling narratives (Mohiuddin & de Renzio, 2020). For example, Oxfam worked with a wide range of national and sub-national partners in Vietnam and Kenya to create the Tax Justice Alliance, which was purposely designed to bring together partners with specific comparative advantages (Delgado, 2018).²⁰ Anecdotal evidence on fora like TJNA’s academy and IBP’s LATERAL CSO coalition suggests the importance of peer learning to build capacity across coalition partners.

¹⁷ The study also highlights the risk of such groups pursuing narrow interests, inhibiting citizen groups’ interest to collaborate. CSOs may therefore engage in particular with traditionally marginalized groups, fostering inclusivity.

¹⁸ “Social auditors are volunteer community members who are trained to play an oversight role in how the public budget is spent. They are normally selected from already active citizens and leaders of religious groups, community-based organizations or community committees, among others.” (Delgado, 2018) These auditors are usually mobilized by CSOs working in the communities.

¹⁹ INESC is one of the stronger CSOs in Brazil in tax advocacy, both in terms of technical capacity, experience and outreach which enabled them to build and lead this coalition with momentum.

²⁰ In this case, coalition partners included CSOs with a strong scientific background, expertise in governance and gender issues, grassroots organizations that could help build a critical mass of support in communities, and other organizations with a strong outreach on social media and among the younger population. The various CSOs recognized that their capacity to understand the technicalities of taxation and its social and justice dimensions were still limited.

There is limited evidence on how CSOs can build alliances with the media to mobilize citizens through campaigns. As mentioned in our section on fostering transparency, the media can play different roles, ranging from day-to-day reporting to investigative journalism to uncover large scandals, such as the release of the 'Panama Papers'.²¹ By and large, the role of the media in the larger tax ecosystem remains under-explored (de Renzio & Lakin, 2020). A case study on Uganda's tax on mobile money transfer suggests that radio campaigns in rural areas were perceived as an effective tool to generate discussion among citizens and to mobilize local politicians to pressure representatives in parliament (*ibid*).²² Quasi-experimental evidence from Mexico shows that in areas with higher coverage of radio stations, citizens sanction malfeasance more in local elections than in areas with fewer radio coverage (Larreguy et al. (2014), Benjamin A. Olken & Pande (2019)).

For mobilization efforts to be effective, CSOs need to construct compelling narratives. IBP's survey of CSOs finds that a critical constraint CSOs face is the lack of "compelling - or compelling enough - narrative[s] around the need for a more equitable tax system and tax compliance" (Mohiuddin & de Renzio, 2020). These narratives need to be strong enough to counter prevailing narratives for low taxation, including a "'free-market, small government' narrative around the right to individual wealth and the paramount role of business in society." (*ibid*). There are three such narratives that have been found successful and often used in conjunction: 1) promoting fairness and equity, 2) explaining that governments need funds to provide services, and 3) promoting transparency and anti-corruption measures (*ibid*).

Areas for further investigation on CSOs' role in mobilizing taxpayers:

- How can other civic actors (that may not primarily work on tax) more easily relate to and integrate tax equity in their agenda?
- What are barriers in creating alignment among diverse sets of CSO coalitions and how can they be overcome?
- What lessons learnt from CSOs' work on tax policy, the international tax justice movement, and other social accountability sectors such as health or education apply to CSOs work on domestic tax reform?

FACILITATING PARTICIPATION

CSOs can facilitate taxpayers' participation in demanding accountable tax administration through fostering the process of tax bargaining between citizens and the state. In fact, IBP's survey of CSOs finds "creating pathways for participation and engagement in tax policymaking" to be among the three most frequently stated activities CSOs report to work on (Mohiuddin & de Renzio, 2020). Yet, the evidence base of this entry point remains weak.

²¹ <https://www.icij.org/investigations/panama-papers/>

²² Anecdotal evidence from Sierra Leone suggests that using media like the radio, especially through live radio talk shows between citizens and tax collectors was perceived to have helped create dialogue and foster transparency (van den Boogaard, et al., 2020).

CSOs can facilitate tax bargaining between citizens and the state, but the evidence base is weak.²³

Experimental evidence from the DRC, a fragile state, finds that increased efforts by the local government to collect property tax increased citizens' political participation: citizens forgo income by spending time to attend town hall meetings and submit government performance evaluations (Weigel, 2020).²⁴ This study also shows that tax bargaining depends on both citizens' propensity to demand reciprocity for taxes and governments' capacity and incentives to respond to such demands (van den Boogaard, et al., 2020).²⁵ A Global Survey Experiment shows significant increases in tax morale when citizens are allowed to voice their expenditure preferences to the Government (Sjoberg, et al., 2019). Evidence on CSOs facilitating such tax bargaining is scarce.²⁶ A case study from Huai-Kapi in Thailand describes how the local government established civic forums to engage with citizens. The government involved CSOs to better understand local needs, build public acceptance and trust, allowing it to more effectively mobilize revenues (Wainer, 2019).²⁷

CSOs can facilitate the establishment of safe and inclusive spaces required for taxpayer participation

(van den Boogaard, et al., 2020). A process tracing study from Kenya finds that social auditors were not able to effectively participate in existing public spaces due to a lack of invitation from the local government. In contrast, in areas where CSOs actively facilitated the interaction between the government and social auditors, the evidence shows higher potential of citizen participation (Delgado, 2018). In Sierra Leone, the "Enhancing the Interaction between Citizens and the State" program used a range of tools to enable state-citizen engagement, including training on budgeting, facilitating community and municipal meetings, dialogues and radio programs, and persuading state actors to actively communicate with citizens. This combination of strategies is perceived to have empowered citizens, while simultaneously creating platforms for constructive discussion (van den Boogaard, et al., 2020).²⁸ Lastly, vulnerable community groups may not be able to participate due to the power dynamics between different stakeholders and a perceived risk of reprisal from openly demanding accountability (Grandvoinet et al. (2015), Delgado (2018), Mohiuddin & de Renzio (2020)).²⁹

CSOs can advocate for the creation of effective formal participatory spaces where none exist. While the evidence on the creation of tax-specific participatory spaces is scarce, process tracing results from Kenya describe how CSO advocacy efforts focused on the implementation of the 'Public Participation

²³ Tax bargaining is the process through which citizens and governments enter into a "fiscal contract", whereby citizens comply with the tax administration to pay taxes in lieu of provision of public services and increased accountability, and a fair and effective rule of law (Prichard, 2010).

²⁴ Additional evidence on the expansion of taxation contributing to expanded state responsiveness and accountability comes from a growing array of cross-country econometric studies summarized in van den Boogaard et al. (2020).

²⁵ Citizen participation may in turn increase tax morale and compliance, creating a virtuous cycle. Quasi-experimental evidence from Brazil shows that Municipalities with participatory institutions collect significantly higher revenues than municipalities that do not have strong participatory mechanisms (Touchton, et al., 2019).

²⁶ Based on stakeholder interviews, Save The Children mobilized the association of motorbike taxi operators to engage with local government in a Kenyan county. As a result of this engagement, the local government agreed to reduce the tax rate and adopted a phone-enabled payment system for the drivers to pay taxes, which resulted in higher tax compliance and increased government responsiveness to the drivers' demands.

²⁷ We expand on CSO approaches to engage with local government in the next section.

²⁸ An experimental study on health service delivery in Uganda shows that creating committees for citizens and program providers to discuss program delivery information and to align on future actions for improvement actually improves performance (Benjamin A. Olken & Pande, 2019).

²⁹ Participants in formal spaces tend to be wealthier, male, better educated, and with more social and political capital than nonparticipants, rendering these spaces to "elite capture" (Mansuri & Rao, 2012).

Act' led to the creation of public participation forums (Delgado, 2018). Further, some quasi-experimental studies assessing participatory budgeting outcomes in Brazil find that citizens' involvement in budget allocation and local development planning resulted in more transparent budgeting processes that are more responsive to citizens' needs, empowered marginalized groups, made the budget more pro-poor, and reduced corruption (Mansuri, 2013). At the same time, JPAL's Governance Initiative suggests that the structure and context of formal participatory spaces matters and remains a subject for future work. Finally, the wealth of experimental studies on the effectiveness of community forums to monitor service provision finds mixed effects on accountability and performance outcomes (Benjamin A. Olken & Pande, 2019).

CSOs can engage with local media platforms and use digital tools to create interactive spaces for dialogue between the government and citizens. Case study evidence from Ghana and Sierra Leone suggests that citizens value *interactive* forms of information dissemination, such as call-in radio shows, because they allow for meaningful engagement with government officials through questions and dialogue (van den Boogaard, et al., 2020). In addition, such platforms more easily guarantee anonymity, lowering fear of reprisal changing power dynamics (*ibid*). Case study evidence from South Kivu in the DRC shows that the use of digital tools, such as SMS messaging, can be an effective way to facilitate citizen participation, spur tax compliance, and increase revenue collection manifold on local levels (World Bank, 2014).³⁰

We find little evidence on CSOs facilitating participation for smaller or larger businesses on tax implementation related topics. This lack of evidence may be due to businesses pursuing particularly narrow forums of participation (Prichard et al. (2019), Prichard (2010)). Anecdotal evidence from Ethiopia describes that small businesses raising concerns about arbitrary application of presumptive taxes "led state governments to invite business associations to joint assessment committees" (Prichard, et al., 2019). Further anecdotal evidence from Kenya describes how Save the Children worked with local NGOs, small businesses and the local government to improve tax collection for small businesses, which among others led to a reduction in market fees for small businesses and increases for larger supermarkets, while increasing overall compliance.³¹ Similar consultative spaces to encourage compliance among larger businesses exist in many contexts and may enable businesses to lobby for favorable policies (*ibid*). We do not find rigorous evidence on how such forums can enable a broader tax bargaining and contribute to accountable tax administration systems.

Areas for further investigation on CSOs' role in facilitating participation:

- What role can CSOs play in creating spaces for taxpayer participation, in particular in fragile states and other contexts where such forums may not yet exist?

³⁰ This tool was designed by a donor-funded coalition of civil society, private sector, IT experts, and both provincial and local government. The tool informed citizens about meetings on budget allocations, elicited their preferences on public works to prioritize, and allowed citizens to provide feedback on public service provision. Revenue collection is reported to have increased up to 20 times.

³¹ Refer to "From Bungoma to Paris: Local Citizen Engagement Through the Addis Tax Initiative" (Andrew Wainer, 2018), <https://blog.savethechildren.org/2018/12/from-bungoma-to-paris-local-citizen-engagement-through-the-addis-tax-initiative.html>

- What factors, including but not limited to social structure and power relationships, determine the effectiveness of formal spaces for CSO and community participation in tax policy implementation?
- How can CSOs advocate for existing legal forums for public participation to be made more accessible and meaningful to local taxpayers and communities?
- How can CSOs leverage small and large business associations as forums for broader taxpayer participation for citizen state interaction?

ENGAGING WITH STATE ACTORS

Previous sections focused on bottom-up approaches for CSOs to address taxpayer awareness, mobilization, and participation. In this section, we focus on how CSOs can directly engage with national and subnational state actors to advance equitable tax administration. We explore both collaborative and confrontational approaches. Overall, the evidence base for this entry point is weak.

Agents in revenue authorities may use arbitrary and abusive collection and enforcement practices, possibly exacerbating unfairness in the tax system, especially when targeted towards less educated and vulnerable groups (Prichard, et al., 2019). Abusive collection practices can contribute to low tax morale and compliance. Descriptive evidence from Nigeria shows that tax morale is strongly associated with trust in tax collectors and officials (McCulloch, et al., 2020). Experimental evidence from the DRC indicates that tax collection that follows universal procedures, is perceived as non-coercive, and is administered in a professional manner can increase taxpayers' perception of the local government's legitimacy to collect taxes and tax compliance (Weigel, 2018). CSOs can engage with Revenue Authorities on improving taxpayer facing functions like enforcement. From our stakeholder interviews, we learned that national CSOs are working to collaborate with Revenue Authorities to engage in improving enforcement and compliance practices, which often are unfair and perceived as negative by citizens.

Local governments and CSOs can collaborate to make revenue collection, compliance, and enforcement more equitable. CSOs may have a more direct link to communities and taxpayers may trust their intentions more than those of revenue authorities.³² A case study from Burundi describes that a local CSO was invited to participate in tax and budget conversations and to monitor tax collection and the use of funds, while increasing citizens' awareness of this process. This is perceived to have led to increased trust in the government and higher revenue collection in subsequent years (Wainer (2019), World Bank (2014)).³³ Similar collaborations between local governments and CSOs to improve tax collection processes exist in Mozambique and Thailand (Wainer, 2019). These case studies suggest that CSO-state collaborations may be particularly promising on subnational levels - or in fragile contexts, where CSOs ties to communities are stronger and government legitimacy and governance systems tend to be weaker (Wainer (2019), Weigel (2018)).

At a national level, CSOs use a mix of collaborative, confrontational, and multi-pronged approaches to engage with state actors, mostly on topics around tax policy (Mohiuddin & de Renzio, 2020).

³² Survey evidence from many countries finds Revenue authorities to be perceived as the least trusted institutions and/or those most likely involved in corruption (Isbell, 2017).

³³ A key factor for this successful collaboration was the presence of a reform-minded administrator.

Evidence on CSOs collaborating with national revenue authorities centers on conducting joint research to propose progressive tax policies to the Ministry of Finance (Sharp, et al., 2019).³⁴ CSOs have also used confrontational approaches to challenge regressive tax policies and practices, either through protests or judicial review. Case studies from Ghana and Kenya, for example, show how CSO advocacy is perceived to have played a role in mobilizing citizens to protest regressive VAT policies (Wainer (2019), Sharp et al. (2019)). A case study from Mexico describes how Fundar, a local CSO, successfully used multiple strategies, including public interest litigation, to demand the release of information on recipients of tax amnesties (de Renzio & Lakin, 2020).³⁵ Anecdotal evidence suggests that public interest litigation requires high levels of technical capacity, human and financial resources, and long preparation - with uncertain implications for long-term relationships with the state. How CSOs can effectively leverage the judicial system to demand equity in tax systems is therefore an area for further investigation (*ibid*). Finally, a case study from Brazil describes how INESC, a local CSO, managed to simultaneously engage in both collaborative and confrontational approaches (Wainer, 2019).³⁶ Other successful cases of tax policy reform also seem to simultaneously employ a similar mix of both "insider" and "outsider" strategies (de Renzio & Lakin, 2020).

Even though the evidence is scarce, CSOs can explore a similar combination of approaches to collaborate with Revenue authorities to increase tax compliance, transparency, and accountability.

Larger, technically-skilled CSOs can build relationships with research and policy units within national revenue authorities to produce and disseminate research and information that may enhance equity in the tax system.³⁷ CSOs may also independently conduct such research and scrutinize information published by Revenue Authorities, such as annual reports or revenue collection statistics. This independent research may allow CSOs to assess Revenue Authorities' performance, contributing to increased transparency and allow to identify areas in which to increase tax compliance, e.g. through targeted audits, and demand further accountability.³⁸ In a similar vein, the TADAT secretariat expects Revenue Authorities to conduct public perception surveys, establish a taxpayer ombudsman, and to follow external audit mechanisms, which are often linked to anti-corruption agencies.³⁹ CSOs can advocate for these measures to be implemented and monitor their effectiveness. Moreover, CSOs could engage with Supreme Audit Institutions to promote public oversight and accountability.⁴⁰

³⁴ Survey results show that the majority of the CSOs, especially in Asia and Sub-Saharan Africa report research and analysis as their key activity (Mohiuddin & de Renzio, 2020).

³⁵ A case study from Kenya describes how the Tax Justice Network Africa (TJNA) initiated a successful lawsuit to stop Kenya's double tax agreement with Mauritius in 2014 (de Renzio & Lakin, 2020).

³⁶ INESC coordinated a coalition of civil society opposition against a proposed tax reform that would have given additional tax breaks to the wealthy and eliminated funds earmarked for social services, while at the same time building coalitions with the government and legislature.

³⁷ For example, CSOs could collaborate with national revenue authorities to design more effective taxpayer education programs, while simultaneously improving enforcement strategies. In pursuing this strategy, CSOs could engage with other research organizations and networks, such as the African Tax Research Network, to research promising equity enhancing tax administration measures, such as increasing tax compliance among High Net Worth Individuals or property taxation (Moore, 2020).

³⁸ The Tax Administration Diagnostic Assessment Tool (TADAT) assesses Revenue Authorities performance in various dimensions, including but not limited to revenue collection, transparency, digitalization, accountability, and taxpayer services. CSOs can use the results of this assessment (if publically available) to analyze gaps in tax administration performance and raise demands for accountability.

³⁹ An ombudsman has invested powers to investigate taxpayer complaints, e.g. around unfair treatment, poor service, or uncorrected administrative mistakes.

⁴⁰ Supreme Audit Institutions are increasingly exploring "innovative ways to engage citizens and leverage the capacity of civil society, breaking with a tradition of working in relative isolation." (Grandvoinet, et al., 2015)

The evidence on CSOs demanding accountability on topics related to tax administration is limited and understanding the absence of such activities is critical. There is some evidence on CSOs successfully demanding accountability from other sectors. A case study from South Africa describes how a local think tank used a report of the auditor general to launch an advocacy campaign to hold service delivery agencies accountable for incorporating the recommendations in their action plans (Grandvoinet, et al., 2015). In addition, several experimental studies outside the area of tax administration suggest that audit institutions can deter and reduce corruption, even in contexts in which auditors have incentives to be corrupt themselves (Benjamin A. Olken & Pande, 2019). We are not aware of comparable research on CSOs interactions with independent audit institutions or other state actors such as the legislature (Lakin, 2020).

There is little evidence on how CSOs can directly work with international funders and financial institutions (IFIs) to advocate for tax administrative reform, in light of IFIs pre-existing relationships with national governments and increased focus on domestic revenue mobilization. The World Bank, for example, seeks to integrate citizen engagement in lending instruments, country strategies preparation, and policy formulation and engaging with CSOs is one element of its stakeholder consultation strategy (World Bank, 2018). Similarly, in 2016, the Platform for Collaboration on Tax (PCT), an initiative by the IMF, OECD, the United Nations, and the World Bank, developed the concept of a Medium-Term Revenue Strategy (MTRS) to achieve increased tax revenues. While civil society is desired to play a role in the MTRS development, the limited available evidence indicated mixed results (Mullins, 2020).⁴¹ In addition, many of the tax administration reforms and policies that IFIs and Revenue Authorities engage in may not be transparent or easily understood by average taxpayers.⁴²

Areas for further investigation on CSOs' role in engaging with state actors:

- What approaches appear most successful for CSOs to engage with revenue authorities on topics around tax equity? How can CSOs balance collaboration with confrontation in working towards transparent and accountable tax policy implementation?
- What role can accountability mechanisms such as the judiciary and independent audit agencies play in CSOs engagement with the state? How can CSOs engage with the legislature to advocate for institutional changes in tax administration? How can CSOs enter traditionally 'closed' spaces, such as official audit processes of Revenue Authorities?
- What role should CSOs play in collaborating with revenue authorities on taxpayer facing functions related to taxpayer education, tax collection, and enforcement?
- What avenues are there for CSOs to collaborate with International Financial Institutions to advocate for Domestic Resource Mobilization strategies to be more inclusive?

⁴¹ Published MTRS are available for only three countries and civil society's engagement in developing these is reported to vary widely across context (Mullins, 2020).

⁴² Country-by-country results of the Tax Assessment and Diagnostic Tool (TADAT), developed by the International Monetary Fund, for example, are in many cases not publicly available due to potentially sensitive information.

Conclusion

Increasing domestic revenue collection is critical for states to finance development. A large proportion of international support for tax administration has therefore been dedicated to further increase the efficiency and effectiveness of revenue administration. However, other aspects of revenue administration that enhance equity like transparency and accountability, have not been addressed as explicitly.

In this evidence review, we therefore focus on the role of civil society organizations in contributing towards more transparent, accountable, and equitable administration of taxes. Given the relatively less attention, our review focuses exclusively on domestic taxes. The existing evidence base rests on studies conducted – in decreasing order – across Sub-Saharan Africa, South-East Asia, and Latin America. The evidence is mostly derived from case studies and to a lesser extent from more rigorous within-case study analyses or experimental studies. International NGOs, think tanks, and multilateral agencies are the key organizations producing this research, with few studies produced by local researchers.

We identify four roles, or points of entry, for CSOs: fostering awareness and transparency, mobilizing taxpayers, facilitating participation, and engaging with state actors. For each of these entry points, we synthesize existing empirical and anecdotal evidence collected through interviews, describe emerging themes, and identify areas for further investigation.

All of these four roles are promising, but there is limited evidence documenting CSOs' experiences with different types of strategies. While taxpayer literacy is low, literacy and awareness activities are the least prevalent areas of work among CSOs engaging on tax issues globally. CSOs could play a key role in increasing taxpayer awareness on taxation and the link between taxes and expenditure. Even though anecdotal evidence states that information on gaps in tax administration is available in many contexts, evidence documenting whether CSOs are aware of or use this evidence to foster transparency is scant. Further, awareness and information are necessary, but not sufficient components in advancing equitable taxation. Some case studies document CSOs' successes in building coalitions with a diverse set of actors to mobilize taxpayers on tax administration issues. At the same time, compelling narratives around fairness and equity necessary to align with the broader work on social justice remain under-explored. There is less evidence documenting CSOs' approaches to facilitate taxpayer participation in public forums on tax and tax administration, for example through the creation of safe and inclusive spaces for interaction. Yet, tax bargaining considerations provide a promising opportunity to explore. Moreover, there is little evidence documenting CSOs engagement with state actors such as revenue authorities, audit institutions, the judiciary, and the legislature on tax administration. The case study evidence from CSOs' engagements with these actors on topics of tax policy reform indicate promising pathways to success. Ultimately, our review indicates that CSOs may need to play multiple of these roles and use a multitude of strategies simultaneously to effectively advance a broader tax equity agenda.

We highlight a subset of areas for further investigation to advance our understanding of CSOs role in strengthening tax administration here:

- What narratives and dissemination strategies effectively engage citizens with tax issues?
- What information about tax administration is publicly available? To which extent are CSOs aware of this information and to which extent do they (not) use it to foster transparency?

- What lessons from CSOs' work on tax policy, the international tax justice movement, and other social accountability sectors apply to CSOs' work on domestic tax reform?
- What role can CSOs play in creating formal spaces for taxpayer participation?
- What role can accountability mechanisms such as the judiciary and independent audit agencies play in CSOs direct engagement with state actors?

We also highlight some points of reflection for funders who strive to support civil society organizations to work towards increased accountability in domestic tax policy implementation:

- **Working toward accountable systems may take a decade or more – a timeline that may be in tension with shorter, project-based support.** Exploring ways to support local CSOs on their path to long-term, diversified, and flexible funding may therefore be an important consideration.
- **Civil society organizations may require higher than traditional levels of flexibility to be able to react effectively to narrow windows of political opportunity.** In experimenting with novel strategies, including public interest litigation, it may be more difficult for CSOs to predict when and what extent of resources may be required.
- **Working through effective coalitions emerges as a critical component - and is a topic that funders may have ample experience with.** Ensuring that coalitions are - and remain - unified in purpose is particularly important given that coalition partners' may have different narratives about equity in this field.
- **Expanding on the scarce evidence base means to better understand the contribution of CSOs to changes in highly complex systems.** Rigorous micro-studies may often only provide compelling answers to a subset of these questions. A broader rigorous toolkit including methods such as process tracing may provide a more systematic understanding of CSOs contribution.
- **CSOs may be inhibited from engaging in accountability activities due to the inherent political risks involved in holding governments accountable.** Understanding these risks and uncovering learnings from CSOs engagements in budgetary processes may enable CSOs to work effectively in this space.

We hope that this background paper can provide the basis for a broader conversation among researchers, practitioners, and funders about the implications of what we know and do not know for collaborations in partner countries.

Appendix

APPENDIX I - OVERVIEW OF RESEARCH AND FUNDER INITIATIVES

In this section, we provide an overview of recent research and funder initiatives in the field of taxation, with a focus on the role of civil actors and government capabilities. For each initiative, we highlight the coordinating organization and funder, we provide a summary of the initiative, the research questions it sets out to answer, and its geographic and methodological focus.

Table 3 – Overview of Research and Funder Initiatives

Name of Initiative	Coordinator and Funder*	Description of Initiative	Key Research Questions	Geographical Focus	Research Methodology
Tax Equity Initiative	International Budget Partnership (IBP)	Started in 2020, the objective of this initiative is threefold: 1. To generate and share knowledge around civic actors' engagement in tax policy reforms, 2. To foster tax transparency and participation, 3. To support civic actors' with domestic tax reform through training, technical assistance and peer learning.	<ul style="list-style-type: none"> • What strategies, tools, and approaches have CSOs used to influence domestic tax reform? • What does political economy of tax reforms look like? What are lessons for CSOs? • What knowledge and training do CSOs need to effectively engage with domestic tax reform? 	Global, with a focus on Latin America and Africa	<ul style="list-style-type: none"> • Case studies • Literature Review
Latin America Tax Expenditure Research, Advocacy, and Learning (LATERAL) project †	IBP	Started in 2016, the objective of this project is to support ten CSOs to increase the transparency, equity and accountability of tax expenditure policies through raising public awareness and coordinated advocacy.	<ul style="list-style-type: none"> • What is the impact of tax expenditures on economic performance and equality? • How do governments' procedures to establish, report, and evaluate tax expenditures compare to the characteristics of a good tax system? 	Latin America	<ul style="list-style-type: none"> • Descriptive Analysis • Benchmarking • Literature Review
Metaketa Initiative Round II: Taxation	Coordinated by Evidence in Governance and Politics (EGAP); partially funded by the former Department for International Development (DfID)	The Metaketa Initiative coordinates field experiments across countries to increase externally valid knowledge from field experiments for selected themes. Initiated in 2016 and concluding in 2020, Round II included six studies assessing the effect of information interventions alongside assistance and/or subsidies on formalization.	<ul style="list-style-type: none"> • What are the factors driving tax formalization in developing countries? • Could formalization trigger a chain of effects culminating in an increase in tax compliance? 	Global; one study in each DR Congo, India, Malawi, and Nigeria, Brazil, Colombia,	<ul style="list-style-type: none"> • Randomized Control Trials (RCT) • Meta-Analysis

Governance Initiative	Coordinated by J-PAL and funded by the UK's Foreign, Commonwealth and Development Office (FCDO)	Going back to 2011, J-PAL's Governance Initiative funds randomized evaluations that focus on participation in the political and policy process, reducing corruption and leakages, and strengthening state capacity. The latest cycle of requests for proposals has closed in November 2020.	<ul style="list-style-type: none"> • Generally, research questions vary on a study-by-study basis • The latest initiative review includes several relevant topics, such as: <ol style="list-style-type: none"> 1.The determinants of leakages and corruption: the incentives and structure of bureaucracy, technology, transparency, the judiciary system [...] 2.Monitoring public service delivery: information flows, government monitoring, and citizen monitoring 3.E-governance and demographics 	Global with a focus on Latin and South America, Africa and Asia	<ul style="list-style-type: none"> • RCTs • Literature Review
Tax and Governance Research Theme	International Center for Taxation and Development (ICTD), funded by the FCDO and the Bill & Melinda Gates Foundation (BMGF).	Established in 2010, the ICTD focuses on different dimensions of tax research. This research theme focuses on the link between taxation, state-building, and accountability. Among other things, it investigates the role of civil society in supporting accountability and transparency demands.	<ul style="list-style-type: none"> • What are strategies for strengthening the links between taxation and good governance at both the local and the national level? 	Developing countries with a focus on sub-Saharan Africa	<ul style="list-style-type: none"> • Surveys • Case Studies • RCTs
Revenue Mobilization Thematic Fund (RMTF)	International Monetary Fund (IMF)	Initiated in 2016 as a follow up to the Tax Policy and Administration Thematic Fund, RMTF is a collective technical assistance program to selected partner countries and regions. Besides targeted support, focus areas include the Tax Administration Diagnostic Assessment Tool (TADAT), the International Survey on Revenue Administration (ISORA), and the Revenue Administration Gap Analysis Program (RA-GAP).	<ul style="list-style-type: none"> • What are the highest impact areas for technical assistance in a given context? • What is the progress on specific tax administration reform topics? 	Global, with a focus on selected beneficiary countries	<ul style="list-style-type: none"> • Benchmarking • Descriptive Analysis
Innovations in Tax Compliance	Coordinated by the World Banks' Global Tax Program in partnership with the ICTD and BMGF.	The program pioneers a holistic approach to tax reform with the goal to increase tax compliance. It is built around the conceptual framework of Enforcement, Facilitation, and Trust. The latter encompasses the four dimensions of fairness, equity, reciprocity, and accountability.	<ul style="list-style-type: none"> • What strategies increase trust between taxpayers and tax administrations? Do these strategies lead to increased tax morale? • How does tax compliance respond to improved enforcement and facilitation? 	Nigeria, Georgia, Pakistan	<ul style="list-style-type: none"> • Surveys • Case Studies
Domestic Revenue Mobilisation Innovation Fund	Implemented by the (GIZ) GmbH, facilitated by the International Tax Compact (ITC), funded by BMGF and the German Federal Ministry for Economic Cooperation and Development (BMZ).	Launched in 2018, the fund aims to improve tax systems and enhance domestic revenue mobilisation in Africa by providing short-term funding support for the implementation of innovative ideas and new approaches.	<ul style="list-style-type: none"> • The research questions vary on a project-by-project basis 	Selected African countries	<ul style="list-style-type: none"> • Unclear

* Funders are included whenever applicable; * The LATERAL project is now formally part of IBP's Tax Equity Initiative.

APPENDIX II - STAKEHOLDERS INTERVIEWS

We appreciate the insights and reflections shared in the following interviews:

1. Regina Navuga, Grace Namugambe, Alyosius Kittengo at SEATINI Uganda
2. Wellington Jah and Chenai Mukumba from the Tax Justice Network Africa
3. Christiam Hallum at Oxfam IBIS
4. Daniel Bertossa at Public Services International
5. Wilson Prichard and Vanessa van den Boogaard at the International Centre for Tax and Development
6. Andrew Wainer at Save the Children USA
7. Paolo de Renzio and Jason Lakin at the International Budget Partnership
8. Vera Mshana at the Ford Foundation

APPENDIX III - REVIEW METHODOLOGY

The objective of this work is to provide a broad overview of the evidence on the role of civil society in the implementation of domestic tax policy. This overview is not meant to be a comprehensive and exhaustive systematic review of the empirical evidence in the field. In contrast, this work covers a broad range of evidence, including peer reviewed, scholarly research publications, research articles and case studies published by research and policy organizations, and as well as gray literature focused on the role of civil society in tax policy reform and tax policy implementation. In addition, this work includes selected evidence that discusses the role of civil actors in policy implementation and social accountability in other sectors, such as education or health care.

The evidence for this review was obtained by querying Google, Google Scholar, [J-PAL](#), [IPA](#), [3ie](#), and [World Bank](#) impact evaluation and systematic review repositories, [JSTOR](#), and websites of the research and funder initiatives listed in Appendix I.

Eligible studies are written in English, have been released since 2014, and describe i) the role of civil society in tax policy reform and/or tax policy implementation *or* ii) use a rigorous qualitative or quantitative methodology to describe the role of civil society in policy implementation in other sectors such as health and/or education.

APPENDIX IV - REFERENCES

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