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Enhancing Complementarity between the IFIs and the Regional Initiatives for Tax Reform:

With a Particular Reference to African and Latin American Context

국제금융기구와 지역 이니셔티브 간의 상보성 향상에 관한 연구:

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Abstract

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The significance of effective taxation has grown for developing countries in times of global economic downturn, as it not only facilitates capacity building of the state, but also enables stable domestic resource mobilization. Nevertheless, the lack of capacity in carrying out adequate reform in taxation by developing countries themselves calls for external assistance.

Among multilateral agencies supporting tax reform, the international financial institutions (IFIs) have long been known to lead waves of structural reform through expertise and market-oriented policies. At the same time, more recently, together with the growing influence exerted by emerging economies of the South amidst actors of development cooperation, regional tax initiatives based on the principles of South-South and triangular cooperation have also been contributing to assisting reforms of tax systems in developing countries, by promoting practices reflecting the aspect of knowledge sharing and mutual assistance.

Hence, based on the theory of framing and institutional complementarity, this paper has attempted to seek how the two salient multilateral frames under the discourse of supporting tax reform, represented by the IFIs and the regional tax bodies of Africa and Latin America, can complement each other for enhanced effectiveness in assistance, preventing unnecessary contestation and fragmentation. Having analyzed according to the main functions of tax reform assistance which are knowledge transfer and

implementation, in general it is found that the pattern of assistance by the IFIs consisted in providing high-cost technical expertise, whereas the regional initiatives had tendency to concentrate on sharing knowledge and experience among member countries which can be characterized as low-cost.

While less complementarity between the frames was shown in terms of knowledge transfer due to similar activities promoting regional partnership and capacity building, more complementarity was found concerning the implementing aspect of tax reform, attributing to the difference resulting from the IFIs' standardized assistance and diversified assistance by the regional institutions. Consequently, in order to induce more effectiveness in assisting tax reform, division of labor between the two frames to enhance complementarity as well as development of platforms encompassing actors at both international and regional levels for promoting cooperation in resolving tax-related issues can be suggested.

Keyword: Framing theory, institutional complementarity, tax reform, tax administration, multilateralism, South-South and triangular cooperation

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I. Introduction

The importance of taxation has never been more emphasized for developing countries in line with global discourses on domestic revenue mobilization. Following the Monterrey Consensus and the Doha Declaration, the Addis Tax Initiative which was launched at the Third International Financing for Development (FFD) Conference in Addis Ababa in 2015 has mainly advocated the mobilization and effective use of domestic resources, along with the doubling of technical cooperation on taxation by participating donors. Then why should revenue mobilization, through tax reform, be prioritized for developing countries? In explaining the importance of mobilizing domestic public resource first of all, sustainability and ownership can be the two keywords, as such resources would not only enable a country to have more financial autonomy but also be a sustainable source of income (AfDB, OECD, and UNDP, 2016), thus strengthening the ownership of a country in general.

The necessity for capacity building in taxation also arose against the backdrop of a changing aid atmosphere which projects stagnation or shrinkage of official development assistance (AfDB and OECD, 2010), intertwined with global economic downturn. Nonetheless, tax reform in developing countries is still a conundrum due to a number of internal and external factors. For one, poor governance and its entailed issues such as corruption, low tax compliance, and the lack of professionals are huge impediments to effective tax reform.

Adding on to aforementioned circumstances, the issues of tax evasion,

specifically referred to as 'Base Erosion and Profit Shifting (BEPS)' by multinational corporations, as well as transfer mispricing and tax incentives would lead to further revenue loss of developing countries. As an example, according to the estimates of the United Nations Economic Commission for Africa (UNECA), less than 17 percent of GDP in tax revenues is mobilized by countries in sub-Saharan Africa owing to such issues of illicit financial flows involving multinational companies (Open Society Initiative for West Africa, 2015). Likewise, with these conditions negatively affecting the countries in Africa and Latin America, domestic resource mobilization seems imperative for developing countries, something of which could be facilitated by reforming tax-related mechanisms of a country to be more effective in revenue management, in turn breaking the vicious cycle of poverty.

In doing so, an adequate amount of external assistance would be necessary, be it a bilateral or a multilateral support. According to Stewart (2003), three primary external agencies can be distinguished in carrying out tax reform for developing and transitional countries which are: developed countries' governments, academic tax experts, and international institutions. Developed countries, however, has wielded their influence through the channel of international institutions since the 1950s, where a number of different assistances including development, technical support, lending, and aid were conducted (Stewart, 2003). Likewise, the role of international institutions in delivering assistance to developing countries has been growing. Amidst such organizations, the International Monetary Fund and the World Bank both of which could be grouped as international financial institutions (IFIs), have pursued a wide range of

structural adjustment assistance, including tax reform through introducing simplified measures and modernizing the overall systems.

Along with the international financial institutions, regional initiatives for tax reform are another group of multilateral institutions which this paper plans to mainly discuss. Aligning with the changes in the one-way development cooperation and growing voices of the emerging economies through landmark discourses ranging from the Accra Agenda for Action in 2008 to the Busan High Level Forum in 2011, regional tax initiatives launched and operated by the developing countries have their institutional base on the framework of South-South and triangular cooperation.

The two regional initiatives that would be dealt in this paper are: African Tax Administration Forum (ATAF) operating in Africa and Inter-American Center of Tax Administrations (*Centro Interamericano de Administraciones Tributarias*, CIAT) in Latin America and the Caribbean. Although the two initiatives are not identical in terms of history and activities, what is important is that they share the objectives of pursuing knowledge sharing and mutual assistance among member countries in each region, in accordance with the principles of South-South and triangular cooperation. Such attribute of regional bodies is also emphasized in the Goal 17 of the 2030 Agenda for Sustainable Development[1], better known as the Sustainable Development Goals (SDGs), which

[1] The essence of the Goal 17 is to invigorate the global partnership for sustainable development through multi-stakeholder partnerships, South-South and triangular cooperation especially in areas of finance, technology, capacity building, and trade.

acknowledges “the importance of regional and sub-regional frameworks in facilitating the effective translation of sustainable policies into concrete action at national level (United Nations, 2015).”

Therefore, all things considered, this thesis not only seeks to analyze the behavioral patterns of the two frames of multilateral institutions according to the functions they fulfill in assisting tax reform – knowledge transfer and implementation – but also attempts to argue how international financial institutions which represent long-standing, traditional agents for development and regional tax organizations which carry out more of a non-traditional, horizontal assistance, could complement each other to cultivate more effective and sustainable assistance in taxation, instead of contesting. First, this paper will go over the relevant previous studies on South-South and triangular cooperation, rationale for tax reform in developing countries, and multilateralism. Then, framework for analyzing the two types of entities will be proposed, utilizing the theory of framing and institutional complementarity. As for the main part, the analysis of features and case examples for each institutional type will be followed as distinguished by the two key functional components of tax reform.

II. Review on Previous Studies

2.1. South-South and Triangular Cooperation

Despite the relatively short history of studies on South-South and triangular cooperation, a number of authors have mentioned the limitations of traditional aid regimes at the same time inducing discussions on the prospect of new development 'partnership' pursued by countries of the South (Chaturvedi, 2012; Chin and Quadir, 2012; Rampa et al., 2012; Quadir, 2013). Before delving into the review of relevant articles, it is necessary to clarify the definitions of South-South and triangular cooperation, which are on the basis of the Nairobi Outcome Document from the UN High-level Conference on South-South Cooperation in 2009.

To begin with, South-South cooperation (SSC) is interpreted as "a process whereby two or more developing countries pursue their individual and/or shared national capacity development objectives through exchanges of knowledge, skills, resources and technical know-how, and through regional and interregional collective actions, including partnerships involving governments, regional organizations, civil society, academia and the private sector, for their individual and/or mutual benefit within and across regions (UNDP, n.d.)." Triangular cooperation (TrC), according to the United Nations, is defined as "Southern-driven partnerships between two or more developing countries, supported by a developed country(ies) or multilateral organization(s), to implement development cooperation programmes and projects (Ibid., n.d.)." All in all, underlying principles of

both South-South and triangular cooperation include sharing of experiences, horizontal partnership, and solidarity between the countries of the South, while triangular cooperation tends to convey more capacity through reinforced partnerships with partners of developed countries in terms of technical and monetary support.

Chin and Quadir (2012) turn to the limitations of the external aid policy and programmes pursued by the traditional donors and the OECD DAC aid regime which could be indicated as the lack of follow-through and capacity-building mechanisms. Chaturvedi (2012) goes over the typologies of South-South cooperation and how it can be distinguished from North-South cooperation. Mawdsley, Savage, and Kim (2014) outline the flow of paradigms in foreign aid through the landmarks of global agendas and claim that development landscape has become and will be more complex along with the mainstream focus on building partnerships with the emerging powers as donors and development partners. Harman and Williams (2014) point out that among several patterns of change within international development, the change in the donor landscape towards an increase in non-traditional actors namely developing countries is significant in terms of having a plurality of aid choice and delivery and more autonomy.

This change is in line with the renewed role of the state in development, bringing about the matter of ownership. Renzio and Seifert (2014) go through the overall picture and assessment of BRICs (Brazil, Russia, India, China, and South Africa) and other Southern countries in terms of promoting South-South cooperation, and suggest policy options on both international and regional level. Furthermore, going beyond South-South cooperation, authors (Fordelone, 2011; McEwan and Mawdsley, 2012;

Abdenur and Da Fonseca, 2013) advocate triangular cooperation as a coordinating platform bridging the North and the South in order to achieve more aid effectiveness.

2.2. Importance of Tax Reform for Developing Countries

Along with the changing scene of donor-recipient relations, a number of scholars (Burgess and Stern, 1993; Stewart, 2003; Fjeldstad and Moore, 2008; Di John, 2011; Vehorn, 2011) have stressed the significance of tax reform especially for developing countries, as it is one of the key measures to mobilize domestic resources and to improve overall socioeconomic development through actions such as infrastructure-building, not to mention the improvement of ownership in development cooperation.

Bräutigam *et al*. (2008) argue that taxation is at the heart of fiscal governance and thus central to the vitality and survival of modern states, playing the important role in shaping the character of governance as well as state-society relations in any country. Everest-Phillips (2010) points out how tax reform, focusing on the administrative reform, is essential in state-building for developing countries by promoting economic growth and political legitimacy. Suggesting policy options for developing countries, Everest-Phillips emphasizes the understanding of tax as a system – its institutional and cultural determinants of morale. Fjeldstad and Moore claim that state-building, defined as "increasing the capacity of government to interact constructively with societal interest, to obtain support and resources from those interests, and to pursue consistent lines of action (Fjeldstad and Moore, 2008, 242)," would be ultimately promoted by tax reform

including providing adequate revenue, shifting towards and encouraging effective state-society engagement around taxes.

Di John (2011) and Vehorn (2011) argue that policies on tax reform would be more effective when taxation is seen as a holistic developmental process, not as a mere technical or administrative improvement. In discussing which component of taxation needs to be reformed primarily, Tanzi (1995), von Soest (2008), Di John (2011), and Fjeldstad (2014) all point to the issue of tax administration, as it is directly related to hindrances which developing and transitional countries face, such as ineffective revenue collection and lack of personnel.

Fjeldstad and Moore (2008) also discuss the global tax reform agenda in general with points of criticisms of the drivers of such reform particularly the international financial institutions for imposing excessive conditionalities on developing countries. They point out that the measures of tax exemptions for aid donors lead to discouragement of recipient governments to strengthen their tax systems and wean themselves off aid more quickly. Stewart and Jogarajan (2004) also have a critical view of the International Monetary Fund on not paying attention to internal negotiation between stakeholders of the developing country, by going through structural adjustment documents.

Jha (2004) examines international avenues for augmenting resources for developing countries and calls for establishment of an international organization to manage and improve tax administrations which would ensure accountability and provide coordinating mechanisms for collection of taxation duties. Goode (1993) addresses the need for institutionalization of tax reform as well as for more technical assistance to the

low-income countries, especially the small ones of Asia, Africa and Oceania, and also argues that more advisers could be recruited from successful developing countries.

2.3. Multilateralism

In a broader sense, both international financial institutions and regional tax initiatives can be corresponded to the institutional form of multilateralism. The concept of multilateralism has been defined differently according to authors (Cox, 1992; Ruggie, 1993; Keohane, 2006; Thompson and Verdier, 2014). For one, Ruggie interprets multilateralism as "a coordinating behavior among three or more states on the basis of generalized principles of conduct (Ruggie, 1993, 12)," whereas Keohane, in order to answer the question of multilateral institutions' legitimacy, defines multilateralism in a stringently institutional term as "institutionalized collective action by an inclusively determined set of independent states (Keohane, 2006, 56)." Caporaso (1993) distinguishes different approaches in understanding multilateralism by having different focuses such as individuals, shared beliefs, or intentional interaction.

Keohane, Macedo, and Moravcsik (2009) discuss benefits of multilateralism in terms of promoting democracy on the domestic level. According to the authors, by engaging with international organizations and networks which are considered as multilateral institutions, domestic institutions are allowed to augment institutional capacities and also to minimize the clout of groups with specific interests. Pouliot (2011) also advocates the advantages of multilateralism in enhancing global governance, as such concept facilitates mutually identifiable actions as well as moderate policies, in turn

contributing to reinforcing global cooperation.

In terms of applying the concept of multilateralism to contemporary examples, scholars give out different case studies (O'Brien, Goetz, Scholte, and Williams, 2000; Keukeleire and Hooijimaaijers, 2014). O'Brien *et al*. (2000) compare multilateral economic institutions such as the IMF, the World Bank, and the WTO with global social movements regarding issues of labor and environment. In doing so, the concept of 'new multilateralism' comes up, which is mainly constructed through the interactions between already existing multilateral groups. By using the example of the European Union, Renard (2016) contends that the different levels of interactions which are bilateral, regional and multilateral are able to coexist. Keukeleire and Hooijmaaijers (2014) classify a variety of multilateral frameworks in different regions, and how the emerging economies' alliances namely the BRICS (Brazil, Russia, India, China and South Africa) contribute to a power shift from the West towards the global South.

2.4. Research Questions

2.4.1. Limitations of Previous Studies

All in all, even though the aforementioned previous studies in South-South and triangular cooperation, tax reform, and multilateralism are the concrete basis of this paper, some limitations exist, leading this thesis to fill in the gaps.

To start with, although the prospect of South-South and triangular cooperation seems promising, previous literature have failed to examine diverse cases of cooperation

in different sectors, resulting in the insufficient answer to 'how' developing countries can promote and be engaged in South-South and triangular cooperation. In addition, even if certain means of implementation of South-South and triangular cooperation are mentioned, the prospective options are largely focused on the role of individual countries namely BRICs involving in bilateral assistance. Thus, it is necessary to find out what role regional partnerships formed by the Southern countries could play in facilitating such cooperation, be it through knowledge sharing, financing, or technical assistance.[2]

Furthermore, while most of the previous studies on tax reform deal with reform discussions on the domestic level as well as the impact of external assistance by bilateral donors and international organizations, different channels other than those seem to be rarely analyzed, including tax initiatives led by developing countries on the regional level. Combined with the discourse on multilateralism, such gaps mentioned above motivated this paper to explore how multilateral partnerships on the regional level could contribute to tax reform through the measures characterized as South-South and triangular cooperation, at the same time interacting with existing international financial institutions.

2.4.2. Research Questions

Against the backdrop of shortcomings recognized above, this study will

[2] Three pillars of development cooperation presented by the OECD's Task Team on South-South Cooperation (2011) are: finance, technical assistance, and knowledge sharing.

compare different approaches in the two frames of international financial institutions and regional tax organizations regarding their assistance in tax reform for African and Latin American countries. In analyzing distinct approaches of the two multilateral frames according to the functions of tax reform, this paper purports to light upon the possibility of complementarity in supporting tax reform. Thus, the following research questions can be posed for the paper.

[RQ 1] How do developing countries of the South engage in multilateral discourses beyond bilateral assistance?

[RQ 2] What are similarities and differences found between the assistance given by international financial institutions and regional organizations?

> **[2.1]** What are strengths and weaknesses of each assistance?
>
> **[2.2]** Why are the two modalities different? Do different frameworks lead to different patterns in tax reform assistance?

[RQ 3] How do the regional tax initiatives interact with the international financial institutions?

> **[3.1]** Do they show complementarity or confrontation?

III. Analytical Framework

3.1. Framing Theory

The analytical framework drawn to analyze the two sets of multilateral organizations can be constructed by the theories on framing and institutional complementarity. Attempting to answer what differentiates the regional initiatives for tax reform exemplified in the Inter-American Center of Tax Administrations (CIAT) and the African Tax Administration Forum (ATAF) from the international financial institutions (IFIs), each multilateral entity is framed according to its distinguishable functions.

To begin with, it is necessary to define what framing signifies. Widely used to depict the forming of opinions in terms of communication, framing can be referred to as a process of conceptualization upon a certain issue or reorientation of what people think, according to Chong and Druckman (2007). Concentrating on the framing processes of social movements, Benford and Snow (2000) interpret framing as a collective action embedded in the socio-cultural context, which is consistently created, restructured, or challenged by another when a social movement occurs. In explaining how such frames are conceptualized, the authors lay out "three sets of overlapping processes" of frame development that are: discursive, strategic, and contested processes (Benford and Snow, 2000, 623).

First of all, the discursive process indicates the occurrence and expansion of

communications which encompass all of spoken and written acts in relation to forming a framed movement. Following is the strategic process which frames are constructed and utilized to accomplish specified objectives. Subsequently, the formed frames would go through the contested process, which connotes a number of 'counter-frames' formed by opponents. Throughout the procedure of contesting, a more flexible frame which embraces the approval of the majority would in turn be in a stronger, more influential position on a certain issue.

While Mintz and Redd (2003) bring up the concept of framing in the international relations, the authors explicate framing as various types of perception on which the public as a whole or individuals have towards a national leader or political issues including foreign policy and war. Likewise, the main agent who is involved in framing or counter-framing on a certain issue is individual, whether the frame is formed in a collective fashion or not.

Nonetheless, the concept of framing can be expanded to be applied in a broader sense which would bring in larger groups like civil society, countries and international organizations as main actors, moving from the context of public opinion and communication. According to Sohn (2013), the theory of framing is utilized not only to figure out how agents construct discourses in order to achieve their intended objectives but also to analyze comprehensively the relationship between agents in the process of contention among discourses. For one, Sohn frames two discourses of 'aid effectiveness' formed by donors and 'development effectiveness' introduced by the global civil society, by how the two frames have contested one another, although the latter frame which was

established as a counter-frame to the former failed to become the 'master frame' (Sohn, 2013, 18).

All in all, as suggested by Chong and Druckman (2007), the framing theory is premised on seeing a particular issue through diverse sets of lens which contain different interpretations. In this sense, the concept of framing is useful in explaining how the multilateral institutions, represented by the IFIs that are perceived as a conventional, dominant entity of development assistance and the regional initiatives mainly led by developing countries of the South, frame different discourses on tax reform.

3.2. Institutional Complementarity

Nevertheless, what should not be overlooked in terms of analyzing the multilateral institutions which have been framing the discussions on tax reform is the possibility of coordination, going beyond the process of contestation or domination of one frame replacing the other. Although the IFIs and the regional initiatives are characterized by their different functions in pursuing tax reform, room for coordination exists as both contain different weaknesses which can be complemented by each other. Thus, in this sense, the theory of institutional complementarity is essential in analyzing the relationship between the two frames.

The conceptualization of complementarity has been shaped by a number of scholars through examples of institutional interaction, particularly regarding effective corporate strategies (Aoki, 1994a, 1994b; Milgrom and Roberts, 1995; Hall and Soskice, 2001; Crouch *et al.*, 2005; Pardo and Rana, 2015). By analyzing different institutional

structures, Amable characterizes institutional complementarity in a nutshell: "the notion of complementarity links together different institutions and modes of organization in a certain architecture and focuses on the positive interactions between the different elements, interactions which condition the coherence – the intensity of the positive interactions and the overall performance of the system – of the whole (Amable, 2000, 659)." For one, co-advent of the bank system, flawed labor market, and lifetime employment during the early 20th century eventually led to the enhanced productivity of team-oriented outcomes, providing a notional ground for institutional complementarity (Aoki, 1994a, 1994b). Going beyond the discussion within a corporate system, Pardo and Rana (2015) find complementarity between regional and global financial safety nets by examining the goals and behavioral anticipation of the two regimes.

Putting together overall explanations and examples strategizing such concept, institutional complementarity generally possesses the following features. Firstly, institutions are able to result in certain efficiencies when complementarity is found along with institutional adjustment of balancing or contrasting (Crouch *et al.*, 2005). Secondly, institutional complementarity is seen as a positive interaction between different actors, as they would in turn mutually reinforce each other thus enhancing productivity. That is, such positive interaction is viewed by Milgrom and Roberts (1995) as a matter of order, meaning an enhanced capacity in one would lead to the increased returns from the other. Thus, thirdly, in line with the contention of Hall and Soskice (2001) which asserts the importance of complementarity between different institutions of political economy in order to encourage positive performance in the long run rather than one being in a

dominant position over another, specialization of roles – or capacities – is necessary in order to render long-run productivity.

Therefore, having these in mind, the framework of institutional complementarity would facilitate the analysis of the IFIs and the regional initiatives by setting up a design to categorize them. Furthermore, such arrangement would also provide evident grounds for the division of labor between the two types of multilateral institutions to take place in pursuing tax reform by revealing which entity seems to have less or more capacity in certain aspects than the other.

3.3. Proposition

Regarding the framework, in order to corroborate institutional complementarity, this dissertation attempts to compare the two types of institutions in accordance with the process of framing (See **Table 1**). Juxtaposing the two groups of actors in tax reform as below indicates an overview of how different frames are established and strategized under the same theme in general. Nonetheless, it is necessary to note that different degrees of institutional complementarity will be observed since the strategies and features of assisting tax reform initiated by each frame would differ according to the function of reform to which both frames are contributing.

Table 1. Proposed Framework

Actors in Assisting Tax Reform in Developing Countries		
Main institutions / Framing process	International Financial Institutions: IMF, World Bank	Regional Initiatives: ATAF, CIAT
Discursive process	- Washington Consensus - Economic development	- Accra Agenda Action, - Bogotá Statement - 40+ African Commissioners in OECD Forum on Tax Administrations
Strategic process	- High-cost technical expertise - Market-oriented structural adjustment programs	- Network formation - Knowledge sharing - Capacity-building measures through training, conferences, etc.
↔ Contested process	- "One-size-fits-all" - Issue of ownership - Hierarchical (top-down)	- Lack of funding/expertise - Not rule-binding (voluntary)

Source: framework by Benford and Snow (2000), contents organized by author

With the analytical framework presented above, the proposition which this dissertation aims to make are as follows:

[Proposition 1] Regional initiatives can be characterized by its function of knowledge-sharing which is resonated with the principles of South-South and triangular cooperation.

Assistance given by the regional initiatives would strongly reflect the aspect of sharing knowledge as their objective of mutual assistance is aligned with the features of South-South and triangular cooperation. Particularly in the form of triangular cooperation, development assistance providers of the South – herein regional organizations – are supported financially and technically with experience as well as

technical know-hows of multilateral and developed-country partners. Such mechanism of cooperation would enable improvement in the capacity of developing countries to tackle development challenges, at the same time strengthening regional integration through diverse partnerships.

[Proposition 2] Division of labor is found in between the two types of multilateral entities in terms of pursuing tax reform, thus leaving room for coordination.

[Proposition 3] In the long run, the role of regional initiatives should be emphasized in order to enhance the 'on-the-ground,' customized implementation of reforms, complementing the high-cost assistance given by the international financial institutions.

Despite the contested framing process which places one frame confronting the other, the international financial institutions and the regional initiatives are able to complement each other resulting from the different design setting. In assisting tax reform, on one hand, the IMF and the World Bank are inclined to provide high-cost technical assistance through the overall guided intervention such as promotion of market-oriented taxation measures. On the other hand, regional organizations namely ATAF and CIAT concentrate on capacity building through training of the personnel and networking.

Hence, in order to conduct effective tax reform in the long run, it is important that regional initiatives continue to give prominence to their comparative advantage in strengthening ties between developing countries as well as fostering capacity, while the IFIs also concentrate on their specialized technical expertise.

3.4. Methodology

Based on the proposed framework of how the international financial institutions and regional initiatives differ in assisting tax reform of developing countries, a comparative analysis between the two by going over the process and entailed features of each modality will be conducted for this research. As the paper aims to observe the degree of institutional complementarity between the two measures, the foremost objective herewith is not to evaluate which assistance is more effective, but to analyze the distinct patterns to seek whether complementarity exists and how it can be reinforced. Infeasibility of in-depth research on the cases of regional initiatives due to the lack of accessible data would be an additional reason for not being able to evaluate which frame is more effective than the other in assisting reform.

Primary sources used for analyzing the two multilateral frames in this thesis come from tax-related documents, particularly those relevant to theoretical issues and components of tax reform as well as data on the performances of developing countries when certain types of tax policies are adopted. For this paper, secondary sources take a significant part in executing institutional analyses, including working papers and policy reports from international organizations, scholarly articles analyzing and assessing existing cases of tax reform in developing countries, and other online materials.

Among a number of regional initiatives for taxation, ATAF and CIAT have been chosen to be analyzed in comparison with the international financial institutions due to their representativeness of each continent, Africa and Latin America. Unlike how other

existing regional tax organizations such as CATA (Commonwealth Association of Tax Administrators) and CREDAF (*Centre de Rencontres et d'études des Dirigeants des Administrations Fiscales*; Center for tax administration meetings and research in Francophone countries) mostly encompass countries that share mostly encompass countries that share certain commonalities of colonial experience therefore same official languages, the two selected regional organizations are pan-regional by not limiting their memberships according to historical or linguistic backgrounds.

That is, their overall operating schemes are based on mutual assistance between developing countries to sustainably foster capacity in the regions, reflecting more of South-South and triangular cooperation. Additionally, while it is acknowledged that various international agencies including the United Nations are engaged in the discourse of tax reform, this paper focuses solely on the international financial institutions namely the IMF and the World Bank in terms of discussing how assistance for tax reform is given at the international level, owing to their role in leading tax-related projects and policies associated with developing countries. For instance, according to Stewart, a majority of technical works on taxation are conducted by the IMF and other experts, not the United Nations which has its projects "mostly farmed out to other institutions" (Stewart, 2003, 155).

Furthermore, this paper sees reforming a tax system as a combination of efforts by developing countries and assistance by external agencies via coordinated support, advice, or training. What is more, successful tax reform is largely premised on the role of tax administration (Surrey, 1967), as it is toilsome for efficient tax policies to be

exerted without the cultivation of an effective system beforehand. With this in mind, most discussions regarding tax reform in developing countries throughout the dissertation would revolve around improving tax administration. In analyzing how tax reform is supported by the IFIs and the regional organizations, this research will examine the two primary functions of assisting tax reform – knowledge transfer and implementation of reform.

By the meaning of knowledge transfer, it indicates capacity building of developing countries, emphasizing the soft side of technical cooperation. That is, it refers to a soft, indirect mechanism which is more concentrated on having knowledge of expertise delivered to the tax-related authorities and even forming networks between countries of similar status quo. While the measures of knowledge transfer do not contain uniformed assistance but more of sporadic and needs-driven support, the function of implementing reform, on the other hand, signifies more of a tangible, institutional reconstruction in order to design effective taxation system. In other words, the second function represents a direct intervention through facilitating changes in institutions or policies of developing countries. Thus, while the first function of tax reform assistance which is knowledge transfer focuses on the modalities of delivery, the function of implementation is more aimed at observing what aspects of reform the external agencies seek to support.

In addition, because the paper aims to look at the reform patterns in general, specific taxes including tariffs, import and export taxes, or property taxes will not be dealt with separately. Furthermore, it is also paramount to note that this paper sheds light

on the general outline of the different processes and styles of assistance due to the lack of accumulated empirical data concerning tax reform assisted by the regional initiatives. Therefore, country cases of tax reform supported by the IFIs and the regional organizations would be presented as the examples of each function in tax reform, not as the main subject of analysis.

IV. Analysis by Function (1): Knowledge Transfer

4.1. Overview

The first function which both types of multilateral agencies carry out regarding tax reform is knowledge transfer. With institutional and structural differences found in terms of human development capacity as well as income distribution, tax payers and tax authorities in developing countries often face difficulty in dealing with intricate tax laws and systems (Steenekamp and Döckel, 1993). In this regard, a number of external agencies on both international and regional levels attempt to deliver and disseminate knowledge on tax practices. Among them, international financial institutions (IFIs) and regional initiatives can be characterized to take distinct approaches in carrying out such function. For both cases, although differences in thematic focus may be found for each group of institutions, transferring knowledge would generally indicate delivering tax-related expertise to the national revenue authorities, the ministry of finance, and even the citizens through a variety of means such as consultation, study visits, training workshops, or conferences.

As a subsidiary body of the United Nations Economic and Social Council (ECOSOC), the Committee of Experts on International Cooperation in Tax Matters categorizes modes of delivering knowledge encompassing technical assistance and capacity building in terms of tax reform assistance for developing countries, with a focus

on the issue of transfer pricing[3] at its 8th session. Although focusing on the particular issue, such mechanisms of delivery can be expanded to tax reform assistance in general which this paper concerns, as certain factors which should be taken into consideration in the first place – namely the service provider and the type of assistance that the recipient is needed – are of a greater matter, regardless of types of tax issues.

With this in mind, following is the list containing modes of knowledge transfer in tax reform, which has been re-organized based on the Committee's report focusing on transfer pricing (2010) in order to be applicable in overall tax reform assistance (See **Table 2**). Thus, this chapter examines how the two types of multilateral actors under different frames conduct activities of disseminating knowledge in Africa and Latin America via two parts: modes of delivery and examples of assistance.

[3] According to Tax Justice Network (TJN), transfer pricing takes place when two subsidiaries under the same multinational group trade with each other and fix a price for the transaction. While transfer pricing itself is not necessarily illegal, transfer mispricing, also referred to as transfer pricing manipulation, is illegal or abusive, by intentionally distorting the transaction price in order to minimize the overall operational costs related to taxation.

Table 2. Modes of Knowledge Transfer in Tax Reform

Knowledge Transfer through:	Key Measures
Ad Hoc Assistance	· Sporadic checkup of draft legislation · One-off workshop or training session
Structured Programme of Assistance	· Assistance programme in general, entailing a combination of pre-implementation (diagnosis and advice), implementation and training - The period depends on the scope and provider of the programme
Secondments/Placements	· Placement of experts from developed countries with well-functioning tax regime/affiliated institutions to a developing country - The period depends on the scope and availability of assistance, from few months to years
Study Visits	· Short visits to well-functioning tax authorities by a delegation of tax officials from developing countries
Training and Conferences	· Annual conferences and trainings on tax-related issues for officials · In-country training customized to a country · Information sessions for taxpayers (individual and companies) to enhance tax compliance
Online and Distance Learning	· Virtual courses · Cost-effective training solution (i.e. learning theories on tax)
Collection/Management of Tax Data	· Analysis and assessment of tax regimes in a region (regions) for future reference · Publications (books, working papers)

Source: adapted from "Transfer Pricing: Technical Assistance and Capacity Building Resources" by Joel Cooper (2010) presented at the 8th session of UN ECOSOC Committee of Experts on International Cooperation in Tax Matters, Geneva, Oct. 15-19, 2012

4.2. Knowledge Transfer by the IFIs

Among diverse actors engaged in tax reform, the international financial institutions are considered as the traditional, long-standing driving forces of assistance. According to Stewart (2003), projects and technical assistance regarding taxation

worldwide were predominantly led by the IMF through its Fiscal Affairs Department (FAD) and the World Bank since the 1980s. The two major international financial institutions have pursued standardized fiscal policy reforms through structural adjustment lending as well as technical assistance whether in a separate or a joint fashion.

In terms of knowledge delivering aspect in tax reform, findings based on reports and articles regarding the activities of the two institutions indicate that the IMF has been engaged with more direct knowledge transfer whereas the World Bank has not trailed far off from its projects of financing rather than providing more of advisory services.[4] In carrying out knowledge transfer, the international financial institutions especially the IMF utilize several means of delivery which are primarily: multiple channels of expertise through long/short-term missions, assistance programmes through multi-donor partnerships, and provision of assessment tools on tax system, with their main focus consisting in providing guidance.

To begin with, whether a mission by a group of experts from the headquarter is undertaken for a few days or a few years, its objectives are explicit in a way that policy advice on "what to do", training of locals, and imparting of techniques are provided to developing countries (Stewart and Jogarajan, 2004). To be specific, various means of expertise given by the IMF include long-term resident experts for supporting

[4] International Finance Corporation (IFC) under the World Bank Group offers advisory services towards developing countries in order to improve business environment via consultations and projects including business tax reform, yet not the overall reform of policies/administration system of central government which this paper aims to discuss. The Bank has more contribution to the function of implementing tax reform.

implementation and monitoring of reforms, short-term specialists for technical advice, diagnostic interventions, in-country training and seminars, and project management (International Monetary Fund, n.d.). Here tax-related advice, trainings or assessment are carried out from both the IMF's headquarter and the Regional Technical Assistance Centers (RTACs) in consultation with authorities of developing countries.

Referred to as 'IMF's regional approach', the nine RTACs in regions of the Pacific, the Middle East, the Caribbean, Central America, and Africa complement technical assistance from the headquarter, at the same time supporting countries in the regions to enhance capacity in a multi-dimensional way for development and poverty reduction ("Key Issues – Regional Technical Assistance Centers," n.d.). Areas of concern by the RTACs are: "public financial management; tax administration; tax policy; debt management; financial sector supervision; regulation and development; monetary policy and operations; economic and financial statistics; and training in macroeconomics (Ibid., n.d.)."

What makes the RTACs essential in the IMF's knowledge transfer is that the centers do not merely work as 'branch offices' of the institution. Rather, they are characterized as more of an interactive ground which encompasses both developing countries and donor agencies, partnering with the IMF. Such regional, decentralized approach would in turn give more voice to developing countries, let alone better allocation of resources according to the needs on the ground. Key hands-on activities in technical assistance are training sessions for central banks, national agencies of statistics and ministries of finance, as well as planning of fiscal policy and management of

statistics in order to monitor and assess impact (Chatterji *et al.*, 2013).

To elaborate on how technical assistance including delivering tax-related knowledge has been taking place extensively across regions through the RTACs, the example of AFRTIAC South[5], which is one of the five RTACs in Africa, in supporting the reform of Swaziland can be given. Along with other centers, AFRITAC South (AFS) since its establishment in 2012, has raised effectiveness of countries in the region regarding tax administration by applying enhanced techniques and procedures through measures such as diagnostic missions, data analysis on taxpayer compliance and auditing, and regional seminars (Chiran, 2015). According to the center's annual report, Swaziland, despite its gradual economic growth and sound status of commercial banks, experienced the exacerbation of its fiscal balance of the central government from a surplus in 2012/13 to deficit of 0.9% of GDP in 2013/14, bringing about the need for enhancing fiscal resilience through adequate structural reforms ("Annual Report for FY 2014," 2015).

Under the objective of enhancing cost-effective administration as well as tax compliance, the IMF through AFRITAC South has assisted the Swaziland Revenue Authority (SRA) in improving audit productivity, implementing income tax self-assessment for large taxpayer unit, and developing frameworks for compliance

[5] There are 13 African countries that fall under the technical assistance and training provided by the AFRITAC South (AFS): Angola, Botswana, Comoros, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe.

management as well as other administrative strategies.[6] As a part of knowledge transfer, the IMF first of all arranged advisory missions from both the headquarter and AFS in order to review the implementation and procedures of income tax self-assessment. Following advice, the institution provided audit training in two steps, first being workshops for enhancing field audit capacity and follow-up being fostering skills for interviewing taxpayers, data analysis and indirect audit methods ("Annual Report for FY 2014," 2015).

Furthermore, evaluation on the implementation of value-added tax (VAT) and compliance management framework funded and conducted by the IMF took place to project and plan next procedures. In aiding tax reform, the IMF also collaborated with not only regional bodies including the Southern African Development Community (SADC) but also with a private company called *Data Torque* which contributed to the implementation of revenue management system (RMS), contributing to the modernization of Swaziland's tax administration. (Ibid., 2015). The following table illustrates AFRITAC South's progress on the reform of Swaziland's tax administration (See **Table 3**):

[6] According to Okello (2014), income tax self-assessment is based on the principle of voluntary compliance and simplification, departing from the conventional administrative assessment system which is more resource intensive and costly.

Table 3. Progress on Milestones since FY12

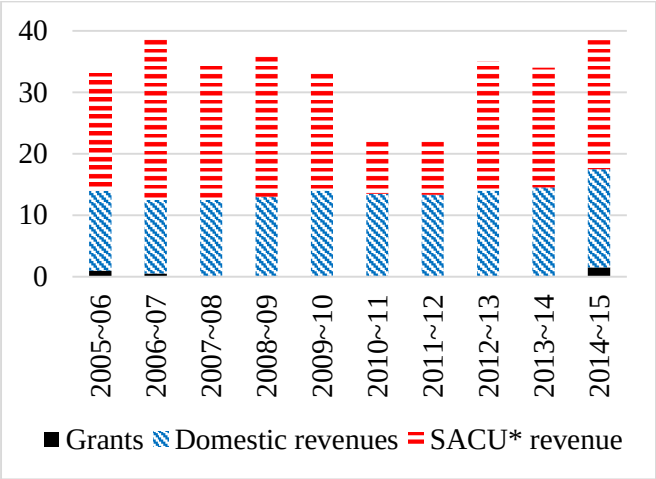
Milestones met since FY13	**Set in**	**Met in**
1. Improved audit capacity	2013	2013
2. Advanced audit training delivered	2014	2014
3. Income Tax Self-Assessment for the LTU implemented	2013	2014
4. Self-assessment implemented for segment at a time	2015	2015
5. Accountability framework updated	2015	2015
Pending and new milestones for FY16 and onward	**Set for**	**Status***
1. New Milestone: Improved tax risk management and audit results	2016	--
2. Pending Milestone: Compliance risk management framework to guide resource allocation developed	2016	--

** As of July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.*

Source: from Padma Chiran (2015) "Annual Report for FY 2014: Information Annex." *AFRITAC South*.

All in all, with knowledge transferring projects led and partnered by the IMF via AFRITAC South (AFS), Swaziland has been able to build capacity in effectively managing returns and audit cases, in turn broadening its revenue base. According to the country report by the IMF, the country after having revenues recovered from the fiscal crisis in 2010-11, has recorded consecutive surplus from 2012 to 2014 (See **Figure 1**) partly owing to "reinforced domestic revenue collection efforts namely enhanced efficiency in VAT collection as well as strengthened auditing and compliance (International Monetary Fund, 2014, 4)," although domestic political support needs to be continued along the fiscal reform.

Figure 1. Fiscal Revenues by Type (Percent of GDP)



**SACU stands for South African Customs Union of Botswana, Lesotho, Namibia, South Africa, and Swaziland.*

Source from International Monetary Fund (2014) "Kingdom of Swaziland" *Country Report*.

Another key means of delivering knowledge by the IMF is to assist tax reform through multi-donor partnerships, exemplified in the Tax Policy and Administration Topical Trust Fund (TPA-TTF) which started in 2011. To give brief explanation on what Topical Trust Fund (TTF) is, the IMF operates five TTFs[7] each based on a specialized theme, conducting technical assistance according to the corresponding objectives ("Topical Trust Funds," 2014). The activities of the TTFs are not only coordinated with extant donor-supported programmes but also with other means of technical assistance by the institution such as the aforementioned RTACs. The Tax Policy and

[7] The five Topical Trust Funds are: Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT), Debt Management Facility Phase II (DMF II), Managing Natural Resource Wealth Topical Trust Fund (MNRW), Tax Policy and Administration Topical Trust Fund (TPA-TTF), and Tax Administration Diagnostic Assessment Tool (TADAT). The last three funds are under the Fiscal Affairs Department.

Administration Topical Trust Fund (TPA-TTF) was launched with the objective to "help meet increased demand for technical assistance from low- and lower middle-income countries in the area of revenue policy and administration (International Monetary Fund, 2016, 4)." Programmes operated by the TPA-TTF are classified into nine modules in order to build sustainable revenue systems (See **Table 4**). The following programmes, depending on the situations of countries which would receive assistance, are carried out separately or in a group.

Table 4. TPA-TTF Programmatic Approach

Classification of Modules	Key Measures
Strategies on revenue	Multi-year revenue policy and administration plan
Management of overall reform	Reform governance arrangements
Advice on tax policy	Country-specific tax policy framework
Reorganization of tax administration	Function-based headquarters and field office structure reflecting taxpayer segments
Reform on tax procedure code	Core functions integrated into a single tax procedures code
Strengthening tax obligation	Enforcement of taxpayer obligations for registration, filing, payment, accurate reporting
Taxpayer services	Easy access to information and services for taxpayers
Supporting tax administration services	Operational plans, performance monitoring, human resource and information technology policies, and budgeting processes
Monitoring tax administration integrity	Annual report, internal audit function, code of conduct, taxpayer charter

Source: adapted from International Monetary Fund (2016) *Tax Policy and Administration Trust Fund Annual Report*.

Furthermore, provision of assessment tools is also one of the primary modes of knowledge transfer in tax reform delivered by the international financial institutions. Also considered as another form of multi-donor partnership, the IMF jointly with the

World Bank and several key donor countries has designed the Tax Administration Diagnostic Assessment Tool (TADAT) in order to "objectively make assessment of the health of key components of a country's system of tax administration ("TADAT, 2014)." According to the IMF, the focused areas of assessment are associated with the performance of the tax system on the national level, concerning specific types of national taxes such as personal income tax, corporate income tax, or value-added tax (Ibid., 2014).

Performance of a country's tax administration is assessed based on the framework of TADAT which divides functions of tax administration into the following nine key areas of outcome: "(a) integrity of the registered taxpayer base; (b) extent of understanding about the compliance risks in the tax system; (c) quality of support provided to taxpayers to promote voluntary compliance; (d) extent to which taxpayers meet their filing obligations; (e) extent to which taxpayers meet their payment obligations; (f) accuracy with which taxpayers declare their tax obligations; (g) adequacy of tax dispute resolution; (h) efficiency of tax administration; (i) efficiency of tax administration; and (j) level of transparency and accountability ("TADAT-Program Document," 2013)."

Through such assessment, not only would identifying conditions for well-functioning tax administration systems be feasible, but it would also promote the equitable knowledge sharing among stakeholders including governments of developing countries, donors, and international organizations, along with facilitating efficient monitoring and evaluation.

4.3. Knowledge Sharing by the Regional Initiatives

In addition to the knowledge transfer conducted by the international financial institutions, the regional initiatives also play an important role in assisting tax reform for developing countries by both transferring and sharing of knowledge related to taxation. Regional organizations of tax administration, namely African Tax Administration Forum (ATAF) [8] and Inter-American Center of Tax Administrations (CIAT) [9] each representing Africa and Latin America, are leading tax reform initiatives by developing countries of the South on the basis of mutual assistance and peer learning.

Such rationale for developing countries to assist one another can be found in Guilmette (2007)'s concept of 'cooperation paradigm,' which signifies "the synergy of partnering and embracement of connectivity, networking, and information sharing (Guilmette, 2007, 25)." Likewise, regional initiatives conduct knowledge transfer in the form of knowledge exchange and cross-country learning, connoting the nature of South-South and triangular cooperation. In addition, although the solidarity between developing countries is emphasized in the traits of South-South and triangular

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[8] ATAF member countries are as follows: Benin, Botswana, Burkina Faso, Burundi, Cameroon, Chad, Comoros, Côte d'Ivoire, Egypt, Eritrea, Gabon, Gambia, Ghana, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe (36 nations)

[9] CIAT member countries are as follows: Angola, Argentina, Aruba, Barbados, Bermuda, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Curaçao, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Guyana, Haiti, Honduras, Italy, Jamaica, Kenya, Mexico, Netherlands, Nicaragua, Panama, Paraguay, Peru, Portugal, Spain, Sint Maarten, Surinam, Trinidad and Tobago, Uruguay (39 nations). Associate members are India and Angola.

cooperation, partnering actively with international institutions and donor countries in delivering tax reform as well as addressing global tax issues indicate how regional initiatives attempt to complement its limited budgetary and legally binding capacity. In carrying out knowledge transfer, regional initiatives primarily utilize study visits, training and conferences, partnership with international organizations, and design of regional standards.

Unlike how the IMF operates Regional Technical Assistance Centers (RTACs) and dispatches experts to the centers via missions on the regional level in order to disseminate knowledge on taxation, the regional initiatives are the actors themselves that both transfer and receive tax-related information with member countries involving tax officials from each country. That is, by attempting to provide "regional solutions to regional problems (Zovatto, 2009, 22)," both CIAT and ATAF take the shape of platform where member countries can gather and bring a number of tax-related issues ranging from tax administration to tax evasion through technical cooperation. Mahon (2004) illustrates CIAT as an exemplary case of how tax officials in Latin America form "an increasingly distinct network and epistemic community (Mahon, 2004, 24)."

Such characteristic is also reflected in the case of ATAF, through the Pretoria Communiqué which emphasizes the importance of taxation and capacity development in Africa via peer learning (See **Appendix A**). These regional initiatives are also engaged in active partnerships with other organizations both on the international and the regional

level.[10]

To give an overview of the two representative regional tax initiatives before delving into discussing their means of knowledge transfer, ATAF which was launched in 2009, has been focusing on addressing mainly the issues of transfer mispricing and Base Erosion and Profit Shifting (BEPS) through a number of conferences and seminars rather than directly providing specific technical assistance. On the other hand, CIAT which started out in 1983, has been involved with a number of technical cooperation activities for its member countries in Latin America regarding diagnosis, implementation, and assessment to improve tax legislation and administrations (See **Appendix B**).

Although the patterns of assistance between the two organizations might differ, yet the function of knowledge transfer by regional tax organizations can largely be characterized as knowledge sharing among member countries through partnerships. Knowledge sharing hereby indicates sharing best practices on effective reforms of revenue authorities in the region and exchanges of information on tax regulations between countries. In doing so, various aforementioned delivery modes ranging from study visits to development of regional standards have been operating for both regional initiatives.

To begin with, the regional institutions would arrange study visits from a

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[10] For instance, ATAF partners with not only African institutions but also other existing tax administration associations, such as CATA (Commonwealth Association of Tax Administrators), CIAT (Inter-American Center of Tax Administrations), CREDAF (Centre de Rencontres et d'études des Dirigeants des Administrations Fiscales), and IOTA (Intra-European Organization of Tax Administration).

member country to another with an advanced capacity. Such visits allow practical realities – well-functioning practices of the tax administration – to be transmitted, providing invaluable insights if adequately designed (Cooper, 2010). Expanding to other means of transferring knowledge and expertise such as seminars or conferences, knowledge sharing takes place whether a specific taxation issue or general discourse is brought up. In both cases of CIAT and ATAF, development partners consisting of developed countries and international agencies have been actively engaged.

For example, a seminar on tax ethics and fiscal citizenship was given to the Colombian National Directorate of Taxes and Customs (*Dirección de Impuestos y Aduanas Nacionales de Colombia*, DIAN) by CIAT and the German Agency for International Cooperation (GIZ) in 2016. In addition to debates and presentations on the issues of tax ethics and corruption, the participating organizations also analyzed the DIAN Code of Good Governance and Ethics, and shared good practices of member countries ("Seminar on Tax Ethics and Fiscal Citizenship at DIAN – Colombia," n.d.). In the same way, ATAF plays a similar role in being a forum of knowledge exchange between its member countries through holding general conferences and special training events about issues such as taxpayer education, risk management, or auditing.

Another modalities of knowledge sharing for regional bodies is e-learning, enabling the initiatives to economize on time and cost. In the case of ATAF, a four-month online course covering the area of tax audit and investigation given in 2013 to 72 participating tax officials from 16 member countries who were new to the domain ("ATAF Annual Report," 2013). CIAT also runs ongoing virtual courses under the topics

of international taxation, tax policy, ethics, and tax administration with the online tutors being tax officials of the member countries' revenue authorities or ministries of finance ("CIAT–Our Tutors," n.d.). Likewise, through study visits, seminars and conferences, or online learning methods, the principle of mutual assistance can be clearly observed, as member countries are able to exchange and disseminate experiences beyond gaining new information, along with partnering international institutions.

Furthermore, other measures of knowledge sharing are conducted through provision of guidelines on tax-related issues, design of regional standards, and management of tax data. Jacobs (2013) indicates the importance of legal provision in order for tax administration "to operate effectively alongside economic, business and social environments fully engaged and immersed in modern technology (Jacobs, 2013, 50)." In this sense, acknowledging the lack of legal frameworks in dealing with tax evasion or tax fraud for many Latin American countries, CIAT has drafted model tax code in 1997 and has updated the code by collaborating with the Inter-American Development Bank (IDB) and the German Agency for International Cooperation (GIZ) in 2015.

Composed of total 201 articles covering from duties and rights of taxpayers, powers and obligations of the tax administration to sanctions on tax crimes and penalties, the model tax code not only regulates the relationship between tax administrations and taxpayers, but also serves as a reference to member countries of CIAT in modernizing administrations. Key contents of the code include: clarification of the various assessment of taxes, emphasis on both international and domestic mutual administrative assistance

and exchange of information, introduction of conclusive agreement as an alternative dispute resolution mechanism, and modernization of the sanctions (CIAT, GIZ, and IDB, 2015).

In the case of ATAF, collection and management of tax data have been pressing, owing to the region's lack of accumulated data for comparing and analyzing good cases on taxation. Thus, the Forum has initiated a project called African Tax Outlook (ATO) Project, which was initiated based upon the need for valid tax statistics and analyses associated with African tax administrations at the same time aiming to enhance the effectiveness of the participating countries' tax systems.

ATAF finds tax-related information, namely data, an integral part of tax administration; hence, by collecting and organizing the data from 2010 to 2014 according to four major categories of tax base, tax structure, revenue performance, and tax administration, the project compares and evaluates the participating fifteen African countries.[11] What makes the African Tax Outlook Project significant is that it is "the first-ever attempt by African tax authorities themselves to compare, in any consistent fashion, the ways in which they raise revenue (ATAF, 2016, 4)." Highlighted process of collecting and publishing the necessary data for the project is outlined as follows (See **Table 5**).

[11] Inaugural participants of the African Tax Outlook project are: Burundi, Cameroon, Gambia, Senegal, Togo, Kenya, Rwanda, Seychelles, Tanzania, Uganda, Lesotho, Mauritius, South Africa, Swaziland, and Zimbabwe.

Table 5. Procedure of the African Tax Outlook (ATO) Project

Procedure	Key Actions
Expression of interest	Countries interested in being part of the African Tax Outlook flagship publication are invited to send a formal expression of interest to the ATAF Secretariat.
Nomination of a data collector	Interested countries must assign a data collector to the project, preferably one who is working on a daily basis with the tax administration data.
Attendance to workshop(s)	Data collectors are invited to attend a consultative workshop with the objective of establishing a common understanding of the structure, the themes and the indicators used in the publication as well as the excel data template and guide book.
Data collection and analysis	An in-depth analysis is discussed and refined in consultation with data collectors in order to produce a final publication outline.
Launch of the publication	Publication printed in English, French and Portuguese is launched during the ATAF conference.

Source: from African Tax Administration Forum (n.d.) "Highlights of the ATO Process" *African Tax Outlook*.

With the intention of providing data for comparative analysis on tax-related topics, the project not only highlights good taxation practices within the region in order for African countries to compare and share strategies, but also aims to serve as a reference at both regional and global level in designing tax reforms as well as a "barometer" for business ("Highlights of the ATO Process," n.d.). As an example, the comparative data on tax administration, policy and legislation would be arranged into legible charts and figures, facilitating the sharing of knowledge on practices of member countries as seen in the categorized list of countries according to the elements of systems introduced for modernization (See **Table 6**).

Table 6. Categorization of Systems Adopted by ATO Countries in Modernizing Tax Administration

New System Introduced	Countries
Integrated tax administration and management systems	Burundi, Gambia, Kenya, Mauritius, Rwanda, Seychelles, South Africa, Swaziland, Tanzania, Togo, Uganda and Zimbabwe
E-filing systems	Cameroon, Kenya, Mauritius, Rwanda, Seychelles, South Africa, Swaziland, Tanzania, Togo, Uganda and Zimbabwe
E-payment systems	Burundi, Kenya, Mauritius, Rwanda, Seychelles, South Africa, Swaziland, Tanzania, Uganda and Zimbabwe
Mobile payments systems	Cameroon, Mauritius, Rwanda, South Africa and Tanzania
Automated Cargo Management (ACM)/ Electronic Cargo Tracking System (ECT)	Mauritius, Rwanda, South Africa, Tanzania and Uganda
Automated customs system (e.g. ASYCUDA)	Burundi, Gambia, Rwanda, Mauritius, Seychelles, South Africa, Togo, Uganda and Zimbabwe
Integrated financial management system	Swaziland and Zimbabwe
Revenue management system	Swaziland and Zimbabwe
Computerized driver's license system	Tanzania and Uganda
Cargo and risk management systems	Burundi, Mauritius, South Africa, Tanzania and Zimbabwe
Import and export commodity evaluation database	South Africa, Tanzania and Uganda
Computer forensic laboratories for tax investigations	South Africa, Tanzania and Uganda
Integrated/coordinated border management (IBM/CBM)	Burundi, Kenya, Mauritius, Rwanda, Tanzania, Uganda and Zimbabwe

Source: from African Tax Adminstration Forum (2016) *African Tax Outlook*.

V. Analysis by Function (2): Implementation

5.1. Overview

Whilst the preceding chapter focused on analyzing the means of knowledge transfer towards the developing countries, this part aims to delve into the second function of assistance in tax reform given by the international financial institutions and the regional initiatives, which is the implementation of tax reform. Reflecting more of a process on how tax reforms are implemented, implementation, in a broader sense, encompasses direct intervention such as legislation of tax act, reorganization of the tax-related authority, service provision, and assessment of initiated reforms (See **Table 7**).

Table 7. Components of Assisting Tax Reform Implementation

Tax Reform Assistance through:	Key Measures
Broader Policy Advice	· Consultation and assessment
Pre-implementation	· Undertaking needs assessments · Drafting of legislation and regulations · Development of financial reporting requirements
Implementation	· Development of appropriate disclosures, procedures and guidelines · Implementation of appropriate organizational structures

Source: adapted from "Transfer Pricing: Technical Assistance and Capacity Building Resources" by Joel Cooper (2010) presented at the 8th session of UN ECOSOC Committee of Experts on International Cooperation in Tax Matters, Geneva, Oct. 15-19, 2012

Led by the IMF and the World Bank which have been the dominant sources of expertise for several decades, a certain set of reform programmes has been implemented around the globe in requirement of: "introduction of broad-based consumption taxes

such as Value Added Tax (VAT), simplified tax design, and improved tax administration (Fjeldstad and Moore, 2008, 236)." On the contrary to the standardized 'reform package' by the international financial institutions reflected on developing countries, regional tax initiatives particularly CIAT have been assisting the implementation of tax reform with a customized focus on training personnel and restructuring revenue authorities, together with the support of member countries and regional development banks, or by themselves.

Such distinguished arrangements can be traced back to the different frames formed among actors in supporting tax reform in developing countries. Without further ado, this chapter analyzes the features of implementing tax reform supported by each frame of multilateral entities, and cases are to be followed as examples.

5.2. Standardized Assistance by the IFIs

In initiating reforms, conditionalities for structural adjustment and stabilization conventionally concentrated on resolving impediments at a macroeconomic level regarding exchange rate and pricing; nonetheless, since the 1980s, technical features of conditionality were expanded to cover a wider range of institutional, legal and economic reforms including taxation (Stewart, 2003). Emran and Stiglitz point to a pattern of reform practiced in a significant number of developing countries, which centers around "a reduction in the trade tax with a compensating or revenue enhancing increase in VAT (2005, 600)." Such arrangement of reform policies recommended by the IMF and the World Bank can be characterized in general by the following:

- Reduced rate of corporate income taxation and trade-related taxation;

- Development of sales tax and VAT, incorporating an aspect of regional harmonization;
- Substantial reconditioning of tax administration (Marshall, 2009).

Therefore, the consensus on tax reform frequently recommended and supported by the IFIs emphasizes the importance of improving tax collection through enhanced administrative systems, along with the intention of augmenting revenue collection (Ruiz, Sharpe, and Romero, 2011). To elaborate, for the case of the IMF, the institution has been emphasizing a number of certain elements commonly throughout its assistance in revenue mobilization of developing countries (See **Table 8**). Adding on to the common elements mentioned below, the Fund also actively aims to promote regional cooperation in order to limit "mutually damaging" competition, especially on excises and business taxation (International Monetary Fund, 2011).

Table 8. Commonalities in the Tax Reform Assistance by the IMF

Reform Strategies	Objectives
Effective revenue administration	· To make proper use of withholding and third-party information, and capable of building on these to implement voluntary compliance and self-assessment · To expand the tax base and to help address corruption
Strong control of the large taxpayers	· To fulfill risk assessment and fuller taxpayer segmentation · To prevent policies and procedures that limit opportunities for rent-seeking and help identify inappropriate behavior
Simplification of laws and regulations	· To achieve coherence across taxes · To provide good taxpayer protection including effective appeals procedures · To deal with non-compliance · To remove taxes and fees that are inordinately costly to comply with and administer
Introduction of simplified taxes	· Corporate Income Tax (CIT): To sufficiently broaden the base; To apply reasonably low and uniform tax rates across investments · Value Added Tax (VAT): To replace inefficient production or sales taxes · Personal Income Tax (PIT): To establish coherent taxation of capital income with an effective rate structure consistent with the authorities' distributional preferences · To catalyze administrative reforms
Regulation on avoidance	· To prevent exemptions under all taxes which jeopardize revenue and good governance · To strengthen capacity in dealing with profit-shifting by multinationals

Source: from International Monetary Fund (2011) *Revenue Mobilization in Developing Countries*.

All in all, these overall strategies reflect the conditions of developing countries facing similar challenges represented as confined administrative capacity, complicated tax system, lack of transparency, and feeble legal sanctions, in turn arousing the necessity of tax reform. Additionally, reforms are conducted as many countries have

become more aware of administrative issues and limitations connected with existing tax systems which would give rise to widespread tax evasion and enforcement problems. To assist the implementation of tax reform, the international financial institutions mainly make use of short and long-term missions, consultancies, and regional centers, applied to both African and Latin American contexts.

For the case of Africa, tax reforms in the continent have become a part of the larger structural adjustment programmes and have been integrated in the agreements of economic restructuring with the international financial institutions (Thirsk, 1993; Tanzi and Zee, 2000; Obwona and Muwonge, 2002; Fjeldstad and Rakner, 2003). As an example for African context, the reform case of Ethiopia can be given to describe how the IMF has supported the country's tax reform specifically regarding strengthening the framework of tax administration and taxpayer compliance. Despite lagging behind the average in terms of tax collections-to-GDP ratio in sub-Saharan Africa which is 17-18 percent, Ethiopia has pursued a steady increase from 8.6 percent in 2008/09 to 11.5 percent in 2011/12 (Chatterji *et al.*, 2013).

However, one of the main challenges the country faced was the fragmentation of tax administration which scattered across a number of ministries and institutions at different levels (Ibid., 2013, 124). In assisting the reform, the IMF extensively exerted both indirect and direct influence through diagnostic missions, expert visits for assessing the progress, and management of post-implementation status, actively making use of resources from both the headquarter and the Africa Regional Technical Assistance Center East (AFE). The key reform assistance implemented by the Fund on top of

promoting market-oriented tax policies was the consolidation of different tax offices into one institution for efficient and effective administration. To elaborate, the regulatory office under the Ministry of Revenues, Federal Inland Tax Authority, and Ethiopian Customs Authority were merged, establishing Ethiopian Revenues and Customs Authority (Daba, 2014, 14). In addition, according to the report on mid-term evaluation of the regional center's activities, other suggestions proposed by the IMF include the implementation of a monitoring system involving robust data and the development of a more coordinated, clarified tax modernization plan for enhanced performance (Chatterji *et al.*, 2013).

Another impediment Ethiopia encountered was the high rate of non-compliance among taxpayers in Mercato, a business area located nearby Addis Ababa.[12] Despite being the largest business hub in the country, the district faces challenges of tax evasion deriving from the prevalence of "non-traditional business practices which are largely based on cash transactions, no issuing of receipts, and limited accounting documentation (Chatterji *et al.*, 2013, 127)." Thus, in order to tackle such issues, the IMF has provided technical assistance in enhancing taxpayer compliance through measures largely divided into three: simplification of tax registration processes, development of taxpayer education and enforcement of regulatory frameworks. As a result, by restraining tax avoidance and encouraging voluntary compliance through reinforced measures and

[12] According to the IMF, the rate of non-compliant population draws near 75 percent, leaving behind only 25 percent of voluntary tax compliance within Mercato.

attention, legal measures were applied to bind nearly 286 organizations and individuals in total that took part in tax evasion in Mercato area (Yohannes, 2016).

Moving on, in the context of Latin America, its tax-related issues of narrow tax bases, frequent tax exemptions, and weak administrative capacity also reflect the aforementioned backdrop of developing countries in need of tax reform. Starting off with 'standardized' reform packages, the implementation of reforms assisted by the international financial institutions not only seeks to enable tax systems to be "more compatible with the demands for marketization," but also aims to resolve issues of administration and governance (Lledo, Schneider, and Moore, 2004, 7). In this sense, assistance by both the World Bank and the IMF in Jamaica's tax reform project can be given as the example case for Latin America.

In spite of being an upper middle income country, Jamaica's economy has been stuck in the status of low growth with the real per capita GDP increase of average one percent per year over the last 30 years, attributing to high public debt and external shocks (World Bank, n.d.). Therefore, in striving to overturn its stigmatized status as one of the slowest growing developing countries, the government of Jamaica has pursued an extensive tax reform with the external support. For one, from 1994 to 2001, the World Bank was involved in the Tax Administration Reform Project (TaxARP), which strategically focused on several elements such as: "broadening the tax base by endowing taxpayers with registration number, strengthening organization through restructuring, enhancing the control of tax evasion, as well as facilitating voluntary compliance through improved service and simplified procedures (United Nations Public Administration

Network, 2013, 2).” Subsequent reform effort continued in the 2000s where the IMF and the Caribbean Regional Technical Assistance Center (CARTAC) which is one of the Fund’s regional means of delivering expertise on taxation engaged in further project in order to resolve continuing operational challenges. In addition to fiscal adjustment measures, part of the reform assistance by the IMF was to implement the Extended Fund Facility (EFF)[13] in 2013 which involved updating legal frameworks and developing integrated computerized systems for the revenue authority (Tax Administration Jamaica, n.d.).

Nevertheless, the engagement of the international financial institutions in tax reform often faces mixed views, more or less backlashes for their ‘one-size-fits-all’ reform package. A number of criticisms on their assistance can be narrowed down to two, which stand out as homogeneous conditionalities and issue of sustainability. Reports and articles criticizing measures by the IMF and the World Bank point out that the tax reforms recommended by the institutions result in limited success, largely owing to standardized policy suggestions overlooking diverse, detailed contexts of different countries (Stewart, 2003; Stewart and Jogarajan, 2004; von Soest, 2008; Marshall 2009; Keen, 2012). Such “mass-produced approach to tax reform (Stewart and Jogarajan, 2004, 146)” raises questions on the adequacy of importing foreign tax models when they are

[13] According to the Jamaican revenue authority, Tax Administration Jamaica (TAJ), operational conditions of the Extended Fund Facility not only involve the IMF and the Ministry of Finance and Planning of Jamaica, but also the World Bank, bringing about agreement on the action plan for tax and customs reform.

seen as unsuitable in terms of both competency and time frame of developing countries (Keen, 2012). Furthermore, the question of sustainability can also be brought up. As seen in cases of reform led by major donor countries, the possibility of falling backwards once core technical support comes to an end exists (von Soest, 2008), calling for tax reforms in developing countries – be it assisted by international organizations or regional entities – to foster adequate capacity and ownership in the first place.

5.3. Diversified Assistance by the Regional Initiatives

On the contrary to the international financial institutions' uniformed assistance through the package of reforms, the regional initiatives do not share much commonalities in terms of providing technical assistance towards implementing tax reform. That is, activities of CIAT and ATAF differ when it comes to actual intervention although both initiatives concentrate on issues related to tax administration. For one, CIAT with its beginning in 1983 much earlier than that of ATAF in 2009, has conducted far more assistance both in quantitative and qualitative terms, covering from diagnosis to support and project assessment activities. Hence, with ATAF largely concentrating on the function of knowledge sharing among its member countries, analysis regarding the implementation of tax reform hereby would extensively refer to the features and examples of CIAT.

To start with, the coverage of CIAT's activities in implementing tax reform can be largely distinguished by three key contexts: necessity of new techniques to detect issues arising from global phenomena such as tax evasion, need for modernizing tax

administration in order to facilitate the dialogue between taxpayer and the administration, and need for managing the structure and autonomy of tax administration to render more effective services ("CIAT–Strategic Guidelines," n.d.). Against the backdrop, the regional organization operates short and long-term projects that encompass a number of topical areas such as: "(a) preparation of reform projects on specific or global tax issues; (b) institutional consolidation and improvement of the tax administrations[14]; (c) optimization of the substantial tax administration proceedings including compliance control, auditing, or enforced collection; (d) taxpayer assistance; (e) incorporation of risk management models and procedures; (f) design and implementation of tax careers and other human resources processes; and (g) use of ICT for specific purposes as well as the development of integral management systems ("CIAT–Work Fields," n.d.).

Following the areas of assistance, two modalities of implementing tax reform by CIAT can be identified depending on the interests and needs of member countries. The first way of assisting the implementation of tax reform is the exclusive intervention by the organization on its own, making use of its resources and expertise to the fullest. Another means of assistance takes place through the partnership with other regional agencies namely the Inter-American Development Bank (IDB), utilizing its benchmarking practices at the same time overcoming fiscal impediment. The subsequent two examples in which CIAT has been engaged would therefore reflect how the regional

[14] Such measures include creation of a new administering institution and merging of agencies on other topical areas of tax management, namely customs.

initiative implement tax reform mainly in the dimension of capacity building.

Regarding the first modality where CIAT exclusively assists the implementation of tax reform, the example of Jamaica can be brought up. Following the reforms implemented by the international financial institutions, CIAT has also been engaged in the reform process mainly focusing on the technical aspect of capacity building of the tax administration in Jamaica, which is under the objective "to modernize its operations and improve the overall collections and compliance strategies (Tax Administration Jamaica, 2015)." The regional initiative began its assistance by holding training sessions in between 1994 and 1997 in order to enhance the technical and supervisory capacity of senior officials, going over modules from fiscal policy to strategic planning and information systems in the tax administration ("CIAT–Experience of Jamaica," n.d.).

In addition to training personnel, CIAT assisted in establishing the office of Exchange of Information (EOI) within Jamaica's Tax Administration (TAJ) which facilitates the sharing of tax-related information across regions. Supported by a series of workshops and consultation, the Exchange of Information Office, according to TAJ, enables the country to access information from other tax jurisdictions on best tax practices as well as expatriates, adding on to more efficiency of administration (Fenty, 2012).

Furthermore, missions concerning the technical support and assessment of the

Large Taxpayer Office (LTO)[15] within the administration have been conducted by the Secretariat of CIAT, rendering technical support in the area of identifying and assessing compliance risk. In doing so, CIAT led discussions over assessing the needs of developing specific risk criteria for industries in selecting audit cases related to the Large Taxpayer Office, along with devising strategies for medium and small taxpayers (Tax Administration Jamaica, 2015). In respect to the Large Taxpayer Office which was established through CIAT's technical support (Ibid., 2015), positive results on the performance were seen, as the not only achieved 96% of its audit target of 500 million Jamaican Dollar (J$) but was also able to collect J$75 billion in surplus, which accounts for 28% of tax revenue in total for the fiscal year 2009-10 (Haughton, n.d.).

Another modality of implementing tax reform by CIAT can be characterized as forming partnerships with other regional agencies. While the preceding implementation of tax reform assistance was largely carried out by the organization itself, three actors – CIAT, Inter-American Development Bank (IDB), and Ecuador – are identified to have been engaged in the recent, ongoing tax reform in Honduras which was initiated in 2015. Such execution of the reform project is aimed at creating a new Revenue Administration Service (*Servicio de Administración de Rentas en Honduras*, SAR) which would replace the former agency, Executive Revenue Direction (*La Dirección Ejecutiva de Ingresos*, DEI), in order to improve both policies and administrative system in tax collection.

[15] The Large Taxpayer Office (LTO) of Jamaica particularly sheds light on the key 3 percent of the country's taxpayers who are accountable for paying some 80 percent of total taxes, according to the Jamaica Information Service (2009).

Advised and administered by the IDB and CIAT, what is interesting about this project is that the establishment of the SAR draws from the Ecuadorian model of tax reform, which CIAT gave technical assistance in implementing reforms of the authority.

The rationale behind this reform project consists in the challenges faced by the tax authorities of Honduras, intertwined with the economic downturn triggered by global financial crisis, which eventually put pressure on public finance (Inter-American Development Bank, 2015). To elaborate, diagnosis made by the external institutions has found that insufficient revenue mobilization of Honduras is largely due to the incompetent tax administration caused by: "ineffective tax processes regarding taxpayer registration, declaration, invoicing, auditing, and collection; weakness in tax information management tools lacking both technology and data; and the lack of human resources development (Rodriguez, 2016)." For one, according to the report prepared by IDB, IMF's Regional Technical Assistance Center for Central America, Panama and Dominican Republic (CAPTAC-DR), and CIAT, the percentage of ratio between identified active taxpayers and the population that is economically active was 2.7% in the case of Honduras, much below the regional average of 21% (Inter-American Development Bank, 2015, 4).

Therefore, in attempt to resolve such ineffectiveness along with out-of-date technical infrastructures and issues of human resources such as low compensation, CIAT has been delivering technical assistance as well as consulting towards replacing and improving the tax authority, together with the IDB's financial support. As mentioned above, technical support by CIAT derives from its previous experience of assistance in

implementing the Internal Revenue Service of Ecuador (*Servicio de Rentas Internas del Ecuador*, SRI) through: reengineering of administrative procedures, human resources management, technological improvement, and enforced regulation ("CIAT–Experience of Ecuador," n.d.). Thus, in this sense, the regional organization intends to support implementation of the new tax authority in Honduras mainly by outlining business rules, developing work flows, and updating computerized systems to enhance productivity and services. Moreover, experts from Ecuador has also joined the reform process by providing additional technical support on strengthening the Large Taxpayer Unit which the former Honduran tax authority was missing, through sharing cases of tax evasion by multinational corporations (La Prensa, 2016).

All in all, although it is premature to make final assessment on the aforementioned progress of tax reform in Honduras due to its early stage, assistance in implementing tax reform by CIAT signifies how the regional tax initiatives conduct diversified modalities of support on the basis of needs-based approach. With the case of CIAT, South-South exchange between the member countries, herein Ecuador and Honduras, has also been observed, together with being financially complemented through the partnership with the regional development bank.

VI. Conclusion

6.1. Lessons and Implications

To conclude, lessons based on the previously conducted analyses of the two frames of multilateral institutions can be given, in order to discuss the degree of institutional complementarity found in the relationship between different institutional attributes reinforcing the effectiveness of one another (Aoki, 1994a). Starting with the function of knowledge transfer, the modes of delivery executed by the international financial institutions and the regional initiatives have turned out to be similar in terms of providing capacity-building measures. Such actions include holding workshops and engaging in active partnerships with other institutions at both regional and international level. In this sense, owing to the common objective of fostering capacity for developing countries thus overlapping activities in assisting tax reform, less complementarity between the two has been observed in general.

Nonetheless, patterns of high and low cost are evident according to the overall framing surrounding tax reform. The IMF and the World Bank were seen to mainly transfer knowledge in a more of systematic, detailed means by deploying experts to regions, as well as dealing with specified tax-related issues through multi-stakeholder assessment tools. On the other hand, ATAF and CIAT represented as the regional frame focused more on the feature of knowledge sharing and network forming between the member countries through conferences, workshops, and the provision of guidelines. In

this regard, distinct patterns in supporting tax reform.

Regarding the implementation of tax reform which is the other function of tax reform, differently framed patterns between the IFIs and the regional initiatives were more evident, indicating possibility of stronger institutional complementarity. To elaborate, in the first place, the IMF and the World Bank had a tendency to engage in tax reforms 'step-by-step,' with a market-oriented approach underneath. That is, the agencies have implemented standardized packages of reform promoting simplification of tax system, adoption or elimination of certain types of taxes. On the other hand, in the case of CIAT, the regional initiative continued to focus on the principle of mutual assistance and knowledge sharing by benchmarking a success case onto another member country in collaboration with the regional development bank, diversifying assistance according to specific needs of different tax administrations.

In addition, differences were also observed within the frame of regional initiatives, not exclusively owing to the different lengths of the two organizations' time frame. For one, in reflecting the composition of each organization, CIAT with members from developed countries could be characterized as more of an example of triangular cooperation, whereas ATAF with solely African countries is more of South-South cooperation, eventually bringing about the differences in the scope and depth of assistance. Another difference could be attributed to the geopolitical factor, where the majority of Latin American countries tend to share the same language and to have undergone similar fiscal crisis in the past, allowing the region to be more cohesive. Nonetheless, despite such differences found between the two regional bodies, more room

for cooperation beyond complementing each other can be found, under the objectives of enhancing the capacity and ownership of developing countries, particularly when dealing with cross-regional issues such as tax avoidance by multinational corporations.

All in all, several implications could be pointed out on the basis of the above findings, most importantly the different degree of institutional complementarity found in accordance with the framing power and conditions. Having figured out different framing power between the two types of multilateral institutions, discussions on how to enhance institutional complementarity between the two can be followed subsequently. That is, institutional complementarity can be enhanced through the optimization of different frame settings. In other words, stronger complementarity would take place when each frame concentrates on their 'specialties'.

Regardless of functions in assisting tax reform, the international financial institutions generally bear high-cost technical support and definite protocols, whereas the regional bodies exert softer assistance including networking and sharing knowledge. Such low-cost measures by the regional frame would in turn enable the provision of detailed consultation more suitable to different contexts of developing countries. By drawing upon preceding experiences and successful practices, the regional institutions would be able to complement the backlashes of uniformed assistance pursued by the counterparts, herein the IFIs, and enhance effectiveness of tax reform.

For this reason, coordination between institutions is necessary in the first place before initiating assistance. Although not to be generalized as the act of specialization in advance, examples of international platforms which have been recently established to

discuss a number of tax issues could provide a starting point for institutional frames to conduct division of labor and to prevent fragmentation. For one, in dealing with matters on tax evasion, the International Tax Compact (ITC) can be the example of a joint initiative among different actors in combatting tax-related challenges, aiming to encourage more transparency and effectiveness in building tax systems through a wide range of measures from networking to research.[16]

Additionally, it is also necessary to identify both the strengths and the weaknesses of the regional initiatives in interacting with the international financial institutions. The clear-cut benefit of such regional frame consists in their ability of knowledge sharing as mentioned above. Nonetheless, when it comes to shortcomings of the regional bodies, possibility of one-sided, unbalanced complementarity owing to their lack of data and analysis exists, indicating the risk of limiting the regional frame as merely a cursory counterpart against the international financial institutions if the regional institutions do not attempt to develop more input regarding data collection, rule-binding and monitoring mechanisms. Therefore, with this in mind, it is essential for regional organizations to not only specialize in their comparative advantage of peer learning, but also continue to foster their capacity and autonomy by devising adequate database and management tools so that coordinated assistance between the regional and international frames can be more compatible.

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[16] The International Tax Compact (ITC) involves a number of regional and international organizations, as well as key donor countries and private sector. Partners include: IMF, World Bank, OECD, UN, CIAT, ATAF, European Commission (EC), the Netherlands, Germany, France, Spain, and Switzerland.

In this sense, the academic contribution this paper has aimed to make can be found in the conducted comparative analysis of the regional initiatives and the international financial organizations regarding taxation, which is the area of issue being emphasized more and more in international development cooperation. At the same time, this study has also tried to raise the significance of the regional frame conveying South-South and triangular cooperation in tax reform, which has hardly been analyzed previously, as to show complementarity towards measures taken by the conventional frame of the international financial institutions.

6.2. Suggestions for Further Research

As indicated throughout the preceding chapters, this research has attempted to analyze sets of tax reform conducted by multilateral institutions under different frames at a macro level. Although both distinct patterns and possibility for enhanced complementarity between the international financial institutions and the regional tax organizations have been noted, this study yet leaves room for further research due to several limitations faced during research, such as absence of meticulous empirical case studies on the activities of regional organizations, constraints in time and means of research, as well as inaccessibility to detailed information.

Therefore, against such backdrops, accumulation of data on tax reform regarding developing countries, especially in the case of Africa, can be primarily suggested in order to expand the analysis towards comparing effectiveness of tax reform assistance under different frames. Furthermore, moving on from the role of this paper in

analyzing the patterns of assistance by different frames towards assessing them, particularly those pursued by the regional frame, this paper not only brings about the further need for reliable, neutral statistical data on taxation but also raises the necessity of studying further regarding practical measures on how the international financial institutions and the regional initiatives can avoid fragmentation as well as confrontation, and maximize complementarity for effective assistance concerning tax reform in developing countries.

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Appendix

Appendix A

INTERNATIONAL CONFERENCE ON TAXATION, STATE BUILDING AND CAPACITY DEVELOPMENT IN AFRICA PRETORIA COMMUNIQUÉ

Over the past two days, we, Commissioners and Senior Tax Administrators and Policy Makers from 39 countries, together with representatives from bilateral and multilateral organizations active in Africa on tax issues, met in Pretoria, South Africa on 28 – 29 August 2008.

The gathering provided us with an opportunity to deliberate on the issues of taxation, state building and capacity development in Africa and take stock of the progress made, challenges faced and a possible new direction for African tax policy and administration in the 21st Century. The focus of our gathering enabled us to take forward the debate on the following issues:

(i) The importance of taxation in state building;

(ii) The changing environment of taxation in Africa; and

(iii) An African initiative: Strengthening African Tax Administrations

The goal of our meeting was to lay a strong basis for a new approach to taxation, state building and capacity development of African Tax Administrations and the launch of an African Tax Administration Forum. The meeting has helped us build partnerships between developed and developing country administrations, thereby ensuring greater synergy and cooperation among donor organizations, reducing duplication and giving greater support to African Tax Administrations.

(i) The Importance of Taxation in State Building

We, the participating African and other countries and international organisations, believe that capable and responsible states are key actors in confronting and overcoming today's global developmental challenges. The building of capable state institutions for a democratic state is a continuous, long-term goal.

Governments around the world recognise that revenue mobilisation is central to this goal and their ambitions to achieve the Millennium Development Goals (MDGs). We believe that more effective tax systems can:

1. Mobilise the domestic tax base as a key mechanism for developing countries to escape aid or single resource dependency.

2. Reinforce government legitimacy through promoting accountability of governments to tax-paying citizens, effective state administration and good public financial management; and

3. Promote economic growth, reduce extreme inequalities, and thereby significantly improve the lives of our citizens;

4. Achieve a fairer sharing of the costs and benefits of globalisation;

(ii) The Changing Environment of Taxation in Africa

We believe that taxation is essential to sustainable development. Developed and developing economies, NGOs, private investors and international organizations should work together to promote fair and efficient tax systems and administrations that will ensure each country receives the fruits of its own economic achievement and, at the same time, improves its overall governance.

We agree that one of the most pressing issues facing our continent is to embark on a path to free African countries from their dependence on foreign assistance and indebtedness. An indispensable condition of this is the strengthening of our capacity to mobilize domestic resources. Domestic revenue should be one of the main sources for fiscal space expansion because of its sustainability, thereby reducing dependence on donor assistance.

We are concerned at the international findings on the issues of tax havens and capital flight. Billions of dollars per year have left the African continent between 1991 and 2004. These outflows are estimated at 7.6% of the annual GDP of the region and, in effect, makes African countries net creditors of donor countries. They also undermine African countries' tax bases. While developed countries are providing ODA and some debt relief on the one hand, action by the international community is required to ensure that the potential tax base of developing countries is not undermined through tax evasion. We encourage the UN and the OECD to vigorously pursue their work in this area by promoting better international cooperation.

We are well aware that many African countries, like most countries globally, face significant challenges in respect of the effectiveness of their tax systems. Overall revenue yields and voluntary compliance are low; the tax bases often remain narrow, while the informal sector continues to grow; the taxation of international transactions, in particular transfer pricing, has become increasingly difficult; the overall tax gap remains unquantified.

We recognise that, over the coming decade, we will need to enlarge our sources of tax revenues and broaden the tax base considerably, in order to compensate for the move away from trade taxes resulting from WTO obligations and from regional trade agreements.

(iii) An African initiative: Strengthening African Tax Administrations

We firmly believe that a key component of a capable state is the existence of efficient and effective tax administrations.

Improving revenue performance will require a major improvement in tax administration through better service delivery, and taxpayer education, effective use of automated systems (especially in the clearing system and monitoring refund claims), better cooperation between tax administrations to counter tax evasion and aggressive tax planning, and strengthening audit and human resource management capability.

In meeting these challenges, **we recognise** that external assistance must be built on a clear analysis of domestic conditions and priorities.

We believe that donors can do more to support revenue-raising efforts in partner countries, a view supported by the G8 Gleneagles and Heiligendamm processes. Of the US$7.1 billion spent in 2005 on bilateral aid for government administration, economic policy and public sector financial management, only 1.7% was directed at tax-related assistance.

It is in this context that **we have agreed** to explore the feasibility of launching a new initiative that would primarily focus on capacity building in African tax administrations and which will help our governments meet their Monterrey commitments.

The senior African Tax Administrators participating in this meeting have decided to take the following actions:

1. To mandate a Steering Group of African Commissioners to develop this initiative on their behalf;

2. The Steering Group will meet before the end of 2008 to prepare for the launch of an African Tax Administration Forum (ATAF);

3. The Forum will be the voice of African Tax Commissioners and provide a vital opportunity to develop joint strategies and programs;

4. The African Tax Administration Forum initiative will seek active relations with existing African Multilateral institutions such as the African Development Bank, NEPAD and the African Union, as well as regional economic bodies;

5. This will be an African programme reflecting African needs and African strategies. African countries will drive and manage the programme priorities, supported by donors, other tax administrations and international organisations;

6. It should build on the work of existing institutions and organisations and thereby avoid duplication. Already some of these organisations work together under the umbrella of the International Tax Dialogue (ITD) and the ATAF can draw on the work of the ITD. It will also encourage and seek to build on relatively new relationships, including South-South dialogue;

7. We will encourage and support new Partnerships between all countries to promote co-operation and capacity building.

This initiative is an opportunity for Africa to say what Africa wants in the tax area; for African based processes and institutions to take the lead on the continent.

We envisage the new Africa Tax Administration Forum to act as a focal point for exchanging experiences on good practices, benchmarking performance, improving cooperation between, and setting the strategic direction for African Tax Administrations. The Forum would conduct its own research work on taxation on the African continent, develop specific diagnostic tools for African revenue bodies and develop a capacity building program.

The broad strategic issues that the Forum would focus on will include such themes as getting the right balance between taxpayers' service and tax enforcement; the approach of tax administrations to different groups of taxpayers. An integrated part of the program would also be to build on the work of the OECD's Forum on Tax Administration and the work of the WCO, IMF, the African Development Bank and of bilateral donors.

As Commissioners and Senior Officials of Revenue Administrations, **we bear the responsibility** of playing an important and robust role, as change agents, by providing the required strategic leadership to build the integrity and autonomy of our respective administrations, and for developing the required capacity and specialized skills for our administrations to perform their functions optimally. These skills are necessary if we are to contribute to developing a culture of tax compliance in our societies. We need support in developing these skills and note with thanks the commitment of Tax Commissioners in the Forum on Tax Administration (FTA) to provide that support as noted in the FTA's Cape Town Communiqué of January 2008.

To take forward this initiative, this Steering Group of African Commissioners and interested organisations will meet before the end of 2008, to develop the action plan. That meeting will also provide an opportunity to discuss one or more specific issues (e.g. how tax administrations approach the taxation of large and small businesses and multinationals) that are currently on the agenda of African Tax Administrations. The

outcome of this meeting will be reported to Commissioners in early 2009 with detailed proposals for the establishment of an African Tax Administration Forum.

The outcomes of this conference will help our governments take forward their broader development agenda, and specifically to mobilize domestic resources, as will be discussed at the 3rd High Level Forum on Aid Effectiveness in Accra on 2 – 4 September, the Financing for Development Conference in Doha in November 2008 and the G8 action plan for Good Financial Governance in Africa.

We wish to express our appreciation to the South African Government and the South African Revenue Service for hosting this meeting, as well as to the African Development Bank, the OECD and the Governments of Germany, Ireland, the Netherlands and the United Kingdom for their financial support.

Finally, we are appreciative of the contribution made by the Commissioners of the Revenue Administrations of Botswana, Ghana, Nigeria, Rwanda, South Africa and Uganda, the co-sponsors of this event, as well as the President of the African Development Bank, for the insight and leadership they have provided for our discussions.

Pretoria, South Africa
29 August 2008

Countries and organisations participating in the International Conference on Taxation, State Building and Capacity Development in Africa:

Angola, Benin, Botswana, Cameroon, Chad, Chile, Congo (Democratic Republic), Congo (Republic), France, the Gambia, Germany, Ghana, Ireland, Japan, Kenya, Lesotho, Madagascar, Malawi, Mauritania, Mozambique, Morocco, Namibia, the Netherlands, Nigeria, Norway, Rwanda, Senegal, Sierra Leone, South Africa, Sudan, Swaziland, Sweden, Switzerland, Tanzania, Uganda, the United Kingdom, the United States, Zambia and Zimbabwe.

African Development Bank, African Tax Institute, Department for International Development (UK), Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ, Germany), Institute of Development Studies, International Monetary Fund, the Organisation for Economic Cooperation and Development and the Southern African Development Community.

Appendix B

INTER-AMERICAN CENTER OF TAX ADMINISTRATIONS (CIAT) STRATEGIC PLAN 2013–2017

The 2013-2017 Strategic Plan proposes more synthetic definitions of CIAT's "mission" and "vision" and contains a section that describes the context in which CIAT should perform its future actions and sections on Strategic Directions and Initiatives, presented in an orderly and systematic manner.

Strategic Guidelines and Initiatives

A. Develop cooperative actions to facilitate compliance and promote fiscal citizenship

1. Promote best practices in quality of service and assistance to taxpayers.
2. Promote a tax complying culture in society.
3. Promote and support the use and development of information technology and communication systems in tax administrations of member countries.

B. Develop cooperative actions to prevent and combat all forms of fraud, tax evasion and avoidance

1. Promote best practices in compliance risk management of tax administrations of member countries.
2. Promote mutual cooperation between tax administrations.
3. Promote agreements on exchange of information and support their implementation.
4. Encourage coordination among international organizations on issues of tax administration.
5. Promote dialogue between tax administrations and key stakeholders of member countries.
6. Identify, analyze and disseminate regulatory and administrative procedures to address abusive international tax planning schemes.
7. Establish "knowledge bases" of known abusive schemes in international tax planning.

C. Develop and disseminate information, studies, research and development of good and innovative practices to improve tax policy and administration

1. Collect, organize and make available data from and to member countries related to tax laws, organizational and managerial systems, tax statistics, indicators and technological changes.
2. Conduct studies, comparative analysis of tax legislation, organizational and managerial systems, tax statistics, technological changes and systems for determining and benchmarking measures and indicators of tax administrations of member countries.
3. Disseminate information, studies and experiences and promote discussion on topics

of interest, through assemblies, technical conferences, publications, meetings and virtual mode via Web related applications.
4. Identify and promote the use of information technology and telecommunications and develop solutions and standards of the tax administrations of member countries.

D. Design, promote and implement training of human talent in coordination with the tax administrations, to assist in improving the ethics and standards of professionalism of their staff

1. Implement applications and programs developed by CIAT for the promotion of ethics and integrity in the tax administrations.
2. Identify training needs and design evaluation programs and training systems in legislation and tax administration of member countries.
3. Develop, promote and coordinate CIAT training programs in legislation and tax administration.
4. Support the creation, development and strengthening of training centers in member countries.

E. Support and execute the implementation of technical assistance projects to strengthen tax administrations

1. Provide specific technical assistance aimed at strengthening tax laws and tax administrations of member countries.
2. Provide technical assistance and programs to promote ethics and human talent.
3. Assist member countries in identifying financial resources for technical assistance.
4. Promote bilateral technical assistance among member countries.

F. Develop internal management policies and external coordination for the institutional strengthening of CIAT

1. Promote recognition of CIAT as an entity with legal status, of an international organization, by its member countries.
2. Coordinate and develop strategies for cooperation activities with international organizations, active in the field of tax administration, and other organizations.
3. Develop, implement and maintain planning and control measures to ensure a transparent, efficient and effective CIAT Executive Secretariat.
4. Develop and implement mechanisms for internal and external communications that promote the principles, values, and progress of the organization.

* Retrieved from CIAT. “About CIAT.” Accessed Nov. 18, 2016.
http://www.ciat.org/index.php/en/about-ciat/strategic-guidelines/strategic-plan.html

논문 초록

성명: 조서형

학과 및 전공: 국제학과 국제협력전공

서울대학교 국제대학원

본 연구는 세계 경기 침체와 맞물려 개발도상국의 재원 마련 및 국가 거버넌스 강화를 위한 조세의 중요성 증대에서 비롯된다. 조세 행정체계 확립, 다국적기업의 조세회피 문제 개선 등 효과적인 조세개혁을 단행하기 위해서는 먼저 국가의 역량 강화가 요구되는데, 이를 달성하기 위해 외부적으로 국제사회의 다양한 주체들이 개발도상국의 조세개혁을 지원하고 있다. 대표적으로 국제통화기금(IMF)과 세계은행(World Bank)이 주도하는 국제금융기구와 남남·삼각협력의 성격을 띠는 개발도상국 중심의 지역 이니셔티브를 주된 행위자로 꼽을 수 있다.

따라서 본 연구는 담론 형성의 주춧돌이 되는 프레이밍 이론을 기반으로 조세개혁지원 아래 형성된 두 프레임을 비교분석하여, 대립 및 분절화 현상을 최소화하고 지원의 효과성을 높이기 위해 담론 간 상보성을 향상시킬 수 있는 방안을 모색하는데 의의를 둔다.

이에 본 연구는 조세개혁지원의 두 축인 지식이전(Knowledge transfer), 그리고 정책제언 및 제도 수립 등을 통한 보다 직접적인 개혁시행(Implementation)에 따라, 조세 관련 개혁이 시급한 아프리카 및 라틴아메리카를 중심으로 각 담론의 지원 패턴과 특징을 분석하였다. 분석 결과, 전반적으로 국제금융기구 프레임의 조세개혁 지원 패턴은 그동안 구조조정 프로그램 등을 통해 축적되어 온 고비용 기술지원의 성격을 갖는 반면, 지역기구 프레임은 개발도상국 간의 경험 및 지식공유에 초점을 둔 저비용 상호원조의 모습을 보였다.

세부적인 분석으로는 역량 강화를 목표로 하는 지식이전 측면에서 두 담론 간의 상보성은 워크샵 개최와 같이 지역 파트너십을 도모하는 유사한 지원활동으로 인해 뚜렷하지 않았으나, 개혁시행 측면에서는 국제금융기구 프레임의 정형화된, 시장경제지향적인 조세개혁지원과 지역기구 프레임의 지식공유 및 지역 국가들의 고유한 환경에 맞춘 다각화된 지원을 바탕으로 두 담론 간의 상보성이 더욱 두드러졌으며, 결과적으로 조세개혁지원의 효과성을 높이기 위해서는 각 담론의 기능을 전문화함과 동시에 조세 문제를 논의할 범세계적인 플랫폼 확대의 필요성을 제시한다.

핵심어: 프레이밍 이론, 제도적 상보성, 조세개혁, 조세행정, 다자주의, 남남·삼각협력

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