

# EVALUATION

EVALUATION OF FINLAND'S INITIATIVES FOCUSED ON  
ENHANCED DOMESTIC RESOURCE MOBILIZATION (DRM)



Ministry for Foreign  
Affairs of Finland

Final Report



Evaluation of Finland's Development Policy and Co-operation

2023/8



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### FINAL REPORT

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2023/8

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# Acronyms and abbreviations

<b>AAAA</b>	Addis Ababa Action Agenda
<b>AC</b>	Anti-Corruption
<b>ACBF</b>	African Capacity Building Foundation
<b>AEoI</b>	Automatic Exchange of Information
<b>AfDB</b>	African Development Bank
<b>AP</b>	Action Plan
<b>ATAF</b>	African Tax Administration Forum
<b>ATI</b>	Addis Tax Initiative
<b>AU</b>	African Union
<b>AUC</b>	African Union Commission
<b>AWITN</b>	ATAF Women in Tax Network
<b>BEPS</b>	Base erosion and profit shifting action plan
<b>CBCR</b>	Country-by-country reporting
<b>CbyC</b>	Country-by-Country
<b>CCO</b>	Cross-Cutting Objective
<b>CEO</b>	Chief Executive Officer
<b>CIT</b>	Corporate Income Tax
<b>COP</b>	Climate Change Conference of Parties
<b>CSO</b>	Civil Society Organisation
<b>DFI</b>	Development Finance Institutions
<b>DG</b>	Director General
<b>DRM</b>	Domestic Resource Mobilization
<b>EC</b>	European Commission
<b>EDFI</b>	European Development Financiers
<b>EITI</b>	Extractive Industry Transparency Initiative
<b>EoI</b>	Exchange of Information
<b>EQ</b>	Evaluation question
<b>EU</b>	European Union
<b>FCDO</b>	Foreign, Commonwealth and Development Office
<b>FCR</b>	Findings, Conclusions and Recommendations
<b>GFI</b>	Global Financial Integrity
<b>GIZ</b>	German Technical Cooperation
<b>HAUS</b>	Finnish Institute of Public Management
<b>HIPC</b>	Heavily Indebted Poor Countries
<b>ICT</b>	Information & Communications Technology
<b>IDA</b>	International Development Association
<b>IFC</b>	International Finance Corporation
<b>IFF</b>	Illicit Financial Flow
<b>IFI</b>	International Financial Institution
<b>IMF</b>	International Monetary Fund
<b>INTOSAI</b>	Support for Capacity Building in Supreme Audit Institutions of Developing Nations
<b>ITC</b>	International Tax Compact
<b>JC</b>	Judgment Criteria
<b>KEO</b>	Department for Development Policy
<b>KRA</b>	Kenya Revenue Authority



<b>MDB</b>	Multilateral Development Bank
<b>MDTF</b>	Multi Donor Trust Fund
<b>MFA</b>	Ministry for Foreign Affairs of Finland
<b>MNE</b>	Multinational Enterprise
<b>MPF</b>	World Bank's Multi Partner Fund for Somalia
<b>NBC</b>	Nordic Baltic Countries
<b>NBO</b>	Nordic Baltic Office
<b>NGO</b>	Non-Governmental Organisation
<b>NRGI</b>	Project: Strengthening Civil Society and Increasing Tax Revenues and Transparency
<b>ODA</b>	Official development assistance
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OECD-DAC</b>	Organisation for Economic Co-operation and Development –Development Assistance Committee
<b>PCD</b>	Policy Coherence for Development
<b>PFM</b>	Public Financial Management
<b>PFMRP</b>	Public Finance Management Reform Project
<b>PIT</b>	Personal Income Tax
<b>PREFER</b>	Public Revenue, Expenditure, and Fiscal Decentralization Enhancement and Reform
<b>PWYP</b>	Publish What You Pay
<b>SDG</b>	Sustainable Development Goal
<b>SEZ</b>	Special Economic Zone
<b>SOMO</b>	Centre for Research on Multinational Corporations
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>TA</b>	Technical Assistance
<b>TAXTAN</b>	Tax Support to Tanzania
<b>TIWB</b>	Tax Inspectors Without Borders
<b>TJNA</b>	Tax Justice Network Africa
<b>TMP</b>	Tax Modernisation project
<b>ToC</b>	Theory of Change
<b>TRA</b>	Tanzania Revenue Authority
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNU-WIDER</b>	United Nations University World Institute for Development Economics Research
<b>USD</b>	US-Dollar
<b>VAT</b>	Value Added Tax
<b>VERO</b>	Finnish Tax Administration
<b>WB</b>	World Bank
<b>WBG</b>	World Bank Group
<b>ZPPA</b>	Capacity Building of the Zambia Public Procurement Authority





# Yhteenvedo

Tämä evaluointi arvioi Suomen tukea kansallisen tulopohjan vahvistamiseksi kehitysmaissa. Tämä sisältää verotuksen, mutta myös muiden julkisen sektorin tulonlähteiden kehittämistä niin, että julkiset tulot vastaisivat julkisia menoja. Evaluoinnin tavoitteena oli auttaa Suomen ulkoministeriötä (UM) parantamaan tuen tehokkuutta. Arviointi perustuu muutosteoriaan, jonka avulla arviointitiimi analysoi Suomen kahta verotus ja kehitys-toimintaohjelmaa (2016-19 ja 2020-23). Evaluointitiimi selvitti missä määrin ja miten toimintaohjelmat saavuttivat tavoitteensa. Aineiston keräämisessä ja analysoinnissa käytettiin seuraavia menetelmiä:

1. Kehityspolitiikan ja institutionaalinen analyysi,
2. Hankekokonaisuuden analyysi ja sidosryhmäkartoitus,
3. Valikoitujen kumppaneiden tulosten ja UM:n panostuksen analyysi.

Verotus ja kehitys-toimintaohjelmien ohella aineisto käsitti kansallisen tulopohjan vahvistamista ohjaavat politiikkalinjaukset, hankkeita toimeenpanevien kumppaneiden raportoinnin UM:lle ja hankkeiden tuoreimmat evaluoinnit. Tiimi haastatteli UM:n osastojen ja yksiköiden, valtiovarainministeriön, muiden suomalaisten toimijoiden, toteuttajakumppaneiden ja valittujen kansainvälisten järjestöjen sekä kumppanimaiden edustajia. Lisäksi järjestettiin fokusryhmäkeskustelu suomalaisen kansalaisjärjestöjen kanssa.

## Arvioinnin tulokset

Kansallisen tulopohjan vahvistamisen tukeen käytetään verraten pieni osuus Suomenkehitysyhteistyövaroista. Vaatimattomasta rahoituksesta huolimatta kansallisen tulopohjan vahvistaminen on ollut strategisesti tärkeää Suomen kehitysyhteistyölle. Verotuksen ja kehityksen kahdelle toimintaohjelmalle asetettiin kunnianhimoiset tavoitteet ja niitä toteuttamaan valittiin laaja kirjo hankkeita. Kunnianhimo oli linjassa kestävä kehityksen tavoitteiden kanssa. Samalla se tuki Suomen ja muiden rahoittajamaiden tekemää sitoumusta vahvistaa kehitysmaiden verotuskykyä ja sitoutua yritysverotuksen vastuullisuusperiaatteisiin kehitysmaissa. Molemmat toimintaohjelmat heijastavat Suomen sitoutumista rahoituksen lisäämiseen kansallisen tulopohjan vahvistamiseksi, Addis Abeban Tax Initiativen mukaisesti sekä pyrkivät tukemaan kehitysmaiden osallistumista ja näkökulmia kansainvälisessä keskustelussa verotuksesta. Toimintaohjelmissa korostetaan tarvetta ministeriöiden väliseen yhteistyöhön politiikkavaikuttamisessa.

Näiden ohjelmien toteuttamisen haasteet voidaan jakaa kahteen ryhmään, sisäisiin ja ulkoisiin. Sisäisiin haasteisiin lukeutuvat budjettileikkaukset ja UM:n henkilöstön vähentäminen, kansainvälisen verotuksen asiantuntemuksen rajallisuus ja kokonaisvaltaisen poikkihallinnollisen lähestymistavan puuttuminen. Ulkoisiin haasteisiin kuuluvat polarisoitunut kansainvälinen verokeskustelu ja riippuvuus EU:sta (sekä toisinaan johtavista EU:n jäsenmaista) Suomen linjan määrittelyssä. Materiaalit ja haastattelut tuovat myös esille sen, että Suomen seuranta ei ole riittävää eikä se ole priorisoinut kansallisen tulopohjan vahvistamisen hankekokonaisuuttaan.



Haasteista huolimatta, UM on rakentanut uskottavan ja tasapainoisen hankekokonaisuuden käytämällä avautuneet mahdollisuudet oikea-aikaisesti hyödykseen, sekä valitsemalla huolellisesti kumppanit maatasolla, alueellisesti ja globaalisti. Poliittikkavaikuttamisen osalta UM:n varhainen ja pitkäaikainen kumppanuus African Tax Administration Forumin (ATAF) kanssa on ollut menestyksellä. Suomi on myös osallistunut maailmanpankin Pohjoismaiden ja Baltian äänestysryhmän kansallisen tulopohjan vahvistamisen -vaikuttamisstrategian toteuttamiseen ja myös vähemmässä määrin, tukenut EU:n kantaa neuvotteluissa, jotka johtivat YK:n veropäätöslauselman hyväksymiseen vuonna 2022. Poliittikka-johdonmukaisuudessa Suomi onnistui verotuksen läpinäkyvyys-periaatteen toimeenpanemisessa, yritykset joihin Finnfund sijoitti vuonna 2021 maksoivat kyseisenä vuonna veroja ja niihin rinnastettavia maksuja yhteensä 692 miljoonaa euroa josta 553 miljoonaa Afrikassa. Tämä summa on kutakuinkin puolet Suomen saman vuoden kehitysyhteistyömäärärahoista.

Suomi on tukenut yhdessä Norjan kanssa YK:n kehitysohjelman (UNDP) ja OECD:n yhteisaloitetta Tax Inspectors Without Borders (TIWB) -ohjelman puitteissa. Tämä puolestaan on johtanut paljon suurempaan UNDP Tax for SDG -aloitteeseen. Lisäksi UM on tukenut muutamassa kumppanimaassa Suomen verohallinnon (VERO) yhteistyötä paikallisen veroviranomaisen kanssa. Tansaniassa VEROn yhteistyö on johtanut maan verohallinnon kapasiteetin vahvistumiseen ja suurempiin verotuloihin. Suomen tuki tutkimukselle, vaikuttamiselle ja yhteisrahoitusten kautta on auttanut kumppanimaita veropolitiikan kehittämisessä. Suomen tuella kumppanit ovat käynnistäneet onnistuneita kampanjoita vahvistaakseen verotuksen läpinäkyvyyttä ja vastuullisuusmekanismeja. Ulkoministeriö on myös kannustanut kumppanijärjestöjä yhteistyöhön keskenään.

Tuloksista huolimatta on epäselvää saavutetaanko hankkeilla laajoja järjestelmätason muutoksia ja ovatko saavutetut tulokset kestäviä. Suomi olisi voinut voimakkaammin edistää läpileikkaavia tavoitteita (erityisesti syrjimättömyyden ja ilmastokestävyyden osalta) pääkumppaneidensa kanssa. Vaikuttamisen ja poliittikka-johdonmukaisuuden näkökulmasta toisen verotus ja kehitys -toimintaohjelman tavoite, kehitysmaiden näkökulmien huomioiminen globaalissa verokeskustelussa, ei konkretisoitunut selkeiksi toimenpiteiksi. Koska UM:lla ei ollut riittäviä valmiuksia vaikuttaa muiden ministeriöiden työhön, suurin osa sen saavuttamista tuloksista poliittikkavaikuttamisessa on syntynyt pääkumppanien toimesta, esimerkiksi ATAF:in työn tuloksena.

**Johtopäätökset ja suositukset.** Yllä esitettyjen löydösten pohjalta evaluointi muodosti kahdeksan johtopäätöstä (J) ja suositusta (S).

Verotus ja kehitys -toimintaohjelma on jatkossakin sopivin vaihtoehto tehostaa kansallisen tulopohjan vahvistamista osana laajempaa kestävä kehityksen rahoitussuunnitelmaa; koordinoita kehitysyhteistyötä ja poliittikkavaikuttamista; ja säilyttää näkyvyys kansallisen tulopohjan vahvistamiseen liittyvässä kansainvälisessä keskustelussa. (J1) Kahden edellisen toimintasuunnitelman toteutusta ja seuranta ovat haitanneet priorisoinnin puute, rajalliset taloudelliset ja henkilöresurssit sekä monimutkaiset hallintorakenteet. (J2)

- S1: Laaditaan jatkuva toimintaohjelma pohjautuen realistiseen näkemykseen voimavaroista (sekä henkilöstön että asiantuntemuksen näkökulmasta); rakentaen Suomen tähänastisille saavutuksille; ja ottaen huomioon priorisoinnin tarve ja hankkeiden säännöllinen seuranta alusta lähtien.

Ollakseen tehokasta, poikkihallinnollisen yhteistyön tulee perustua aidosti yhteisiin prioriteetteihin. (J3) Suomi on saavuttanut hyvän aseman, josta on hyvä edelleen osoittaa sitoutumistaan läpinäkyviin, maailmanlaajuisiin oikeudenmukaisiin ja tasapuolisiin verotusjärjestelmiin. (J4)



- S2: Vältetään virallisten työryhmien perustamista ja sen sijaan kehitetään tarkoituksenmukainen lähestymistapa poikkihallinnolliseen yhteistyöhön sisäisten ja ulkoisten toimijoiden kanssa.
- S3: Sisällytetään uuteen toimintaohjelmaan laajempia politiikkavaikuttamistavoitteita, jotka heijastavat Suomen sitoutumista politiikka-johdonmukaisuuteen kansallisen tulopohjan vahvistamisessa.

Suomen kumppanivalinnat ovat parantaneet mahdollisuuksia kansallisen tulopohjan vahvistamisen tarkoituksenmukaisuutta ja luoneet synergioita. (J5)

- S4: Varmistetaan, että UM:n tuki edistää edelleen synergioita ja koalitioiden rakentamista kumppanimaissa, alueellisesti ja globaalisti, korostaen etelä-etelä-yhteistyön edistämistä.

Suomi olisi voinut paremmin edistää läpileikkaavien tavoitteiden valtavirtaistamista erityisesti syrjimättömyyden ja ilmastokestävyyden saralla. (J6)

- S5: Kannustetaan UM:n kumppaneita hyödyntämään käytettävissä olevia tutkimuksia ja jakamaan toisilleen uutta näyttöä ja hyviä käytäntöjä läpileikkaavien tavoitteiden integroimisesta (lähtien sukupuolten välisestä tasa-arvosta ja syrjimättömyydestä) korkeamman tason tulosten saavuttamiseksi.
- S6: Kiinnitetään enemmän huomiota ilmasto- ja verotusagendaan kehitysmaiden tarpeiden ja painotusten huomioimiseksi puhtaan energian siirtymässä.

UM:n politiikkavaikuttaminen on tapahtunut pääasiassa kumppaneiden kautta suoran vaikuttamisen sijaan. Vaikuttamiseen käytettävien voimavarojen rajallisuus on toisinaan johtanut kyvyttömyyteen hyödyntää vaikutusmahdollisuuksia. (J7)

- S7: Terävöitetään UM:n tietopohjaa ja vaikuttamistyötä tekemällä vaikutusanalyysi ja keräämällä näkemyksiä kumppaneilta siitä, mitkä kehitysmaiden kannalta tärkeät kysymykset tulisi asettaa etusijalle.

Suomi on kumppanimaissaan edistänyt verohallinnon vahvistamista ja sitä kautta veronkeruuta. Tutkimuksen ja vaikuttamisen tukeminen läpinäkyvämpien ja edistyksellisempien veropolitiikkojen puolesta on myös johtanut tuloksiin. (J8)

- S8: Yhdessä muiden avunantajien kanssa yhdistetään kumppanimaissa verohallinnon vahvistaminen (ottaen huomioon VERO:n rajallisen kyvyn laajentaa yhteistyötä) tukeen, joka tähtää verotusjärjestelmien tekemiseen läpinäkyvämmiksi ja oikeudenmukaisemmiksi.



# Sammanfattning

Denna utvärdering granskar Finlands insatser för att stärka inhemsk resursmobilisering i utvecklingsländer. Begreppet innefattar beskattning, men även utvecklingen av andra inkomstkällor för den offentliga sektorn. Syftet med att stärka inhemsk resursmobilisering är att försäkra att den offentliga sektorns inkomster motsvarar dess utgifter.

Syftet med utvärderingen var att hjälpa utrikesministeriet (UM) att förbättra effektiviteten (måluppfyllelsen) av stödet inom området. Utvärderingen baserar sig på en förändringsteori som beskriver hur de två handlingsplanerna för skatt och utveckling ("Action Plans on Tax and Development") för åren 2016-19 och 2020-23 förväntades uppnå sina mål och under vilka antaganden. Följande metoder användes för att samla in och analysera evidens:

1. Policy- och institutionell analys,
2. Analys av en uppsättning insatser inom området och kartläggning av intressenter,
3. Analys av utvalda samarbetspartners uppnådda resultat och UM:s bidrag till dessa.

Utöver de två handlingsplanerna bestod utvärderingens huvudsakliga informationskällor av relevanta nationella politiska riktlinjer, utvalda rapporter från viktiga samarbetspartners och nyligen genomförda utvärderingar av insatser för inhemsk resursmobilisering. Utvärderarna utförde även semistrukturerade intervjuer med berörda avdelningar och enheter inom UM, finansministeriet, andra finländska aktörer, samarbetspartners och utvalda internationella organisationer och bidragsmottagare. Därtill genomfördes en fokusgrupp med finska civilsamhällsorganisationer.

## Utvärderingens iakttagelser

Inhemsk resursmobilisering har haft en viktig, strategisk betydelse för Finlands utvecklingssamarbete trots den hittills blygsamma finansieringen. De två handlingsplanerna för skatt och utveckling har ambitiösa mål och åtföljs av en betydande uppsättning insatser. Ambitionsnivån ligger i linje med regeringens åtagande att bidra till FN:s globala mål för hållbar utveckling, stärka beskattningen i utvecklingsländer och, från och med 2019, upprätthålla principerna om företagets skatteansvar. De två handlingsplanerna återspeglar Finlands löfte att öka det officiella utvecklingsbiståndet i enighet med Addis Tax Initiative. Handlingsplanerna syftar även till att, i samarbete med andra ministerier, påverka den global debatten angående skatter till förmån för utvecklingsländer.

UM har ställts inför både interna och externa utmaningar under genomförandet av handlingsplanerna. De interna utmaningarna har varit kopplade till budget- och personalnedskärningar, bristande sakkunskap om internationell beskattning, och avsaknaden av övergripande styrning på regeringsnivå. Externa utmaningar har däremot relaterat till en polariserad global skattedebatt och beroendet av EU (och i viss mån av andra, ledande EU-medlemsstater) för att forma Finlands ståndpunkt. Dessutom har både uppföljning och prioritering varit otillräcklig.



Trots dessa svårigheter har UM lyckats bygga upp en övertygande och balanserad uppsättning insatser genom att ta vara på möjligheter vid rätt tidpunkt och genom att noggrant välja sina huvudsakliga samarbetspartners på nationell, regional och global nivå. Finlands största framgång inom påverkansarbetet har varit att tidigt stöda och sedermera upprätthålla ett långvarigt samarbete med African Tax Administration Forum (ATAF). Finland har också bidragit till att forma Världsbankens Nordic Baltic Forums påverkningsstrategi för att stärka inhemsk resursmobilisering, samt – i mindre utsträckning – stöttat EU:s ståndpunkt under de förhandlingar som ledde fram till att FN:s skatteresolution antogs 2022. Vad gäller policykoherens har företagen som Finfund investerat i bidragit med 692 miljoner euro i skatt och skatteliknande avgifter året 2021. Detta är i linje med principerna för skattetransparens. Skatteintäkterna innefattar 553 miljoner euro i Afrika, vilket motsvarar ungefär hälften av Finlands totala utvecklingsbistånd samma år.

Finland har tillsammans med Norge bidragit till det gemensamma initiativ som FN:s utvecklingsprogram (UNDP) och Organisationen för ekonomiskt samarbete och utveckling (OECD) har tagit inom ramen för "skatteinspektörer utan gränser" (Tax Inspectors without Borders, TIWB). Detta ledde i sin tur till det mycket större UNDP-initiativet "Tax for SDG". I vissa samarbetsländer har UM stött samarbete mellan den finska skatteförvaltningen (SKATT) och lokala skattemyndigheter. I Tanzania har samarbetet bidragit till att stärka de lokala skattemyndigheternas kapacitet samt till ökad skatteuppbörd. Finlands stöd till forskning, opinionsbildning och korgfonder har också lyckats påverka skattepolitiken i samarbetsländer. Med stöd från Finland har samarbetspartners även lanserat framgångsrika kampanjer för att öka medvetenheten om vikten av starkare mekanismer för transparens och ansvarsskyldighet. Finlands tillvägagångssätt har också uppmuntrat partners att samarbeta sinsemellan.

Det finns dock vissa tvivel om huruvida dessa positiva resultat är tillräckliga för att uppnå transformativa och bestående förändringar. Finland kunde i samarbete med sina huvudsakliga partners ha gjort mer för att främja integreringen av övergripande mål, särskilt icke-diskriminering och klimattålighet. När det gäller påverkan/policykoherens noteras att den andra handlingsplanens mål om att säkerställa att utvecklingsländernas perspektiv beaktas i den globala skattediskussionen inte operationaliserats i tydliga åtgärder. Eftersom UM inte varit väl rustat för att påverka arbetet i andra ministerier i ledande ställning, kan en stor del av de resultat som uppnåtts på global nivå tillskrivas partners, i första hand ATAF.

**Slutsatser och rekommendationer.** På basen av de ovannämnda iakttagelserna kan åtta slutsatser (S) dras och åtta rekommendationer (R) ges.

En handlingsplan är fortfarande det lämpligaste sättet att (i) prioritera inhemsk resursmobilisering som en del av den bredare finansieringen till förmån för FN:s globala mål; (ii) kombinera utvecklingssamarbete och påverkansarbete som främjar samordning på regeringsnivå; samt (iii) tillförsäkra Finlands synlighet på detta område. (S1) Genomförandet och uppföljningen av de två handlingsplanerna har försvårats av bristen på prioritering, den begränsade finansieringen och personalresurserna, samt av komplex styrning på högre nivå. (S2)

- Utarbeta en löpande tredje handlingsplan som baserar sig på realistisk uppskattning av tillgängliga resurser (inklusive personal), som bygger vidare på Finlands framgångar hittills, och som tar hänsyn till behovet av prioritering och regelbunden uppföljning redan från början. (R1)



För att vara effektivt kräver samarbetet på regeringsnivå en genuin samsyn om prioriteter. (S3)  
Finland är i en bra position att ytterligare framhäva sitt engagemang för transparenta, rättvisa och jämlika globala skattesystem. (S4)

- Avstå från att skapa formella arbetsgrupper och ta istället fram ett målmedvetet och strukturerat förhållningssätt till samverkan på regeringsnivå och med externa aktörer. (R2)
- Ta med i den tredje handlingsplanen bredare mål för policypåverkan som till fullo återspeglar Finlands engagemang för policykoherens på detta område. (R3)

Finlands val av partners har inte endast försäkrat ett mer relevant stöd utan också bidragit till synergieffekter. (S5)

- Tillförsäkra att UM:s stöd även i framtiden främjar synergier och koalitionsbyggande på nationell, regional och global nivå, med fortsatt tonvikt på att främja Syd-till-Syd-samarbete. (R4)

Finland kunde ha gjort mer för att integrera övergripande mål, särskilt icke-diskriminering och klimatförändringar. (S6)

- Uppmuntra UM:s samarbetspartners att dra nytta av tillgänglig forskning och att dela med sig av ny evidens och god praxis för att integrera övergripande frågor (i första hand jämställdhet och icke-diskriminering) på en högre resultatnivå. (R5)
- Börja ägna mer uppmärksamhet åt klimat- och skatteagendan, i syfte att främja utvecklingsländernas behov och prioriteringar gällande lösningar för en övergång till ren energi. (R6)

UM:s har mestadels påverkat via partners snarare än direkt. (S7)

- Stärk UM:s kunskap och utbud genom att göra en spridningsanalys och samla in ytterligare erfarenheter från viktiga partners om vilka frågor av vikt för utvecklingsländer som bör prioriteras mer inom den globala skatteagendan. (R7)

Finland har bidragit till att stärka skatteförvaltningen och därmed även skatteuppbörden i samarbetsländer. Stödet till forskning och påverkansarbetet för en mer transparent och jämlik skattepolitik har också lett till en del resultat. (S8)



# Summary

The subject of this evaluation is Finland's initiatives on enhanced domestic resource mobilization (DRM). Its objective is to help the Ministry for Foreign Affairs of Finland (MFA) enhance the effectiveness of its support in this area. The evaluation is based on a Theory of Change (ToC), which outlines how the two Action Plans (APs) on Tax and Development (2016-19 and 2020-23) plan to achieve their objectives and under which assumptions. The evaluation evidence was collected and analysed in three different blocks:

1. Policy and institutional analysis,
2. Portfolio analysis and stakeholder mapping,
3. Selected partners' achievements and MFA's contribution.

The main sources of data, outside the two APs, included relevant government policies, selected reports from MFA's main implementing partners, and, recent evaluations of DRM initiatives. Semi-structured interviews were arranged with relevant MFA departments and units, the Ministry of Finance, other Finnish actors, implementing partners, and selected international organisations and beneficiaries. A focus group with Finnish civil society was also organised.

## Evaluation findings

Despite the modest level of financing to date, enhancing DRM has been of strategic importance to Finland's development cooperation. The two APs on Tax and Development come with an ambitious portfolio and objectives, in line with the government's commitment to support the Sustainable Development Goals (SDGs), strengthen taxation in developing countries, and, from 2019, uphold corporate tax responsibility principles. The two APs reflect Finland's pledge to increase official development assistance (ODA) under the Addis Tax Initiative. They also seek to influence the global tax discussions for the benefit of developing countries, working in partnership with other Ministries.

The two APs have faced two sets of challenges in their delivery: internal challenges, with cuts in the budget and size of the teams, a shortage of international tax expertise, and the lack of a whole-of-government approach, and, external challenges in the form of a polarised global tax debate, and, reliance on the EU (and to some extent, other EU Member States in the lead) to shape Finland's position. In addition, both monitoring and prioritisation have been insufficient.

Despite these difficulties, MFA has built a credible and balanced portfolio by seizing the right opportunities at the right time, and by carefully selecting its main partners at country, regional, and global levels. On the influencing front, its early support and, now, long-standing partnership with the African Tax Administration Forum (ATAF) remains the biggest success. Finland has also played its part in making the World Bank's Nordic Baltic Group's DRM influencing strategy a success and - to a lesser extent - in supporting EU's position during the negotiations leading to the 2022 adoption of a UN tax resolution. On the policy coherence front, in line with the tax transparency



principles, Finnfund's investee companies have contributed EUR 692 million in tax and tax-like fees in 2021, including EUR 553 million in Africa – roughly equivalent to half of the total ODA provided by Finland in that year.

With Norway, Finland has supported the United Nations Development Programme's (UNDP) joint initiative with the Organisation for Economic Co-operation and Development (OECD) under the Tax Inspectors without Border (TIWB), leading to the launch of the now much bigger UNDP Tax for SDG initiative. In partner countries, MFA has helped to promote Finnish expertise through its own tax administration (VERO), leading to enhanced capacities of the tax administration in Tanzania including revenue collection. Finland's support to research, advocacy and basket funds has also helped to inform government tax policies. With Finland's support, its partners have also launched successful awareness raising campaigns to support stronger transparency and accountability mechanisms. Finland's approach has also facilitated collaboration between different partners.

There are questions, however, on whether these good stories are sufficient to lead to transformative and lasting results. Finland could also have done more to promote the mainstreaming of cross-cutting objectives, particularly non-discrimination and the climate resilience, working with its main partners. In terms of influencing / policy coherence, the 2<sup>nd</sup> AP's objective, which was to ensure that the perspectives of developing countries are taken into consideration into the global tax discussion, was not articulated into clear actions. MFA was not well equipped to influence the work of other Ministries in the lead, and as a result, much of its contribution on the global front can be credited to its main partners, starting with ATAF.

**Conclusions and recommendations.** Building on these findings, eight conclusions (C) and recommendations (R) can be drawn.

An Action Plan document remains the most appropriate option to: prioritise DRM as part of the broader financing for sustainable development agenda; combine development cooperation and influencing goals support intra-governmental coordination; and, remain visible in this field. (C1) The implementation and monitoring of the two APs have been hindered by the lack of prioritisation, the limited financial and human resources and complex governance arrangements. (C2)

- Prepare a rolling 3rd Action Plan, based on realistic resource provision (including staffing); building on Finland's achievements to date; and taking into account the need for prioritisation and regular monitoring from the outset. (R1)

To be effective, intra-governmental cooperation requires genuinely shared priorities. (C3) Finland is well positioned to further demonstrate its commitment to transparent, fair and equitable global tax systems. (C4)

- Refrain from establishing formal working groups and develop instead a purposeful and structured approach to collaboration within government and with external actors. (R2)
- Include in the 3rd Action Plan broader policy influencing objectives that fully reflect Finland's commitment to the policy coherence agenda in this field. (R3)

Finland's choice of partners has not just strengthened the relevance of its support but also helped to create synergies. (C5)





- Ensure that MFA's support remains conducive to synergies and coalition building at country, regional, and global levels, with a continuous emphasis on promoting South-South cooperation. (R4)

Finland could have done more to mainstream cross-cutting objectives, in particular non-discrimination and climate change. (C6)

- Encourage MFA's implementing partners to draw on available research and share new evidence and good practices on integrating cross-cutting issues (starting with gender and non-discrimination) at a higher level of results. (R5)
- Start paying more attention to the climate and tax agenda, with a view of promoting the needs and priorities of developing countries in the solutions towards clean energy transition. (R6)

MFA's influencing has been mostly through partners rather than direct. (C7)

- Sharpen MFA's knowledge and offer by conducting a spillover analysis and gain further insights from key partners on which issues of relevance to developing countries should be given more priority on the global tax agenda. (R7)

In partner countries, Finland has contributed to strengthening tax administration and, with it, tax revenue collection. Its support to research and advocacy for more transparent and progressive tax policies has also led to some achievements. (C8)

- In partner countries, combine support to strengthen tax administration (taking into account VERO's limited expansion capacity) with support for more transparent and equitable taxation systems, working in partnership with other donors. (R8)



# Table of Key Findings, Conclusions and Recommendations

FINDINGS	CONCLUSIONS	RECOMMENDATIONS
<p><b>Finding 1.2.</b> The two Action Plans (APs) have remained aligned to government priorities and the Sustainable Development Goals (SDG) agenda, and, have strengthening taxation capacity as an objective, with cross-cutting objectives, tax responsibility, and Africa receiving more attention under the 2<sup>nd</sup> AP.</p> <p><b>Finding 1.3</b> Despite evident challenges, the net benefits of having an AP are overall positive, as they allow enhanced strategic focus, comprehensiveness and visibility.</p> <p><b>Finding 1.4.</b> The two APs have followed a very different approach to programming, yet both equally suffered from a mismatch between the level of ambition and resources.</p> <p><b>Findings 1.5.</b> There was weak accountability and results based management, in the absence of result indicators and regular monitoring.</p> <p><b>Finding 1.7.</b> Thanks to well-articulated and a comprehensive set of objectives, the two APs generated an overall coherent portfolio, with linkages at the country, regional and global levels, and, between development cooperation and influencing.</p>	<p><b>Conclusion 1.</b> An Action Plan document remains the most appropriate option to: prioritise DRM as part of a broader agenda; combine development cooperation and influencing goals; support intra-governmental coordination and remain visible in this field.</p> <p><b>Conclusion 2.</b> The implementation and monitoring of the two APs have been hindered by the lack of prioritisation, the limited financial and human resources and complex governance arrangements.</p>	<p><b>Recommendation 1.</b> Prepare a rolling 3<sup>rd</sup> Action Plan, based on realistic resource provision (including staffing); building on Finland's achievements to date; and taking into account the need for prioritisation and regular monitoring from the outset.</p>
<p><b>Finding 1.1.</b> Finnish position on the global tax debate is shaped by Finnish interest, and hence, does not take into account the specific needs of developing countries. Government commitment to tax for the Sustainable Development Goals (SDGs) and some elements of policy coherence are nonetheless in place.</p> <p><b>Finding 1.6.</b> In the absence of a whole-of-government approach, the two APs have found it difficult to find the right entry points to achieve their influencing objectives.</p> <p><b>Finding 2.1</b> Coordination within Ministry for Foreign Affairs of Finland (MFA) has remained mostly bilateral and ad hoc, because of insufficient staffing and complex governance arrangements.</p> <p><b>Finding 2.2</b> MFA's cooperation with the Ministry of Finance and other Ministries has been until recently minimal, except when sharing a common agenda (tax responsibility, multilateral development banks). New opportunities for collaboration are now emerging.</p> <p><b>Finding 2.4.</b> Despite the lack of a whole-of-government approach, Finland was able to meet some of its commitments under the Addis Tax Initiative.</p> <p><b>Finding 2.5</b> MFA's policy requirement that Finnish companies receiving official development assistance (ODA) should follow tax responsibility principles has paid off, with Finnfund's investee companies contributing almost EUR 700 million in tax to partner countries in 2021.</p>	<p><b>Conclusion 3.</b> To be effective, intra-governmental cooperation requires genuinely shared priorities.</p> <p><b>Conclusion 4.</b> Finland is well positioned to further demonstrate its commitment to transparent, fair and equitable global tax systems.</p>	<p><b>Recommendation 2.</b> Refrain from establishing formal working groups and develop instead a purposeful and structured approach to collaboration within government and external actors.</p> <p><b>Recommendation 3.</b> Include in the 3<sup>rd</sup> Action Plan broader policy influencing objectives that fully reflect Finland's commitment to the policy coherence agenda in this field.</p>



FINDINGS	CONCLUSIONS	RECOMMENDATIONS
<p><b>Finding 1.7.</b> Thanks to well-articulated and a comprehensive set of objectives, the two APs generated an overall coherent portfolio, with linkages at the country, regional and global levels, and, between development cooperation and influencing.</p> <p><b>Finding 4.1.</b> Despite being restricted by its range of modalities, MFA has positioned itself well as a donor, by providing early support to key strategic partners (notably the African Tax Administration Forum, Tanzania Revenue Authority and United Nations Development Programme), while continuing its support to civil society organisations.</p> <p><b>Finding 4.2.</b> MFA's balanced approach to partnership has facilitated synergy and alliances amongst its implementing partners, in particular in Africa.</p> <p><b>Finding 5.7.</b> Tanzania is a good example of complementarity and synergies in programming at a country level, although there is a risk of duplication.</p>	<p><b>Conclusion 5.</b> Finland's choice of partners has not just strengthened the relevance of its support but also helped to create synergies.</p>	<p><b>Recommendation 4.</b> Ensure that MFA's support remains conducive to synergies and coalition building at country, regional, and global levels, with a continuous emphasis on promoting South-South cooperation.</p>
<p><b>Finding 3.1.</b> Finland has visibly promoted the inclusion of gender, and to a lesser extent, non-discrimination, into its project portfolio but has not been particularly vocal in linking tax with climate resilience and low emission.</p> <p><b>Finding 3.2</b> While the evidence supporting the rationale for mainstreaming cross-cutting objectives is growing, opportunities have varied, depending on the type of support provided.</p> <p><b>Finding 3.3.</b> A handful of interventions have started to include gender in their project objectives, leading to a few achievements. The attention to non-discrimination in project design has been relatively weak.</p> <p><b>Finding 3.4.</b> Extractive industry transparency initiatives have stepped up their work on tax and climate, as part of the clean energy transition agenda; this requires, however, careful consideration for the specific needs of developing countries.</p>	<p><b>Conclusion 6.</b> Finland could have done more to mainstream cross-cutting objectives, in particular non-discrimination and climate change.</p>	<p><b>Recommendation 5.</b> Encourage MFA's implementing partners to draw on available research and share new evidence and good practices on integrating cross-cutting issues (starting with gender and non-discrimination) at a higher level of results.</p> <p><b>Recommendation 6.</b> Start paying more attention to the climate and tax agenda, with a view of promoting the needs and priorities of developing countries in the solutions towards clean energy transition.</p>



FINDINGS	CONCLUSIONS	RECOMMENDATIONS
<p><b>Finding 2.3.</b> MFA has found it hard to define its added value to the global tax discussions. It has not been able to influence negotiations led by other Ministries.</p> <p><b>Finding 4.3</b> MFA has not fulfilled its influencing ambitions; and its visibility has also been low. Its careful choice of strategic partners, and use of ODA, however, have helped to strengthen the UN position on the global tax agenda (including through the newly launched UN Tax for SDG initiative).</p> <p><b>Finding 4.4.</b> Finland's main contribution to shaping the international tax agenda has been through its support to ATAF, who has played a unique and highly respected leadership role in representing African countries in the global tax discussions.</p> <p><b>Finding 4.5.</b> Finland's membership to the Baltic Nordic Group Office has contributed to shaping the World Bank's approach to DRM and its increased focus on progressive taxation. In contrast, MFA's engagement with other multilateral development banks has been more limited.</p>	<p><b>Conclusion 7.</b> MFA has lacked capacity for its influencing work, which has been mostly through partners rather than direct.</p>	<p><b>Recommendation 7.</b> Sharpen MFA's knowledge and offer by conducting a spillover analysis and gaining further insights from key partners on which issues of relevance to developing countries should be given more priority on the global tax discussions.</p>
<p><b>Finding 5.1.</b> MFA initiatives have mostly been well aligned with the needs of partner countries and regions, allowing stakeholders greater flexibility to support their own priorities and workplans.</p> <p><b>Finding 5.2.</b> There is strong evidence of MFA's contribution to strengthening tax administration, resulting in additional revenue raised through the bilateral programme in Tanzania and support to ATAF and Tax Inspectors without Borders (TIWB).</p> <p><b>Finding 5.3.</b> Finland's support to research and advocacy has informed discussions on tax reforms, leading to some successes, notably on tax incentives.</p> <p><b>Finding 5.4.</b> The exact and lasting contribution of MFA-funded initiatives to strengthening tax policy remains difficult to discern, owing to many other contributing factors (from coalition building to policy reversals).</p> <p><b>Finding 5.5.</b> Finland has contributed to initiatives that promoted public/government awareness, stronger networks and transparency and accountability mechanisms.</p> <p><b>Finding 5.6.</b> It is hard to ascertain if these initiatives can help increase citizen voice on tax-related issues, given the length of time it takes to achieve lasting and transformative results.</p>	<p><b>Conclusion 8.</b> In partner countries, Finland has contributed to strengthening tax administration and, with it, tax revenue collection. Its support to research and advocacy for more transparent and progressive tax policies has also led to some achievements.</p>	<p><b>Recommendation 8.</b> In partner countries, combine technical assistance to strengthen tax administration (taking into account VERO's limited expansion capacity) with support for more transparent and equitable taxation systems, working in partnership with other donors.</p>



# 1 Introduction

## 1.1 Objective of the evaluation

Domestic Resource Mobilization (DRM) is of strategic importance to Finland's development co-operation. One objective of Finland's 2022 policy on financing for sustainable development is to implement the Taxation for Development Action Plan (AP) and commission this external evaluation.

The purpose of the evaluation is to help further enhance the effectiveness of the Ministry for Foreign Affairs of Finland (MFA) efforts to strengthen DRM. To that end, the evaluation identifies the strengths and weaknesses of Finland's development cooperation on DRM, including the effectiveness and efficiency of its management arrangements.

The specific objectives of the evaluation are:

- To assess the relevance, efficiency, and effectiveness of the actions taken by MFA in order to enhance the domestic resource mobilization in partner countries 2016-current
- To assess the coherence and synergies of the measures implemented by various development cooperation actors involved, including the private sector.
- To assess the function of the 2016-2019 and 2020-2023 APs as a guiding instrument for Finnish DRM efforts
- To assess the functioning of partnerships and co-operation in DRM and whether the current balance of partnerships/scope of Finnish influencing is optimal;
- To assess the coordination and management arrangements for DRM support in light of its effectiveness and make proposals for any future improvements;
- To assess the relevance and effectiveness of the actions taken by Finland to influence the global tax policies and practices in favour of developing countries; and
- Provide well-justified and evidence-based recommendations on how the MFA together with relevant stakeholders could further improve their actions for a more relevant, coherent, efficient and effective response, including suggestions for practical measures to be taken by the different actors and through the different cooperation instruments.

The results and recommendations of the evaluation will be used to inform future actions on how Finland can strengthen its support to DRM from 2024 onwards.



## 1.2 Scope

The evaluation period covers the first and second Tax and Development APs, covering the 2016-19 and 2020-23 periods respectively. The main characteristics of this evaluation are as follows:

- A systemic evaluation. Several units of the MFA are involved in the APs' implementation in cooperation with other Finnish and international stakeholders. Therefore, the systemic evaluation covers MFA cooperation with other Finnish governmental stakeholders, most notably VERO and HAUS, and the internal and external coherence in terms of programme planning, management and implementation.
- A portfolio approach, covering the broad DRM agenda. While development of taxation capacity is at the core of this evaluation, the evaluation looks at stakeholder efforts to strengthen governments' accountability and transparency in the way they raise and manage and use public revenues.
- A strategic evaluation, with a focus on the how. The evaluation primarily focusses on aggregating and consolidating results across broader areas of achievement and evaluation questions, rather than focusing on individual interventions. Particular attention was given to the choice of partners (for delivery and influencing) and the choice of cooperation instruments/modalities. Data and information from interventions have been used to inform this process.



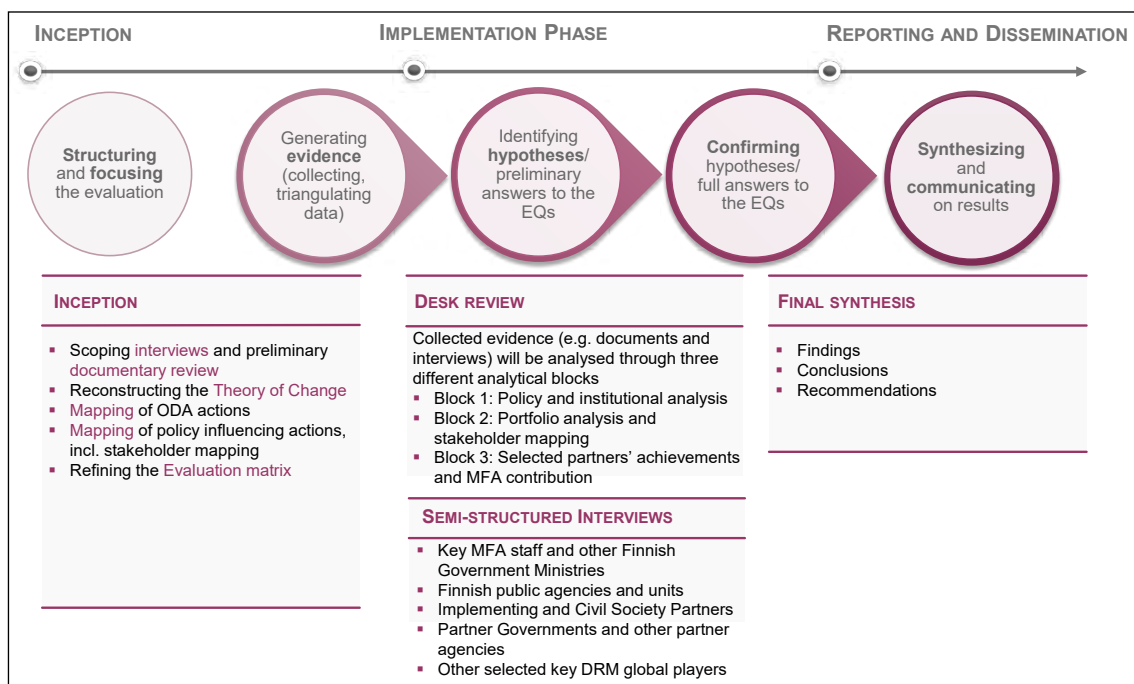
# 2 Approach, methodology and limitations

## 2.1 Evaluation process

This section presents the methodological approach, methods and limitations. A full overview of the methodology is set out in Annex 2.

The evaluation was conducted in three main phases as presented below, applying a mixed-method approach. The following figure provides an overview of the three phases and the key tools for collecting and analysing data. Each phase built on the work from previous phases.

Figure 1 Evaluation phases



Source: Evaluation team



## 2.2 Approach and methodology

### 2.2.1 Approach

The evaluation used the following key approaches to structure the analytical work.

#### Theory of Change

The evaluation is based on a Theory of Change (ToC), which outlines how the change is expected to occur, what impact it might have and what assumptions were made for the achievement of the objectives of the two APs. The evaluation ToC also links with the ToC of Finland's development policy and cooperation. (see Annex 2 for a presentation and further elaboration of the ToC).

#### Analytical blocks

Three analytical blocks were identified and further developed in the early stage of the implementation phase in order to structure the evaluation's data analysis, respond to the Evaluation Questions (EQs) and guide the division of roles across the team.

- *Analytical Block 1 Policy and institutional analysis:* A policy timeline and analysis were carried out to highlight all government priorities of relevance to Finland's support to DRM in the context of development cooperation and analyse how these have evolved over time.
- *Analytical Block 2 Portfolio analysis and stakeholder mapping:* Introducing a "cluster" approach to the project portfolio (see Table 1 Intervention portfolio per clusters), this block consisted of a rapid, result-focused, portfolio analysis of all listed interventions, planned and actual, using both quantitative and qualitative data, as follows:
  - A consolidated inventory of 30 project approvals representing the portfolio over time. (see Annex 4 for a presentation of the inventory data)
  - A structured review of the project documentation for 26 interventions (equivalent to 30 project approvals), to inform preliminary findings and reconstruct the portfolio's result framework (using an iterative process) (see Annex 5 for a presentation of the result framework per cluster).
- *Analytical Block 3 Selected partners' achievements and MFA contribution:* This block consisted of collecting and triangulating evidence for a sample of interventions (official development assistance (ODA) and policy influencing) – using a wide range of data sources and methods.<sup>1</sup> Results from non-sampled interventions and/or actors also receive some emphasis, when relevant.

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<sup>1</sup> The financing interventions were ATAF, Tanzania TMP, Tanzania IC, SOMO, TIWB and TJNA; the sample for policy influencing was the World Bank, OECD and UN.





**Table 1 Intervention portfolio per clusters**

<b>CLUSTERS</b>	<b>INTERVENTIONS</b>	<b>FINLAND'S SUPPORT (EUR)</b>
<b>Cluster 1</b> Support to the extractive industry	Extractive Industry Transparency Initiative (EITI) (3 Phases)	0.9m (2016-2022)
	Publish What You Pay	1m (2019-2020)
	Strengthening Civil Society and Increasing Tax Revenues and Transparency (NRGI)	1.2m (2021-22)
<b>Cluster 2A</b> Support to lead regional organisations and/or initiatives	African Tax Administration Forum (ATAF) (3 Phases)	0.3m (2014-19) 5.4m (2020-25)
	Africa-EU tax/ Illicit Financial Flow (IFF) partnership	3.4m (2021-24)
	HAUS African-Finnish Partnerships	5.3m (2022-24)
<b>Cluster 2B</b> Support to lead global organisations and/or initiatives	Support for Capacity Building in Supreme Audit Institutions of Developing Nations (INTOSAI)	0.4m (2016-18)
	OECD tax and development programme	0.5m (2017-18)
	Tax Inspectors Without Borders (TIWB) / Tax for SDGs (3Phases)	11m (2016-24)
<b>Cluster 3A</b> Support to regional advocacy and research	Tax Justice Network Africa (TJNA)	0.9m (2020-2023)
	Centre for Research on Multinational Corporations (SOMO)	0.8m (2021-2022)
	United Nations University World Institute for Development Economics Research (UNU-Wider)	0.3m (2018-19)
<b>Cluster 3B</b> Support to NGO-led global advocacy	Financial Transparency Coalition	0.35m (2015-16)
	Global Financial Integrity	1.3m (2023-25)
	Oxfam	0.35m (2015-18)
<b>Cluster 4</b> Bilateral support	Tanzania (4 interventions)	18m (2014-2026)
	Kenya (2 interventions)	2.27m (2019-2025)
	Mozambique (2 interventions)	10.2m (2017-2024)
	Somalia (1 intervention)	12.1m (2016-2022)

Source: Evaluation team



## 2.2.2 Data collection

The main primary and secondary data sources that have been collected by the evaluation were:

- Documentary evidence from the Finnish government and MFA, including publicly available policy and programme documents, internal project documentation (programme documents and Annual Reports), and a selection of memos.
- Selected annual progress reports from MFA's main implementing partners and recent evaluations of DRM initiatives (including EU and World Bank).
- Semi-structured interviews with relevant MFA departments and units, the Ministry of Finance, other Finnish actors, implementing partners, and selected international organisations and beneficiaries. In total the evaluation conducted 32 interviews with Finnish actors (including one focus group with seven Finnish civil society organisations (CSOs)) and 24 interviews with non-Finnish actors. See Annex 3 for more details.

## 2.2.3 Evaluation matrix

The EQs have been taken from the Terms of Reference and consolidated in an evaluation matrix with each EQ being further divided into a number of Judgment Criteria (JC) (see Annex 2). Taking together, the five EQs and their JCs cover the OECD DAC criteria of relevance, coherence, efficiency, effectiveness. Particular emphasis was put on lessons and recommendations for future actions, with the evaluation matrix also including a stand-alone section for this purpose.



**Table 2 Evaluation questions and areas for conclusions, lessons and recommendations**

<b>STRATEGIC AND PROGRAMMING APPROACH</b>		
EQ1. To what extent have the 2016-2019 and 2020-2023 Action Plans acted as guiding instruments for Finland's support to DRM in the context of development cooperation?		
<b>WHOLE-OF-GOVERNMENT APPROACH AND POLICY COHERENCE</b>		
EQ2. To what extent has Finland's DRM agenda in the context of development cooperation been implemented in a coherent manner?		
<b>CROSS-CUTTING OBJECTIVES</b>		
EQ3. To what extent has Finland's support to DRM in the context of development cooperation responded to Finnish cross-cutting objectives?		
<b>PARTNERSHIP WORKING AND INFLUENCING</b>		
EQ4. To what extent has MFA's choice of partners , modalities, and influencing channels been coherent, relevant and worked well?		
<b>SELECTED RESULTS IN PARTNER COUNTRIES AND REGIONS</b>		
EQ5. To what extent have MFA's initiatives contributed to strengthening the DRM agenda in partner countries and regions?		
<b>CONCLUSIONS, LESSONS AND RECOMMENDATIONS</b>		
n/a	Based on the main findings in EQ1-5, what constitutes Finland's main <b>strengths, weaknesses, opportunities and threats</b> in its support to DRM?	n/a
n/a	Based on the main findings in EQ1-5, what are the <b>key lessons</b> to draw on Finland's strategic and programmatic approach, whole-of-government approach and policy coherence, cross-cutting issues, partnership working and influencing, and results?	n/a
n/a	Based on the main findings in EQ1-5, conclusions and lessons, <b>how</b> could the MFA together with relevant stakeholders further improve their actions for a more relevant, coherent, efficient and effective response?	n/a

Source: Evaluation team



## 2.3 Limitations

The main limitations to this evaluation were:

- **Result monitoring** in the APs and project documentations has been weak. This limitation was partially addressed by complementing MFA documentation with external sources, in particular evaluation reports and annual reports.
- In the absence of adequate monitoring of the two APs, and because of the relatively high staff turnover within MFA and other Ministries, **institutional memory** has been lost. This limitation was addressed by the evaluation team by interviewing all former programme coordinators, taxation and development; and by conducting a systematic review of all relevant memos (including hand-over notes, minutes of key meetings, and other updates).
- The **multi-stakeholder landscape**, combined with Finland's overall position as a "follower" (when compared to other Nordic countries like Norway), has made it difficult to measure Finland's success in influencing. This limitation has been addressed by the evaluation team by assessing Finland's direct and indirect contribution to the global tax debate, taking into account the role of others.
- An **inventory** of all relevant interventions was developed, using data shared by EVA-11. This inventory is based on new commitments (in EUR) year-on-year, as captured in the project appraisals, but OECD DAC statistics are being used for disbursements (in USD).



## 3 Context

### 3.1 An evolving donor landscape

#### 3.1.1 Trends in donor support to DRM

Mobilising domestic resource for development has been a priority action for donor and partner countries alike since the first International Conference on Financing for Development in Monterrey (2002)<sup>2</sup>. Further commitments were made in subsequent years, with the tax and development agenda coming to the fore during the Third International Conference on Financing for Development in 2015, when the **Addis Ababa Action Agenda (AAAA)** was signed<sup>3</sup>. Domestic Public Resources is the first Action Area of AAAA. It incorporates some reference to most (if not all) tax matters, including commitments to enhance revenue administration; and work towards fair, transparent, efficient and progressive tax systems, with international tax cooperation the natural resource sector and the issue of Illicit Financial Flows (IFF) receiving special emphasis.

Finland is also a signatory of the **Addis Tax Initiative (ATI)**, which was launched at the UN Financing for Development Conference in July 2015 in response to AAAA. Also signed in 2015, this multi-stakeholder initiative seeks to foster collective action, bringing together 20 development partners, 25 partner countries, as well as supporting organisations. Under the 2015 ATI declaration<sup>4</sup>, development partners commit to collectively double technical development cooperation for domestic revenue mobilisation by 2020; Partner countries commit to step up DRM as a key requirement for attaining the Sustainable Development Goals (SDGs) and spurring inclusive development; all collectively commit to pursue policy coherence for development.<sup>5</sup>

A new **'sector code' on DRM** was approved by the OECD DAC in March 2016<sup>6</sup> to monitoring donor commitments. Also in 2016, the European Commission launched **the first EU DRM strategy, Collect more – spend better**<sup>7</sup>, which outlines core elements to support developing countries in three critical areas: i) improved domestic revenue mobilisation, ii) more effective and efficient public expenditure and iii) debt management.

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2 United Nations. (2002). Monterrey Consensus of the International Conference on Financing for Development.

3 United Nations. (2015). Addis Ababa Action Agenda of the Third International Conference on Financing for Development.

4 United Nations. (2015). Financing for Development Conference the Addis Tax Initiative – Declaration.

5 A new ATI declaration has recently been signed, as discussed in the following section.

6 There are also a number of voluntary sub-codes for development partners to apply in reporting ODA for DRM, which include: 15116 (tax collection), 15155 (tax policy and administrative support), and 15156 (other non-tax revenue administration). However, development partners do not consistently report against these voluntary purpose codes.

7 EU. (2015). Collect more - spend better. Achieving Development in an inclusive and sustainable way.



According to the latest **available ATI Monitoring Report**,<sup>8</sup> in 2020, levels of gross ODA for DRM disbursed by ATI development partners reached USD 350.15 million, representing a decrease of USD 23.45 million (or 6%) from gross disbursements in 2019. Over the period since 2015, ATI development partners increased their ODA for DRM by 58.8% and missed their collective target to double DRM levels during 2015-20 by USD 91 million. However, eight<sup>9</sup> out of 20 ATI development partners doubled their ODA for DRM over this period. Gross ODA disbursements for DRM by ATI development partners in 2020 were 97.8% of the committed levels, suggesting that the predictability of these flows is improving.

Also central to the agenda is the growing role that **Multilateral Development Banks (MDBs)** have played to support DRM in developing countries, and, contribute to the fight against tax avoidance, tax evasion and other forms of Illicit Financial flows (IFF) on the global front. (see next section). The World Bank, in particular, has given increasing attention to tax matters in its support to partner countries (including through budget support operations) and its Global Tax Programme, launched in 2021.<sup>10</sup>

**The IFIs / MDBs approach to taxation has also evolved gradually.** In the past, the Global South and CSOs have long criticized the IMF and World Bank, for having “*a history of promoting tax reforms that tend to negatively affect economic and gender inequality in developing countries.*”<sup>11</sup> Although they acknowledge that the two institutions have started to put more focus on the issue of inequality and need for progressive taxation. In 2021, the World Bank approved a new DRM Strategy with stronger focus on “more and better revenues”<sup>12</sup>, and, including actions to scale up country support on the quality of revenues and accelerating the move to a digital revenue administration and to increase the participation of developing countries in the global dialogue. DRM has also received increased importance in the last round of International Development Association (IDA) replenishments and as part of the consultations on the World Bank’s evolution roadmap<sup>13</sup>. Under the 20<sup>th</sup> replenishment of IDA (2022), the WBG has committed to support IDA-eligible countries “*to bolster their domestic resource mobilization capacity through equitable (fair and progressive) revenue policies.*”<sup>14</sup>

### 3.1.2 Finland’s DRM support

According to the most recent OECD DAC statistics, Finland’s gross ODA disbursements to DRM has fluctuated from year to year, declining from a peak of USD 5.1 million in 2015 to USD 1.2 million in 2017 before gradually rising year on year to reach a plateau of USD 3 million in 2020 and 2021 (Figure 2 Finland’s gross ODA disbursements for DRM 2015-2021 (USD millions)).

8 International Tax Compact. (2023). 2020 ATI Monitoring Report.

9 EU, France, Germany, Ireland, Luxembourg, Netherlands, Slovakia, Sweden and Switzerland.

10 World Bank. (2023, September). Welcome to the Global Tax Program. <https://www.worldbank.org/en/programs/the-global-tax-program>

11 NGO consortium. (2020). Nordic aid for mobilising tax revenues for development and reducing inequality, Policy Brief, 7 December 2020.

12 World Bank. (2021). IBRD/IDA Board Briefing on Domestic Resource Mobilisation (DRM) Supporting Green, Resilient and Inclusive Development (GRID). frequently referred to as the World Bank’s DRM Strategy

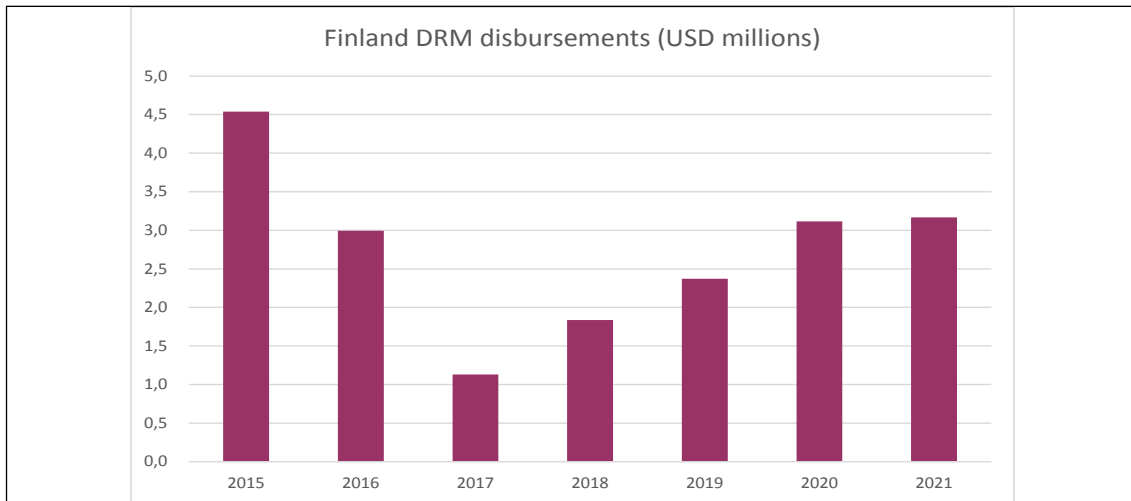
13 CSIS. (2022). A roadmap for World Bank Group Evolution. Briefing Paper, December 2022. [https://www.e3g.org/wp-content/uploads/A-roadmap-for-World-Bank-Group-evolution\\_E3G-CSIS-briefing.pdf](https://www.e3g.org/wp-content/uploads/A-roadmap-for-World-Bank-Group-evolution_E3G-CSIS-briefing.pdf)

14 World Bank. (2021). IDA20 policy commitments. <https://thedocs.worldbank.org/en/doc/563c40a12f3e-69425706347caa674af4-0410012022/original/IDA20-policy-commitments.pdf>



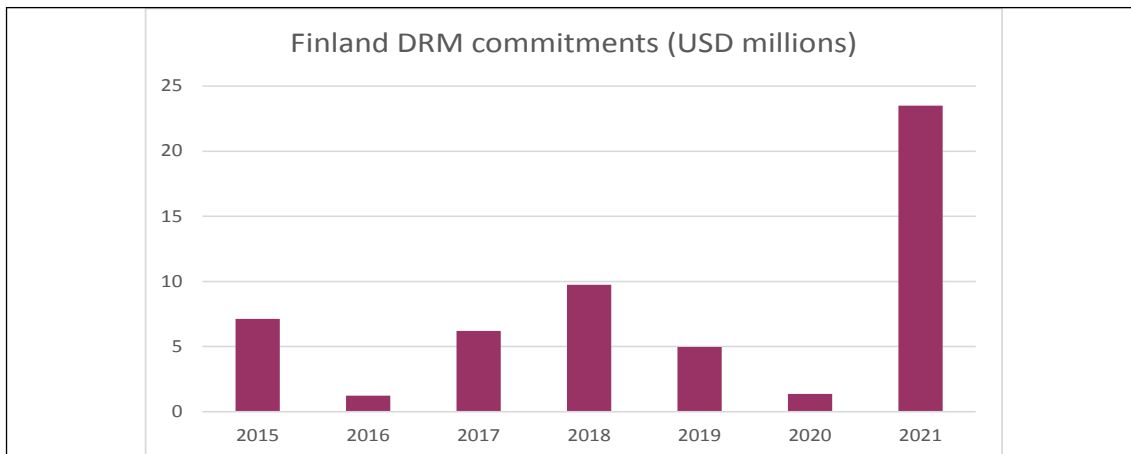
Reflecting the two rounds of programming, first under the 1<sup>st</sup> AP 2016-19, then under the 2<sup>nd</sup> AP (2020-2023), most of Finland's gross ODA commitments were made in 2017, 2018, with a sharp rise in 2021, when gross commitment picked to USD 22 million in 2021 (Figure 3). This sharp increase is explained by new commitments to multilaterals (USD 10.2 million), followed by research (USD 5.8 million), public sector (USD 3.7 million) and CSOs (USD 3.7 million), as further discussed under EQ4. According to preliminary statistics for 2022,<sup>15</sup> Finland has met its pledge to double ODA for DRM as part of the ATI declaration, with total disbursement doubling from EUR 4 million in 2015 to EUR 8 million in 2022.

**Figure 2 Finland's gross ODA disbursements for DRM 2015-2021 (USD millions)**



Source: OECD DAC Statistics

**Figure 3 Finland's gross ODA commitments for DRM 2015-2021 (USD millions)**



Source: OECD DAC Statistics

Table 3 Percentage of ODA to DRM / total ODA (2017-21) shows Finland's share of ODA in DRM in percentage of its total ODA, compared to other Nordic countries. It confirms that, although Norway and Sweden (ATI signatories) finance most among Nordic countries, Finland's share of support to DRM from its total ODA is second to Norway's. Similar trends were also highlighted by

15 [OpenAid.fi](https://openaid.fi/en/sectors/15114). (2023). Domestic revenue mobilisation. <https://openaid.fi/en/sectors/15114>



the Nordic Alliance for Tax Justice<sup>16</sup> in a series of reports<sup>17</sup> analysing Nordic support to DRM, and a study carried out by Adelante Knowledge and Development (2022).<sup>18</sup>

**Table 3 Percentage of ODA to DRM / total ODA (2017-21)**

COUNTRY	DISBURSEMENT
DAC Countries, Total	0.23%
Denmark	0.25%
<b>Finland</b>	<b>0.43%</b>
Iceland	0.00%
Norway	0.66%
Sweden	0.27%

Source: OECD DAC Statistics

## 3.2 The global tax agenda in the context of development policy and development cooperation

### 3.2.1 Key developments preceding the review period

Global tax reforms have gained in importance and momentum since the late 2000s, when the 2008 global financial crisis, an increasingly vocal civil society, and global corruption scandals,<sup>19</sup> put increased pressure on the international community to step up their commitments to combat tax avoidance and tax evasion. From 2009 onwards, the G8/G20 (with the support from the OECD) made a series of pledges, and by the mid-2010s, a first set of global standards were established and agreed upon, as follows (see 3.2.2. for more recent developments):

- Promoting Exchange of Information (EoI) between tax authorities, first on request then automatically (Automatic Exchange of Information (AEOI));
- Making the beneficial ownership of corporate entities transparent (Beneficial ownership principles);

16 The Nordic Alliance for Tax Justice is a collaboration between Danish, Finnish, Norwegian and Swedish civil society organisations: ActionAid Denmark, Diakonia Sweden, Finnish Development NGOs Fingo, Norwegian Church Aid, NTL (Norway), Oxfam IBIS Denmark, Oxfam Sweden and Tax Justice Network – Norway.

17 Lines, T. (2019). Nordic Countries' Support for Tax & Development. Nordic Alliance for Tax Justice. (2020). Nordic aid for mobilising tax revenues for development and reducing inequality. Policy Brief. Szeniewska, K. (2021). Quality tax aid? The Nordic Alliance for Tax Justice. Report.

18 Adelante Knowledge and Development. (2022). Mapping of inequalities reducing initiatives in European countries - Final report, commissioned by Agence Française de Développement.

19 LuxLeaks (2014), the Panama Papers (2015), followed by the Paradise Paper. (2017). and Pandora Papers (2021).





- Tackling tax avoidance by multinational corporations (Base erosion and profit shifting action plan (BEPS)).

Over the same period, calls were made for a more inclusive process, which would allow developing countries to participate in the discussions. According to various estimates,<sup>20</sup> developing countries suffer the most from tax avoidance, tax evasion and other forms of IFF. G8/G20 countries responded to these calls, by offering to provide capacity building to developing countries that wish to adopt the new standards. Developing countries were also invited to participate in several fora, in particular the OECD Tax and Development Task Force; the Global Forum on Transparency and Exchange of Information; and the Inclusive Framework on BEPS (see Box 1 Developing countries participation in the global tax agenda).

In April 2016, the IMF, OECD, UN and World Bank also formed a new **Platform for Collaboration on Tax** to make international cooperation in tax matters more efficient.

While seen as positive, these steps were also criticised by Non-Governmental Organisations (NGOs) and some developing countries as “too little too late”. They argued that the agreed standards had already been developed by the time developing countries were invited to participate, and as such, do not take into account their needs and priorities. Similarly, the ATI was also criticised for being top-down: *“While the Addis Tax Initiative is described as a partnership, the preparations leading to its launch were donor-led and top-down in nature, rather than consultative or based on an analysis of developing country needs”*.<sup>21</sup>

#### **Box 1 Developing countries participation in the global tax agenda**

The multi-stakeholder **OECD Tax and Development Task Force** brings together OECD member countries, emerging and developing countries, international and regional organisations, civil society and business. The Task Force oversees the work of the OECD Tax and Development Programme and aims “to take action to improve the enabling environment for developing countries to collect appropriate and adequate tax revenues and to build effective states”. The Task Force met every year from 2010 to 2019.<sup>22</sup>

**The Global Forum on Transparency and Exchange of Information** is a multilateral framework aiming to improve tax transparency and information sharing. By monitoring, reviewing and supporting its +160 jurisdictions to realise transparency and exchange of information for tax purposes according to international standards it fights offshore tax evasion. The members include all G20 countries, financial centres and approximately 98 developing countries, making the share of developing countries 60%.<sup>23</sup>

Launched in 2016, **the OECD/G20 Inclusive Framework on BEPS** is a collaborative effort involving more than 135 countries and jurisdictions, out of which approximately half are developing countries. It aims at addressing tax avoidance, enhancing the consistency of

20 See for example Global Financial Integrity: Trade-Related Illicit Financial Flows in 134 Developing Countries 2009-2018.

21 ICAI. (2016). UK aid’s contribution to tackling tax avoidance and evasion. Report.

22 OECD. (2023, September). Tax and Development Programme. <https://www.oecd.org/ctp/tax-global/tax-and-development.html>

23 OECD. (2023, August). The Global Forum on Transparency and Exchange of Information for tax Purposes. <https://www.oecd.org/tax/transparency/what-we-do/>



global tax regulations, promoting transparency in tax matters, and tackling the tax-related issues arising from the digitalization of the economy.<sup>24</sup>

A total of 25 developing countries are members of **ATI**; and the **UN Committee of Experts on International Cooperation in Tax Matters** include some experts from developing countries.<sup>25</sup>

Developing countries have participated actively in shaping the **UN resolution on international tax cooperation** through UN General Assembly's Economic and Financial Committee (known as Second Committee), as discussed in the main text.

*Source: OECD. (2023). Tax and Development Programme. OECD. (2023). The Global Forum on Transparency and Exchange of Information for tax Purposes. OECD. (2023). What is BEPS? United Nations. (2023, August). Committee of Experts on International Cooperation in Tax Matters.*

### 3.2.2 Key developments over the review period

To some extent, the review period (2016-to date) covers the **implementation phase** of the global tax agenda. Its focus was to have all countries signed up, and implementing the agreed global standards. New decisions were taken by the EU, leading to the adoption of the public EU country-by-country (CbyC) reporting directive in November 2021.

In its 2017 Strategy, European Consensus for Development<sup>26</sup>, the EU and its Member States reiterate their commitments to fight tax evasion, tax avoidance and illicit financial flows; support the Addis Tax Initiative and the OECD/G20 work. They also commit to support the participation of developing countries in the G20/OECD discussions, and importantly, pursue coherence between their tax policies and their effects on developing countries. In addition, a new declaration "ATI2025" was approved in 2020 (see following box)<sup>27</sup> with new ambitious (shared) commitments on transparency, policy coherence and stakeholder participation.

#### Box 2 Main commitments under ATI 2025 declaration

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

ATI development partners collectively commit to maintain or surpass the 2020 global target level (USD441.1 million) of DRM cooperation for country-owned tax reforms.

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

24 OECD. (2023, August). What is BEPS? <https://www.oecd.org/tax/beps/about/>

25 United Nations. (2023, August). Committee of Experts on International Cooperation in Tax Matters. <https://www.un.org/esa/ffd/tax-committee/about-committee-tax-experts.html>

26 European Commission. (2017). European Consensus on Development.

27 Addis Tax Initiative. (2023, September). ATI Declaration 2025. <https://www.addistaxinitiative.net/ati-declaration-2025>



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

Source: Addis Tax Initiative. (2021). *ATI Declaration 2025*.

At the same time, **dialogue on further reforming the global tax system** also continued to take place, leading to the **following achievements**:

**Two-Pillar Solutions.** In October, 2021 after many years of negotiations, 136 countries and jurisdictions approved the *Statement on the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy*.<sup>28</sup> The **statement was agreed and negotiations on the solution are ongoing** under the OECD/G20 Inclusive Framework on BEPS.

While seen as positive step towards a fairer international tax system, the OECD/G20 two pillar solution has been criticised by some actors, which consider that progress has been insufficient and that lower-income countries have not had an equal footing in the negotiations. While ATAF and African members of the **Inclusive Framework** were heavily involved in the negotiations, the African Forum considers that the pace and complexity of the negotiations, “*put the developing world, Africa inclusive, at a disadvantage*”, and that “*greater and more fundamental changes [are needed] to address [...] the allocation of taxing rights between residence and source jurisdictions*”. ATAF also specifically questioned how the new rules will impact upon countries that are not members of the Inclusive Framework.<sup>29</sup>

**UN tax resolution.** In November 2022, a year after the African Union drafted a proposal to the UN General Assembly’s Economic and Financial Committee, a UN resolution on the “Promotion of inclusive and effective international tax cooperation” was adopted. Then in December 2022, a new resolution on IFFs was adopted by the General Assembly.<sup>30</sup> While not legally binding, these Resolutions effectively open the door for intergovernmental discussion on tax at the UN.

The adoption of these two resolutions were heralded as a major victory by the Global South and NGOs. Over the years, the Global South and NGOs have lobbied for a “more inclusive” approach to the global tax agenda, away from the existing platforms (OECD/G20, IFIs, EU) and where all governments would be on an equal footing. Ultimately, they would like to see a UN convention on tax to “*hold countries to legally binding, equitable standards on corporate taxation, financial transparency and tax justice*.”<sup>31</sup> In the latest development, the UN Secretary General released its eagerly awaited report in August 2023, proposing three options going forward: a multilateral convention on tax; a framework convention on international tax cooperation; a framework for international tax cooperation.<sup>32</sup>

28 The two-pillar solution aims at ensuring a fairer distribution of profits and taxing rights among countries (Pillar 1) and introducing a global minimum corporate tax rate set at 15% for Multinational Enterprises (MNEs) (Pillar 2).

29 ATAF. (2021). 130 Inclusive Framework countries and jurisdictions join a new two-pillar plan to reform international taxation rules – What does this mean for Africa? Media Release. <https://www.ataftax.org/130-inclusive-framework-countries-and-jurisdictions-join-a-new-two-pillar-plan-to-reform-international-taxation-rules-what-does-this-mean-for-africa>

30 Report of the Second Committee (A/77/441/Add.4, para. 8)] 77/154. Promotion of international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development.

31 Tax Justice Network. (2023, August). Taking Back Control of Our Tax Systems. Report. <https://taxjustice.net/take-back-control/#un-tax-convention>

32 United Nations. (2023). Promotion of inclusive and effective international tax cooperation at the United Nations. Report of the Secretary-General. [https://financing.desa.un.org/sites/default/files/2023-08/A-78-235\\_advance%20unedited%20version\\_0.pdf](https://financing.desa.un.org/sites/default/files/2023-08/A-78-235_advance%20unedited%20version_0.pdf) and Eurodad. (2023). New report by the UN Secretary-General outlines the road ahead for truly global tax cooperation. Press Release.



Tax is a deeply political issue. Looking forward, while more division is expected between the different parties, positions have softened with the passing of the UN resolutions and the polarised environment that has characterised the last 7-8 years could become something of the past. In its written submission to the UN Secretary General, the EU states that the UN can play a key role in the fight against global tax avoidance and tax evasion, as well as illicit financial flows, while highlighting the importance of exploiting synergies with the work that is being carried out by other international bodies (namely the OECD). In June 2023, the European Parliament also passed a resolution calling for the European Union to support the negotiation of a UN tax convention. Meanwhile, the OECD has reiterated its commitments to work closely with the UN.<sup>33</sup>

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33 European Parliament. (2023). Report on lessons learnt from the Pandora Papers and other revelations. [https://www.europarl.europa.eu/doceo/document/A-9-2023-0095\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-9-2023-0095_EN.html) ; Tax Justice Network. (2023). European Parliament back a UN tax convention. <https://taxjustice.net/>



## 4 Evaluation Findings

### 4.1 EQ1: Strategic and programming approach

**EQ1: To what extent have the 2016-2019 and 2020-2023 Action Plans acted as guiding instruments for Finland's support to DRM in the context of development cooperation?**

#### Summary answer to EQ1

The Finnish government has remained committed to strengthening the taxation capacity of developing countries as part of their support to SDGs. While its position on the international tax agenda is primarily shaped by Finnish national interests, its commitment to rule-based multilateralism has provided a good entry point to promoting a policy coherence agenda for tax, leading the adoption of tax responsibility principles. This agenda, however, does not go so far as taking into account the impact of Finland's tax decisions on partner countries. MFA documents come with the additional commitment to support the participation of developing countries in the global tax debate.

The two APs have been well aligned with government priorities. Both plans have SDGs at the centre and include strengthening taxation capacity as an objective. The 2<sup>nd</sup> AP includes an objective on tax responsibility principles; it also makes the links with Finland development cooperation policy's cross-cutting objectives. Its objective on the global tax policy, which is to ensure the perspectives of developing countries are taken into consideration, goes beyond what the Finnish government committed to in its policy documents.

Different approaches have been used to guide implementation: in the 1<sup>st</sup> AP, specific measures are identified under each objective; in contrast, the 2<sup>nd</sup> AP comes with less emphasis on the *how*. Both APs have ended up facing similar issues, however, which were: a mismatch between their level of ambition and available resources (including staffing); the lack of intra-governmental coordination mechanisms; and weak monitoring.

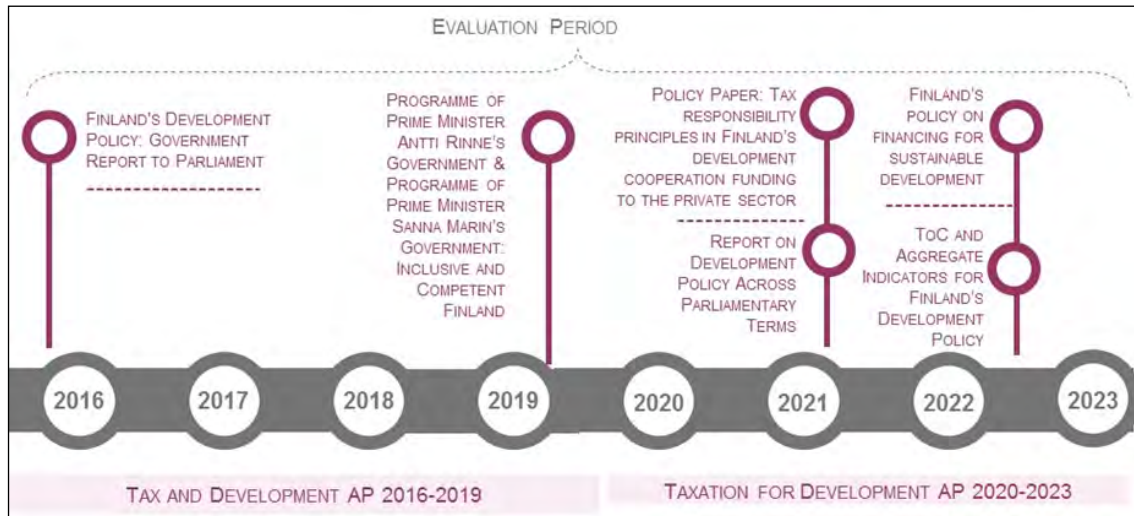
Thanks to a well-articulated and comprehensive set of objectives, both APs were nonetheless able to generate an overall coherent portfolio – although the links with (and potential support to) PFM and other forms of IFF were not well articulated.

#### 4.1.1 Assessment of Government priorities (JC1.1)

**Finding 1.1. Finnish position on the global tax debate is shaped by Finnish interest, and hence, does not take into account the specific needs of developing countries. Government commitment to tax for SDGs and some elements of policy coherence (including tax responsibility principles) are nonetheless in place.**



**Figure 4 Timeline of key policy documents**



Source: Evaluation team

**Building on the AAAA commitments, successive Finnish governments have shown continuous commitment to supporting the strengthening of the taxation capacity of developing countries.** References could notably be found in 2015 Government of Finland Strategic Programme<sup>34</sup>; 2019 Programme of the Prime Minister<sup>35</sup>. This commitment is also reflected in the MFA 2016 Development Policy, which aims to support developing countries capacity to collect taxes and raise revenue, with a view to make 'taxation more efficient, allowing to fund public service'<sup>36</sup>; The link between taxation and public services also features in the MFA 2021 Report on Development Policy<sup>37</sup> (see quote).

In the MFA Development Policy Theory of Change<sup>38</sup>, support to taxation falls under the priority area "education and peaceful democratic society". Implementing the Tax and Development Programme also is one of the eight objectives outlined under Finland's Policy on Financing for Sustainable Development (2022), which provides an overview of Finland's response to the AAAA<sup>39</sup>.

**Strengthening the taxation capacity of developing countries is one of the means employed by Finland to support sustainable development as agreed in Addis Ababa in 2015. This means measures such as developing national tax and budget systems, combating corruption, strengthening transparency and accountability, and creating training and peer support systems for tax authorities and other public administration professionals. (MFA, 2021)**

- 34 Finnish Government. (2015). Finland, a land of solutions. Strategic Programme of Prime Minister Juha Sipilä's Government. 29 May 2015.
- 35 Finnish Government. (2019). Inclusive and competent Finland – a socially, economically and ecologically sustainable society. Programme of Prime Minister Sanna Marin's Government, 10 December 2019.
- 36 MFA. (2016). Finland's Development Policy; one world, common future - towards sustainable development, Government Report to Parliament, 4 February 2016.
- 37 MFA. (2021). Report on Development Policy Across Parliamentary Terms.
- 38 MFA. (2021). Theories of Change and Aggregate Indicators for Finland's Development Policy 2020.
- 39 MFA. (2022). Finland's policy on financing for sustainable development.



All government policies share the same rationale for supporting DRM in partner countries, which is seen as key to achieving the SDGs.

**Marking a departure from previous commitments, the 2023 Government Programme<sup>40</sup> does not make any specific reference to the tax and development agenda.** It nonetheless states that “Finland’s aim will be to reduce the unhealthy political and economic dependence of developing countries on foreign powers” This resonates with previous high-level statements that support to DRM will not just help to achieve the SDGs but also reduce aid dependency.

Successive governments have committed to participate in the global tax reform agenda, with their focus being on defending Finnish interests. In the 2019 government programme, Finland’s participation in “ending harmful competition over tax bases with a commitment to common and fair rules within the framework of the OECD, the UN and the European Union” is highlighted as key. This focus is reiterated in MoF (2021)<sup>41</sup>, which states that this participation is “in the best interest of Finland.”

**Finland is proactive in curbing aggressive tax planning, tax evasion and harmful tax competition. Finland also promotes the strengthening of the UN Tax Committee to provide developing countries with access to influence in the work to reform international taxation. (MFA 2021)**

**At the same time, Finland’s commitments to multilateralism, and, to the principles of inclusion, fairness and equity have also contributed to shaping the government’s position.** Finland is perceived as a neutral player on the international tax debate, as confirmed during the interviews with external stakeholders. Its commitment to fair and balanced, rules-based international systems has materialised in a number of ways in relation to the tax and development agenda:

- In its documents, the Finnish government intends to “promote national and international resolutions to secure and strengthen the Finnish tax base in a globally sustainable manner”. Building on this commitment (see also next section), the 2<sup>nd</sup> AP concludes that “The goal of global sustainability can be promoted by taking better account of the perspective of developing countries in the international tax policy”.
- Finland has a zero-tolerance policy on tax avoidance and supports solutions for combating and hindering the operation of tax havens. It is also fully committed to implementing the global standards. This push for more transparency is largely accepted as benefiting to all countries (with CSOs advocating for more public access to data).
- The Finnish government requires Finnish companies to operate responsibly in developing countries. Companies in which the state has a controlling stake are expected to show an example of corporate responsibility by reporting their tax footprint in every country. This commitment can be found in all government / MFA policy documents. MFA’s policy is further highlighted in its 2021 policy paper on tax responsibility principles for the private sector.<sup>42</sup>

40 Finnish Government. (2023). A strong and committed Finland. Programme of Prime Minister Petteri Orpo’s Government. 20 June 2023.

41 MoF. (2021). OECD International Income Tax Reform Project: The Ministry of Finance submits to the Finance Committee Section 47, Section 2 of the Constitution.

42 MFA. (2021). Report on Development Policy Across Parliamentary Terms. MFA. (2021). Tax responsibility principles in Finland’s development cooperation funding to the private sector.



In addition to the above, MFA specifically makes the additional commitment to support the participation of development countries in the global tax debate – notably through the UN Tax Committee - in its 2021 Report on Development Policy Across Parliamentary Terms.<sup>43</sup>

These government commitments are all positive steps towards a policy coherence for development (PCD) agenda (a priority under the 2019 Government Programme)<sup>44</sup>, but they are not formulated as such. In other words, there is no whole-of-government approach to tax and development, linking Finland's tax policy (including on the international front) and its development cooperation, and, which would take into account the impact that Finland's tax decisions can have on partner countries. This is despite MFA's commitment to promote coherence in a number of key sectors, including taxation, in its 2021 policy.<sup>45</sup> While whole-of-government commitments are more explicitly made in the 2025 ATI Declaration, this declaration is not a binding document and none of the government policies refer to the initiative.<sup>46</sup>

#### 4.1.2 AP alignment to government priorities (JC1.1).

**Finding 1.2. Action Plans have remained aligned to government priorities and the SDG agenda, and have strengthening taxation capacity as an objective, with cross-cutting objectives, tax responsibility, and Africa receiving more attention under the 2nd AP.**

**Finding 1.3. Despite evident challenges (see section 4.1.3), the net benefits of having an AP are overall positive, as they allow enhanced strategic focus, comprehensiveness and visibility.**

The two APs are well aligned, as well as build on government priorities. Both have strengthening taxation capacity as an objective, with SDGs at the centre of their preoccupations. Both APs also bring in an influencing dimension, with each reiterating government commitments to promoting fair and transparent international tax rules.

#### Box 3 Objectives of the Tax Action Plans (2016-2019 and 2020-2023)

##### Tax Action Plan 2016-19

1. International cooperation has achieved and implemented revised international tax rules.
2. Developing countries' domestic resource mobilisation and taxation capacity has been strengthened.
3. In developing countries, civil societies' awareness and knowledge on the link between taxation and public services has increased, and the ability to hold governments accountable.

43 MFA. (2021). Report on Development Policy Across Parliamentary Terms.

44 Finnish Government. (2019). Inclusive and competent Finland – a socially, economically and ecologically sustainable society. Programme of Prime Minister Sanna Marin's Government, 10 December 2019.

45 As also put by the MFA (2021), development policy and development cooperation are just one means of effecting changes. Policy coherence is an essential prerequisite for achieving sustainable development in developing countries.

46 The ambition of the Finnish government to promote policy coherence in trade provides a useful contrasting example, with the 2019 government programme aiming to ensure that "trade agreements concluded by the EU take sufficient account of their impact on the environment, sustainable development, equality, and the rights of women, girls and employees". (MFA, 2019).





4. Reliable country-specific research and analysis of illicit financial flows and solutions to curb them exist.

### **Tax Action Plan 2020-23**

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

*Source: MFA. (2015). Tax and Development. Finland's Action Plan 2016–2019. MFA. (2020). Taxation for development Finland's Action Plan 2020–2023.*

Partly reflecting contextual developments, the two APs come with some differences in emphasis, which has some implications on alignment to government priorities:

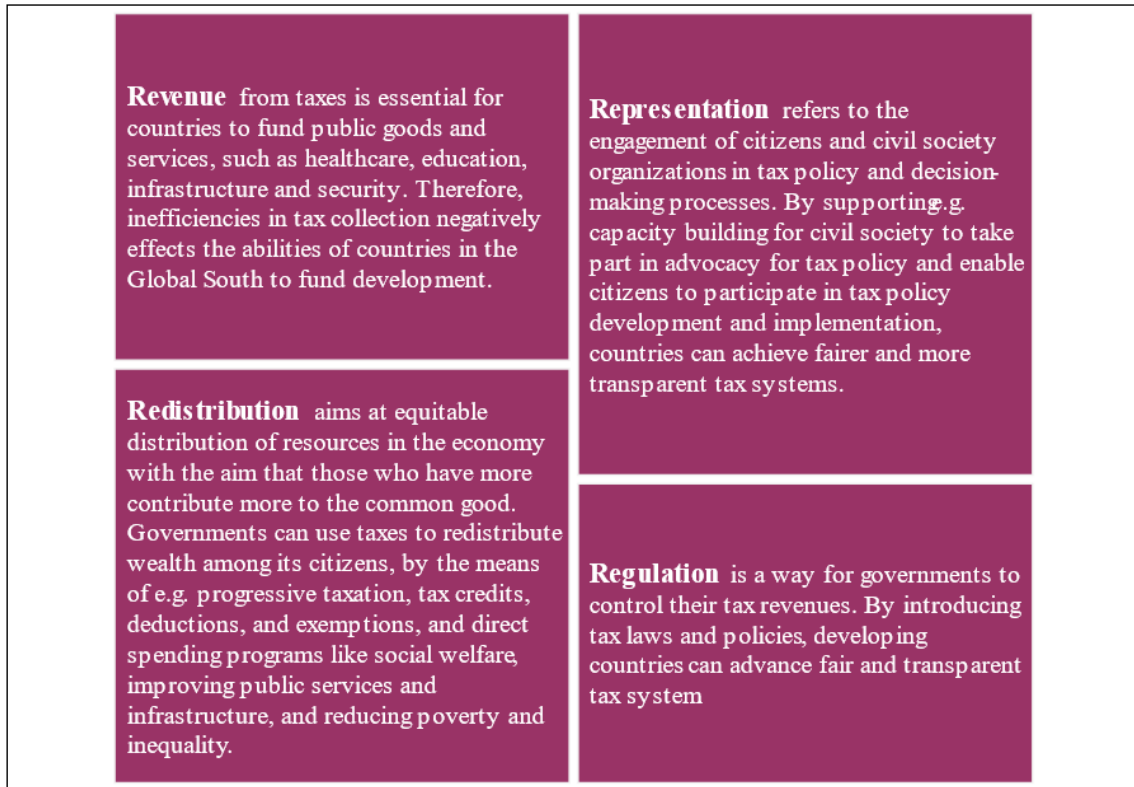
1. While the 1<sup>st</sup> AP is broader in scope (see below), the 2<sup>nd</sup> AP's objective on the international tax agenda, which is "to strengthen the position of developing countries in the global tax policy and ensure perspectives of developing countries are taken into consideration" is considerably more ambitious than what can be found in policy documents. The 2<sup>nd</sup> AP also includes for the first time a reference to tax responsibility principles.
2. Building on previous efforts (and notably successful partnership with ATAF and TJNA), the 2<sup>nd</sup> AP intentionally puts Africa as a top beneficiary region. In contrast, the list of measures envisaged in the 1<sup>st</sup> AP come with a wider, global, coverage. The focus on Africa is in line with the 2019 government programme and subsequent adoption of the Africa strategy<sup>47</sup>.
3. Another contrasting feature between the two APs is that the 2<sup>nd</sup> AP has a stronger equity, human-right based dimension. As well as introducing the 4Rs (see following figure), the 2<sup>nd</sup> AP states its intention to tap into other priority areas of Finland's development policy, notably gender equality, support to education and other public services, and, environmental and climate policy.

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47 Ministry for Foreign Affairs of Finland. (2021), Finland's Africa Strategy. Towards a stronger political and economic partnership.



**Figure 5 Tax and development using the 4 Rs and SDGs**



Source: MFA. (2020). *Taxation for development Finland's Action Plan 2020–2023*.

**The two APs are well known by MFA staff and external actors.** The parliamentary development committee, CSOs, VERO, and other Finnish actors, have confirmed during the interviews that they were fully involved in the development of the 1<sup>st</sup> AP. At the time of drafting the 1<sup>st</sup> AP, the strong momentum coming from AAAA – both within MFA and with the wider development community – created a particularly conducive environment for external consultations. The plan also gained further visibility thanks to a public launch event and press release announcing that Finland is committed “to support developing countries to eliminate tax evasion”. External consultations also took place to support the drafting of the 2<sup>nd</sup> AP.

While they have not been effective instruments to guide programming (see section 4.1.3), the APs are still considered by government officials, and, civil society representatives alike as adding value. The two APs are useful documents for communication and transparency purposes; in addition, the envisaged actions help to provide more substance/weight to Finland’s position in partner countries and on the international front.

It is likely that the strategic focus on DRM will be lost, if mainstreamed into Finland’s broader Financing for Sustainable Development agenda. The action plans – if used more effectively – also come with the advantage of having a dual development cooperation and influencing purpose. Recent developments also make the environment particularly conducive to a third action plan, as new opportunities for support are arising. (see SWOT analysis in section 5.1.1)



### 4.1.3 AP as guiding instruments to programming (JC1.2, JC1.3, JC1.4)

**Finding 1.4.** The two APs have followed a very different approach to programming, yet both equally suffered from a mismatch between the level of ambition and resources.

**Findings 1.5.** There was weak accountability and results based management, in the absence of result indicators and regular monitoring.

**Finding 1.6.** In the absence of a whole of government approach, the two APs have found it difficult to find the right entry points to achieve their influencing objectives.

In practice, the two Actions Plans are quite different in structure and content. The 1<sup>st</sup> AP comes with a long and over-ambitious list of 21 interventions and 12 policy influencing actions<sup>48</sup>. As reported during the interviews and in internal memos, drafting the 1<sup>st</sup> AP started with a mapping of what Finland was doing already, using a relatively loose definition of DRM. Many policy influencing actions also fall under the responsibility of other Ministries (see EQ2) As a result, the plan ends up being quite broad in scope, and based on collected evidence, the evaluation team estimates that, out of 21 interventions, only 13 materialised; and that, out of the 12 influencing actions, only half were carried through.

In contrast, the 2<sup>nd</sup> AP focuses on laying out the key principles of MFA's approach and only mentions a handful of flagship interventions. While the lack of prioritisation that characterised the 1st AP was largely avoided in the 2<sup>nd</sup> AP, the actions in the 2<sup>nd</sup> plan remain either unspecified or vague. More specifically on influencing, the plan does not actually provide any insights on the *how*, except for arguing that the MFA should be more directly involved in international tax policy matters (see next section for analysis on whole-of-government approach).

Both APs show a mismatch between their level of ambition and available resources, as repeatedly highlighted in interviews and memos. Both plans assume that more resources will be forthcoming on the back of Finland's commitment to double its support under the ATI. Part of the issue was that Finland's ODA commitments / disbursements in 2015 (the baseline year for ATI) were over-estimated. But more crucially, that MFA budgets were cut substantially in 2016, the year when the 1<sup>st</sup> AP was launched. As a result, the funding envelop of the 1<sup>st</sup> AP was significantly less than envisaged<sup>49</sup>. Staffing also remained a key constraint (see next section). As discussed in section 3.2.1, Finland's ODA commitments and disbursements have now increased, with the country finally reaching its ATI target in 2022.

As such, while the portfolio was confirmed as coherent overall (see next section), the lack of prioritisation remained problematic, with the number of ongoing interventions rising from seven in 2015 and nine in 2016 to 14 interventions in 2021 and 13 in 2022. (see mapping in Annex 5)

The two APs were also based on the assumption that intra-governmental coordination will be forthcoming. This intra-governmental coordination was in fact a central condition to achieving

48 Influencing actions ranged from support to ATAF, customs, EITI, OECD's Tax and Development Programme to the implementation and monitoring of the Addis Tax Initiative and development of a UN Tax Committee.

49 The team in charge of drafting the 1st AP had hoped for a total budget of EUR 10 million.



the influencing objectives. However, this did not materialise either, as further discussed in the next section.

**Crucially, the two APs have not been adequately monitored.** The two APs do not have any result indicators. Plans to develop a result monitoring framework and review and update the APs on an annual basis did not materialise. As a result, the APs' achievements are only briefly reported in Finland's Development Policy Results Report 2018 and 2022 and in the annual monitoring of country plans.<sup>50</sup> Monitoring and evaluation have also been hindered by the implementing partners' relatively poor focus on results in their reporting.

**This evaluation is the first attempt to assess results achieved and explore the strengths and weaknesses of Finland's support.** There was no stock-taking exercise between the two APs, although MFA produced an update of progress under the 1<sup>st</sup> AP in an internal memo in 2018<sup>51</sup>, highlighting directions for the years ahead. This memo, which raised concerns about the lack of reported results, was subsequently used to inform the drafting of the 2<sup>nd</sup> AP.

Because of all of the above, **the two APs were not used effectively as guiding instruments for programming and monitoring, leaving many questions unanswered, starting with prioritisation.**

#### 4.1.4 Coherence of the overall portfolio (JC1.2, JC1.3, JC1.4)

**Finding 1.7 Thanks to well-articulated and a comprehensive set of objectives, the two APs generated an overall coherent portfolio, with linkages at the country, regional and global levels, and, between development cooperation and influencing.**

As shown in the portfolio mapping Annex 5 and inventory in Annex 4, and, despite the delivery challenges identified in the previous section, the two APs have effectively combined complementary actions, with:

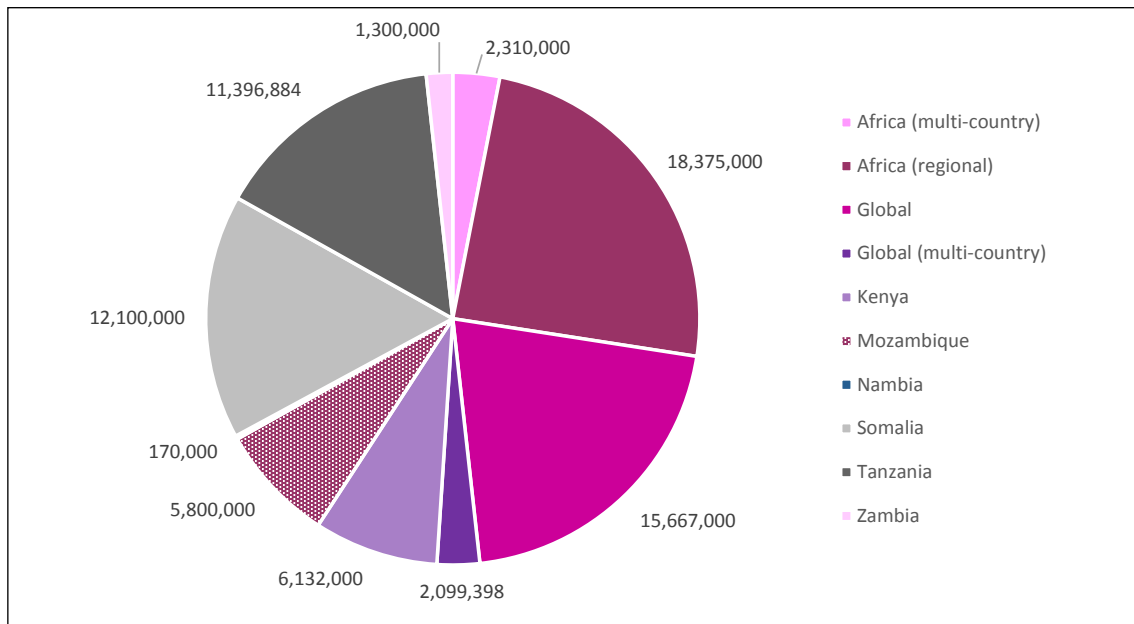
- **Different levels of engagement at country, regional and global level**, with Africa receiving the largest share of Finland's DRM support (see in Figure 6 Geographic distribution of DRM support (EUR)).

50 Total government revenue as a proportion of GDP; Increase in the number of a) individuals and b) companies in the national tax and social security registries (full relevance).

51 Available to team.



**Figure 6 Geographic distribution of DRM support (EUR)<sup>52</sup>**



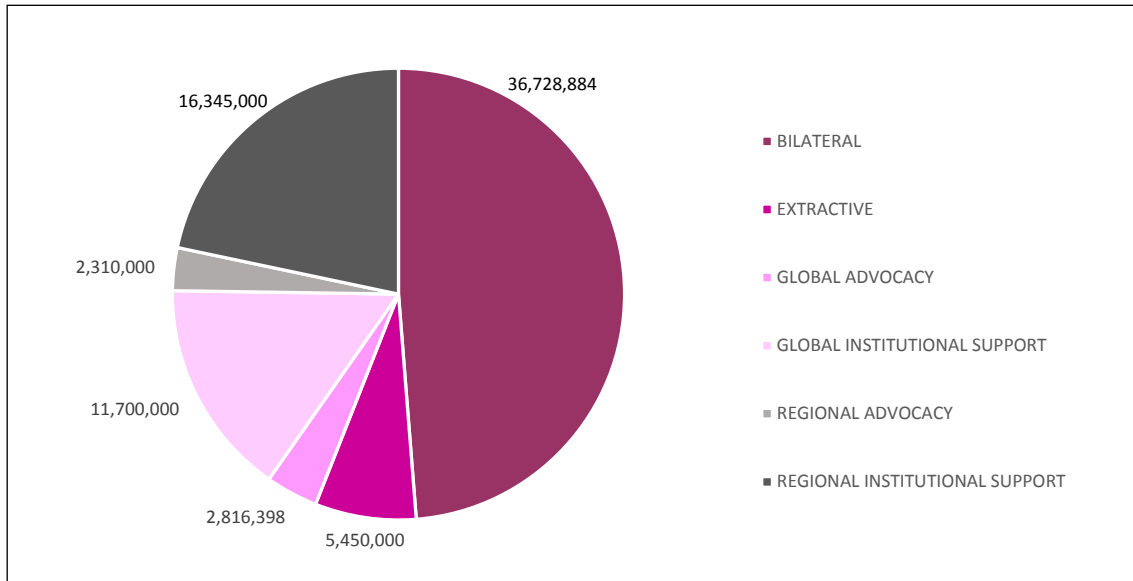
Source: OECD DAC Statistics

- **Linkages between influencing work and development cooperation**, by supporting the work of key regional and international organisations (OECD, UNDP, ATAF), as well as research and civil society advocacy at country, regional and global levels.
- **A combination of interventions**, all confirmed as relevant to the DRM agenda (see EQ5), and, showing a good balance between bilateral support to partner countries, on one hand, and institutional support to key regional and global organisations, local and global advocacy on the other. (see figure 7) The portfolio also comes with a useful and relevant sector focus on the extractive industries and, with it, support to well-established initiatives, such as EITI, which Finland has supported since the beginning and where it has acted as an alternate Board Member since 2019. (see EITI contribution to results in sections 4.3 and 4.5)

<sup>52</sup> The chart and the following charts in this report include Somalia MPF. The size of the basket fund is significant (with a EUR12 million Finland contribution) but only has a limited (yet successful) coverage of DRM.



**Figure 7 Distribution of DRM support per cluster (EUR)**



Source: OECD DAC Statistics

**The portfolio also expands into areas of intervention that are peripheral to the DRM agenda.** This includes interventions that have a wider focus on Public Finance Management and how domestic revenues are being used (Public Finance Management Reform Project - PFMRP Tanzania, Multi-Partner Fund - MPF Somalia, Public Revenue, Expenditure, and Fiscal Decentralization Enhancement and Reform - PREFER Mozambique, selected NGOs). The portfolio also includes the recently launched Team Europe Initiative to combat Illicit Financial Flows (IFFs) and Transnational Organised Crime. Having such interventions in the portfolio is largely justified, given the strong inter-linkages between PFM, anti-money laundering / anti-IFF and DRM. In addition to providing DRM efforts, there is also a need to ensure that domestic revenues are used to strengthen public services and achieve the SDGs. Yet these linkages are not well articulated in the two APs.

The only outlier found in the portfolio is a component of the project African-Finnish Partnerships on Taxation Capacity in Africa (by HAUS), whose objective is to introduce e-learning within the African Capacity Building Foundation (ACBF), not just for DRM but for the full training curriculum.

**During the interviews, MFA officials shared their concerns that research may not have received sufficient attention in the portfolio; they also questioned whether the focus on Africa made sense, given the international dimension of tax.** This evaluation could not find any issue on these two matters: As shown in the mapping exercise (Annex 5), research has been promoted through a wide range of partners and interventions (not just academia and think-tanks), and, the quality of partnerships in Africa (se EQ4) largely justifies the portfolio's focus on this region.



## 4.2 EQ2: Whole-of-government approach and policy coherence

**EQ2. To what extent has Finland's DRM agenda in the context of development cooperation been implemented in a coherent manner?**

### Summary answer to EQ2

Coordination within MFA and across government has not met initial expectations. Coordination within MFA has remained mostly bilateral and informal. KEO-50, which took over from KEO-10 in 2018, has lacked sufficient resources to play its coordination role effectively, while managing its own portfolio and policy work. MFA has made visible efforts to reach out to other Ministries, starting with the Ministry of Finance (MoF), on a regular basis, but until recently, cooperation has been minimal. Plans to set up an external advisory group, which would include other Ministries, but also other Finnish actors, did not materialise.

The lack of a shared tax and development agenda within the Finnish government explains the weak intra-governmental cooperation. At the same time, the MFA and MoF were found to work well when sharing the same priorities, such as their engagement with Multilateral Development Banks (MDBs). In addition, despite the lack of a policy coherence for development (PCD) approach, Finland has been able to meet some of its commitments under the Addis Tax Initiative (ATI) declaration, thanks to its commitment to tax transparency. The government's policy that Finnish companies should follow tax responsibility principles has also produced positive results, with Finnfund's investee companies alone contributing EUR 692 million in tax and tax like fees in 2021, roughly equivalent to half of the total ODA provided by Finland in that year.

### 4.2.1 Coordination and management arrangements within MFA (JC2.1)

**Finding 2.1. Coordination within MFA has remained mostly bilateral and ad hoc, because of insufficient staffing and complex governance arrangements.**

**The coordination mechanisms, as envisaged in the two APs in the form of an internal working group<sup>53</sup>, did not materialise for a number of reasons:**

**The two APs' portfolio has straddled across various MFA departments/units, leading to complex governance arrangements.** The coordinating function fell under the responsibility of KEO-10 (Unit for General Development Policy) until 2018, when KEO-50 (Unit for Development Finance and Private Sector) – also under the MFA Department for Development Policy - took over. On the development cooperation side, interventions fall under the responsibility of the Department for Africa and its Embassies for bilateral interventions, the Unit for Civil Society (KEO-30), and KEO-50 for multilateral or regional interventions. In the past, one project also fell under the responsibility

<sup>53</sup> The first action plan envisaged that implementation would be coordinated by an MFA internal working group led by the Ambassador for Tax and Development. The second action plan also included the establishment of a working group that would also include external actors



of the Latin America and Asian Department. The portfolio also benefits from additional support from the advisor for democracy and good governance at KEO-20. On the influencing side, KEO-50 is responsible for overseeing MFA's relationship with MDBs, while KEO-10 is responsible for managing MFA's relationship with the EU and OECD. MFA delegations at the UN, OECD, and the EU also have a role to play.

**As shown in the portfolio timeline (Annex 4), the project allocation has shifted over time, with an increasing number of interventions now falling under KEO-50's responsibility;** this, coupled with limited staffing, has meant that the KEO-50 AP programme coordinator has found it difficult to find sufficient time to engage more strategically with Finland's key partners – a situation compounded by the large number of global events and initiatives to follow. The rationale for allocating some interventions to KEO-50 also remained unclear to the evaluation team.

**As already mentioned in section 4.1.3, staffing has been an issue throughout the evaluation period.** This is despite the situation looking more promising in the year leading to the launch of the 1<sup>st</sup> AP (and before the 2016 budget cuts took place). At the time, the decision to develop an AP came from top management (DG level), who appointed an Ambassador for Tax and Development (previously working with the OECD) to carry out this task. With the switch to KEO-50, the position of Tax and Development Ambassador was abandoned. A new AP programme coordinator was appointed in 2019, and another one in 2021 after an eight-month gap. Plans to have a more junior person joining the team full time did not materialize either. At a more senior level, DRM is now covered as part of a much broader agenda, by the Deputy Director General of the MFA Department for Development Policy, who was also appointed as the Ambassador of Financing for Sustainable Development.

## 4.2.2 Coordination between Ministries and other Finnish actors (JC2.2)

**Finding 2.2. MFA's cooperation with the Ministry of Finance and other Ministries has been until recently minimal, except when sharing a common agenda (tax responsibility, MDBs). New opportunities for collaboration are now emerging.**

**Finding 2.3. MFA has found it hard to define its added value to the global tax discussions. It has not been able to influence negotiations led by other Ministries.**

**A working group involving other Ministries and key Finnish actors was also meant to be established under the two APs.** Until recently, however, consultations mostly took place on an ad hoc, bilateral, basis. As confirmed in various memos, the 1<sup>st</sup> AP was the subject of a discussion with key Finnish actors shortly after its finalisation. An intra-governmental working group was subsequently launched in December 2016 to provide strategic support and ensure policy consistency, but without the Ministry of Finance's presence, plans to meet on a regular basis did not materialize.<sup>54</sup> Building on previous efforts from the 1<sup>st</sup> AP, the 2<sup>nd</sup> AP similarly had plans to launch an external working group<sup>55</sup> but this did not materialize either.

54 MFA's request (then under KEO-10) to participate in the EU thematic sections (organized by the Ministerial Committee of EU affairs), where Finland positions are discussed, was reportedly turned down.

55 Open to all relevant MFA department and units, the International Taxation Unit of the Ministry of Finance, the Finnish Tax Administration, the Development Policy Committee (KPT), Finnish Development NGOs Fingo, UNU-WIDER and Finland's Permanent Representations if necessary).





**Both APs assume that MFA will work closely with MoF and other Line Ministries to achieve common objectives. In practice, however, MFA was not able to influence Finland's position in negotiations led by other Ministries.** Conversely, despite its focus on policy coherence, and requests from MFA that MoF should participate, the ATI agenda has remained MFA-led only<sup>56</sup>. At times, MFA even found it difficult to collect information from other Ministries (to assess progress against the AP's objectives that required a whole-of-government approach).

**There are a number of reasons why getting the MoF (and other Ministries) more engaged has been difficult:**

- In the early years of the evaluation period, there was still some reluctance (not just from Finland but also from other OECD countries) to treat developing countries as equal partners in the global tax negotiations.
- The division of responsibility between the Ministries on the negotiating front<sup>57</sup>, time pressure (especially during the negotiations), and staff constraints (including high staff turn-over, also within the MoF international tax unit and other relevant MoF units) have made it difficult for the MFA to remain up to date about the different discussions on the agenda.
- As well as being political, tax negotiations can be highly technical, and as such, rely on the availability of international tax experts. Partly because of this, MFA has found it hard to define what it brings to the table. This was fully acknowledged in the 2<sup>nd</sup> AP, which plans to assess *"the capacity and resource needs of the MFA [...in order to create the conditions for it to add value to the [ongoing] processes."*
- **Things look more promising in 2023.** For the first time, in May 2023, a coordination meeting took place between the MFA, MFA Delegations (representing the EU, OECD, and UN) and MoF to discuss the progress and implications of the OECD BEPs negotiations. MFA also met with other Finnish stakeholders to discuss DRM issues in June 2023. This indicates that the MoF position (or lack of position) with regard to the tax and development agenda is gradually shifting. After being reported as "very reluctant to get involved" under the 1st AP, the Ministry has started to adopt a listening position in light of recent developments - more specifically, because the next steps following the adoption of the UN Resolution may have legal and budgetary implications, while developing countries and regional organisations, like ATAF, have become more credible and visible during the OECD-led two-pillar negotiations.

**Ultimately, intra-governmental coordination depends on whether the various Ministries share a common agenda.** As discussed under EQ1, there is no shared government agenda on the tax and development. In addition, as confirmed by MoF officials, tax and development is not discussed during the OECD's Board/main discussions. This explains why the MoF and MFA have mostly followed a siloed approach to the international tax agenda. When there are shared objectives, however, the whole-of-government organisational structure shows that it can be conducive to bilateral cooperation,<sup>58</sup> There is a well-coordinated approach on the tax responsibility principles,

<sup>56</sup> The endorsement letter for 2025 ATI declaration was only signed by MFA, not other Finnish Ministries.

<sup>57</sup> MoF leads on the OECD tax discussions, Ministry of Labor and the Economy leads on the EU country-by-country reporting, and MFA leads on the UN tax negotiations.

<sup>58</sup> The MoF and MFA, in particular, have each dedicated desks for the EU, OECD, the UN, and MDBs. MoF and MFA are also represented in their respective EU delegations in Brussels, New York and Paris.



with both Ministries (the MoF since 2018) being Board Members (see next section). Equally, the two MoF and MFA units responsible for Finland's relationship with MDBs are working closely together.

### 4.2.3 Policy coherence in action (JC2.3)

**Finding 2.4** Despite the lack of a whole-of-government approach, Finland was able to meet some of its commitments under the Addis Tax Initiative.

**Finding 2.5** MFA's policy requirement that Finnish companies receiving ODA should follow tax responsibility principles has paid off, with Finnfund's investee companies contributing almost EUR700million in tax to partner countries in 2021.

#### Focus on Addis Tax Initiative

Under Commitment 3, the ATI declaration calls for a whole-of-government approach on tax and development, spill over effects analysis by development partners, and improved tax transparency (see Box 2 Main commitments under ATI 2025 declaration, section ). The initiative uses the global standards (including BEPS) to monitor progress.

**The first monitoring report against the ATI 2025 declaration commitments<sup>59</sup> indicates that Finland has fared relatively well on this front.** More specifically, 34.5% of Finland's tax agreements were found to be compliant with the BEPS standards, which is about average. It was found largely compliant with the Exchange of Information on Request (EoIR) standards. Finland also scores well against commitment to stop using tax exemptions and maintain a minimum level of corporate income tax, while Finnish companies were reported as largely following country-by-country reporting requirements.

In its commitment to ATI, Finland has also declared an interest in conducting a spillover analysis to assess the impact that the country's tax practices may have on other countries' ability to raise domestic revenue. Drawing on existing methodologies<sup>60</sup> and good practices<sup>61</sup>, this analysis could generate useful evidence to confirm situations whereby Finland and partner countries would benefit (or lose) from the same international tax reforms. (as further discussed in the recommendations).

#### Tax responsibility

**One main achievement under the 2<sup>nd</sup> AP has been to ensure "tax responsibility and transparency of companies supported with development cooperation funding.**

As shown in the policy documents (see EQ1), promoting the tax responsibility principles is a shared government, objective: all Finnish companies in which the state has a controlling stake

59 International Tax Compact. (2020). 2020 ATI Monitoring Report. <https://www.addistaxinitiative.net/resource/2020-ati-monitoring-report>

60 Addis Tax Initiative. (2022). ATI Webinar: Promoting spillover analysis of tax policies.

61 Netherlands and Denmark have conducted a spillover analysis.



are expected to follow tax responsibility principles. This encompasses all Finnish companies that receive ODA funding.

While not included in the 1st AP, progress started in the early years of the review period, after Finnwatch revealed aggressive tax arrangements in a fund structure funded by Finnfund.<sup>62</sup> Finnfund subsequently drafted a tax policy, which was finally approved in 2018. The MFA produced its own tax responsibility principles policy paper in 2021. MFA's policy paper is based on four principles that companies receiving Finnish ODA should adhere to: no aggressive tax planning; the combating of tax havens; no requiring of tax holidays and the need for transparent reporting<sup>63</sup>. All instruments channelling ODA funds, including Finnfund<sup>64</sup>, are expected to formulate their own tax policies, and, integrate the tax responsibility principles in their funding and/or investment cycles (including through due diligence, financing agreements, monitoring and reporting and transparency).

**Finnfund's assessment of its own policy in 2020 indicates that MFA's policy principles and responsibilities conferred to Finnish Development Finance Institutions (DFIs) have worked relatively well**<sup>65</sup>. The review concludes that "Finnfund has put considerable and tangible effort into developing a clear and meaningful Tax Policy". This included enhancing capacity through staff training, the establishment of an internal tax committee to offer advice to investment managers; the recruitment of an external firm to provide tax expertise and counsel, and the decision to invite the MoF's internal tax expert to become a board member.

Further evidence from Finnfund also shows that companies receiving Finland's ODA funding have indeed acted in a responsible way. According to the 2022 Finnfund Annual Report, in 2021, EUR 692 million in tax and tax like fees (corresponding to 233 investments) was paid by Finnfund's investee companies, compared to EUR 490 million in 2018 (corresponding to 218 investments) - the first year of the policy. Of this, EUR 553 million was paid by companies operating in Africa, with the highest amounts paid in South Africa, Nigeria and Ghana.<sup>66</sup> This compares favourably to 2017 prior to the policy where overall taxation paid by Finnfund companies was EUR 423 million.

Such a progress has no doubt been facilitated by the Finnish companies' increased awareness of the global standards requirements (e.g. BEPS), which the tax responsibility principles are aligned to. Finnfund and other Finnish DFIs are also signatories of the European Development Financiers (EDFI) Responsible Tax Principles and EDFI Principles for Responsible Financing of Sustainable Development (2019). Now that most DFIs follow similar standards, challenges of the past, whereby it was found difficult to find a balance between implementing the tax responsibility principles and attracting suitable investors, have also subsided.

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62 See press release. Vartiainen, S. (2017). Verovälttelyä kehitys yhteistyövaroilla – Finnfund ja metsärahaoston verojärjestelyt Luxemburgissa. Report. Finnwatch.

63 Ministry for Foreign Affairs of Finland. (2021). Tax responsibility principles in Finland's development cooperation funding to the private sector.

64 The other instruments are FCA Investment (FCAI), Public Sector Investment Facility (PIF); Finnpartnership (business partnership programme operated by Finnfund); and Developing Markets Platform (Devplat).

65 Finnfund. (2021). Finnfund's assessment of the implementation, impact of and potential development needs for its responsible tax policy. Memorandum. FCAI. (2021). FCA Investments. Tax Policies. <https://www.fcainvestments.fi/wp-content/uploads/2022/01/Tax-policy-101221.pdf>

66 Finnfund. (2022). Finnfund Annual Report 2022. Finnfund. (2019). Finnfund Annual Report 2019.



## 4.3 EQ3: Cross-cutting objectives

**EQ3. To what extent has Finland's support to DRM in the context of development cooperation responded to Finnish cross-cutting objectives?**

### Summary answer to EQ3

The evidence base and rationale for linking DRM with gender and non-discrimination, and DRM with climate resilience and low emission development have strengthened over the years. With MFA support, an increasing number of interventions have mainstreamed gender, not just in their activities, but also in their objectives. This has less been the case for non-discrimination. The transparency initiatives in the extractive sector have taken the lead in promoting tax-based solutions to address climate change, as they switched their attention to the clean energy transition. In contrast to gender, Finland has not been particularly proactive on this front.

Mainstreaming cross-cutting objectives into the DRM agenda is primarily done through promoting more inclusive, equitable, and sustainable tax systems in partner countries. In the absence of general budget support, Finland can play a useful role in encouraging relevant policy reforms in partner countries through support to advocacy and research and contribution to multilateral interventions. In contrast, technical assistance to tax administration was found not to be particularly suited as an entry point.

### 4.3.1 Coverage of cross-cutting objectives in the overall portfolio

**Finding 3.1. Finland has visibly promoted the inclusion of gender, and to a lesser extent, non-discrimination, into its project portfolio but has not been particularly vocal in linking tax with climate resilience and low emission.**

**Finding 3.2 While the evidence supporting the rationale for mainstreaming cross-cutting objectives is growing, opportunities have varied, depending on the type of support provided.**

**MFA has been increasingly encouraging implementing partners to give greater attention to cross-cutting objectives in their support to DRM.** As previously mentioned, cross-cutting objectives started to receive more attention under the 2<sup>nd</sup> AP, following the adoption of the 2020 Development Policy, which makes it mandatory to address cross-cutting objectives in project design and reporting. The plan recognises that taxation can play a role in advancing gender equality, lessening disparities, and, boosting women's employment prospects. It also highlights the significant role that tax can play in climate policy efforts.

As a result, the evaluation finds that all interventions approved under the 2<sup>nd</sup> AP have a designated section on cross-cutting objectives in their project design, although this is rarely followed through during reporting. Altogether, 20 out of 26 decisions integrated cross-cutting objectives, although not with the same level of ambition.

**Globally, the rationale for looking at cross-cutting objectives in the context of DRM has also been subject to more research over the years, notably in relation to gender (see following box) and the energy transition.** For example, there is a growing consensus and acknowledgment



that women often bear a disproportionate burden compared to men when it comes to the adverse effects of unjust or insufficient DRM practices.

#### **Box 4 Selected evidence on gender implications of taxation policies**

**Tax Revenue & Public Services:** Inadequate tax revenue forces governments to cut public services, burdening women with unpaid work and limiting their participation in paid labour. Reduced access to essential services like piped water, safe refuges, family planning, and maternal health services impacts women's well-being and reproductive health rights.

**Companies in Special Economic Zones (SEZs),** like the garment industry that employs more women than men, replicate existing gender disparities, offering poor conditions and low wages. Women working in these industries face a double disadvantage due to both poor wages and conditions, while also resulting in lost tax revenues that could otherwise fund essential public services

**Corporate Income Tax (CIT)** policies favour male-owned businesses over women-led businesses that are mostly unincorporated. Resulting CIT policies skewed in favour of men, while women entrepreneurs contend with high Personal Income Tax (PIT) rates. CIT reductions push governments to increase taxes like Value Added Tax (VAT) on items typically bought by women, such as household goods and staple foods, to generate revenue. VAT levied on these items disproportionately burden women, both as end-consumers and entrepreneurs, particularly in small and informal businesses.

**Gender bias in tax systems,** such as joint filing for married couples, which can lead to higher tax rates for the secondary earner, often women. Even individual filing systems can be unfavourable, as seen in Morocco, where tax allowances are automatically attributed to men, perpetuating gender disparities in taxation.

*Sources: ATAF. (2022). As-is analysis: Are tax policies developed to reduce gender inequality in ATAF member countries?; ActionAid. (2017). Making Tax Work for Women's Rights. Report.<sup>67</sup>*

**Some implementing partners are still finding it hard to credibly address cross-cutting objectives as part of their DRM support, depending on the type of support they give.** A key challenge to mainstreaming, as identified by stakeholders during the interviews, is that tax policy remains the main entry point to addressing gender and climate objectives. Addressing gender, non-discrimination, and climate change from a taxation point of view first and foremost require that countries carry out policy reforms towards more inclusive, sustainable and equitable tax systems. For example, citing the World Bank<sup>68</sup>, MFA in an internal memo (2020), mentions that tax policy is one of the most effective way to combat climate change while improving the well-being of people. More specifically, the memo identifies two entry points: the first focusing on introducing the right tax incentives to promote green energy (the carbon tax being mentioned as an option); the second on strengthening tax revenue mobilisation to invest in clean energy. In the absence of budget

67 Other useful sources include: Global Alliance for Tax Justice, Womankind. (2021). Framing Feminist Taxation – With examples from Uganda. Public Services International. (2023). Global Days of Action on Tax Justice for Women's Rights.

68 Pigato, M. (2019). Fiscal Policies for Development and Climate Action. The World bank Group.



support, Finland is not well placed to engage directly in policy dialogue. However, the examples provided in the previous sections, clearly indicate, possible ways forward, in particular through support to advocacy and research, and contribution to multilateral initiatives in partner countries (as shown in Annex 5 on mapping).

In contrast, when the focus is on strengthening the technical capacity of local partners, project implementers reported the lack of opportunities to address gender equality and non-discrimination. In their view, this would require strong leadership (and demand) from their partners. This, to date, has been hampered by still conservative and hierarchical institutional structures, which, typically, have a lack of women representation in senior management teams. An example shared during the interview was with the Tanzania TRA project where female managers had benefitted from another Finnish project to train women as leaders.

### 4.3.2 Focus on gender and non-discrimination (JC3.1)

**Finding 3.3. A handful of interventions have started to include gender in their project objectives, leading to a few achievements. The attention to non-discrimination in project design has been relatively weak.**

**The focus on gender equality has strengthened in the portfolio in recent years, with a positive contribution from Finland.** This increased attention to the gender equality and tax agenda is particularly evident in some of the long-standing interventions supported by the MFA. For instance, MFA has provided multiple rounds of funding to interventions like ATAF and TIWB/Tax for SDG initiative (see 4.4.1), both of which have progressively increased their emphasis on gender considerations with each funding round.

Finland's strong position on promoting gender equality and non-discrimination was recently confirmed in the 2020 ATI monitoring report.<sup>69</sup> The following table lists the most common ways gender equality and non-discrimination have been integrated in the project proposals and progress reports of Finnish DRM interventions in the current portfolio. **It shows that mainstreaming is still very activity driven for the majority of interventions, and that only a handful of interventions come with a broader focus on non-discrimination.**

<sup>69</sup> In this report, ATI presents an analysis on the extent to which ATI DPs used their ODA in 2020 to support partner countries to promote equity outcomes. Finland is amongst the DPs that scores the highest, with 99% of its ODA for DRM in 2020 focusing on equity outcomes in some way. In value terms, the most significant contributors of ODA for DRM that focussed on equity outcomes included: the EU (USD47 million), Norway (USD30.4 million), the UK (USD 14.5 million), Finland (USD 12.4 million) and Canada (USD 7.4 million).



**Table 4 Approaches to integrate cross-cutting objectives into Finnish DRM programming**

<b>MEANS OF INTEGRATING GENDER AND NON-DISCRIMINATION INTO DRM INTERVENTIONS</b>	<b>NO. OF INTERVENTIONS</b>
<b>Gender</b>	
Gender disaggregated data	10
Commitment to gender balance in project activities	10
Goals including gender	5
Support to research on gender and tax	4
Reporting on gender (designated chapter in a progress report)	3
Activities/events specifically focussing on gender	3
<b>Non-discrimination</b>	
Enabling a safe space for all participants to speak and contribute during an activity (in an environment with e.g. high hierarchical structures)	3
Preparing training programmes/materials in several languages/ using understandable language	2
Ensuring physical accessibility/ support to participants with visual or hearing disability in project activities	2
Contributing to reduce regional inequalities	2

*Source: Evaluation team*

A handful of interventions were nonetheless found to have gender specific goals in their project design, or, gender mentioned as part of broader objectives (see following table). Other partners, including Tax Justice Network, UNDP, GIZ, also reported during the interviews the launch of new initiatives to promote the gender and tax agenda.



**Table 5 Gender in Finnish DRM interventions' objectives / outcomes**

INTERVENTION	OBJECTIVE / OUTCOMES WITH A GENDER DIMENSION
ATAF	III.B: A leadership programme/network for women in tax is established
PWYP	Outcome 3: To Increase women's effective participation and voice in decision making processes about whether and how extractive revenues are allocated in sub-national budgets in Uganda, Mozambique and Tanzania
SOMO	Project objective: To strengthen the ability of CSOs and marginalized communities, particularly women and youth, to influence and hold to account local, national and regional decision-makers in Mozambique to change policies and practices on revenue mobilization from extractive industries to the benefit of citizens, in particular marginalized communities
SOMO	Outcome 2: Civil society, including women and youth, actively engage and hold local and national authorities to account for more progressive, equitable and accountable management of extractive sector revenues
UNU WIDER	Work stream 2, part B: Microsimulation research on the role of gender in social protection and policy swaps in African countries
TIWB/ SDG for tax initiative	SDG4Tax project proposal mentions "This project has been given the GEN2 marker, which means gender equality is a significant goal of this project." Gender does not appear in the project's objectives/outcome statements, however.

Source: Project documents, proposals and progress reports of ATAF, PWYP, SOMO, UNU WIDER, and TIWB/ SDG for tax initiative

This increased focus on gender has led to some achievements by partners that go beyond MFA support:

- The ATAF Women in Tax Network (AWITN) was launched in 2021. This network offers an exclusive platform for African women in tax-related professions. It serves to highlight the integral relationship between tax policy and gender equality. Since its launch, the AWITN has held a women in leadership conference and started a mentorship programme for women in early stages of their careers. In August 2022, the network published its first research paper<sup>70</sup>
- In the extractive industry, EITI has recently launched new EITI standards (launched in 2023), which include a stronger gender, social and environmental dimension<sup>71</sup> and a gender-sensitive implementation guidance note was published in March 2022.<sup>72</sup> Moreover, the issue of fiscal incentives have started to receive increased attention.

70 "As-is analysis: Are tax policies developed to reduce gender inequality in ATAF member countries?"

71 EITI. (2023). EITI Standard Summary of changes. <https://eiti.org/documents/2023-eiti-standard-summary-changes>

72 EITI. (2022). EITI requirements 1.4, 6.3, 7.1 and 7.4. Gender-responsive EITI implementation. <https://eiti.org/guidance-notes/gender-responsive-eiti-implementation>





### 4.3.3 Focus on climate resilience and low emission development (JC3.2)

**Finding 3.4. Extractive industry transparency initiatives have stepped up their work on tax and climate, as part of the clean energy transition agenda; this requires a careful consideration for the specific needs of developing countries.**

**In contrast to gender, Finland was not particularly proactive in mainstreaming the climate change and low emission objectives.** On the influencing side, MFA had plans to contribute to the EU's work on reforming fossil fuel subsidies and directing them to renewable energy under the 1<sup>st</sup> AP, but this did not materialise.

**Regardless of MFA's lack of support in this area, interventions in the extractive industry, starting with EITI, have increasingly turned their attention to promoting solutions towards cleaner energy.** The main entry points to the growing tax and climate agenda typically entail promoting tax governance within the extractive industry; creating tax incentives in favour of clean energy; and, using domestic tax revenues to invest in climate actions (see Box 5 Focus on the energy transition in transparency extractive industry initiatives).

According to the EITI evaluation<sup>73</sup>, given the *“tension between an earlier logic of the EITI existing to improve extractives governance, with more recent but growing demands to stop extraction of fossil fuels all together”*, this new focus on clean energy represents an important shift for the organisation. Discussions on how best to integrate cleaner energy into the EITI standards were still ongoing at the time of writing this report. According to MFA, many developing countries have voiced their concerns over plans to focus on greenhouse gas emission, stating that they are not big emitters. There are also worries about the limited capacities of developing countries and the Secretariat to expand work in this area; and whether this could lead countries/companies to leave the EITI altogether if the agenda becomes too ambitious.

**Other interventions do not to make a connection between their work and climate resilience and low emission development.** In their proposals, some interventions conclude that they are simply not fit to contribute to climate sustainability.

#### **Box 5 Focus on the energy transition in transparency extractive industry initiatives**

Established in 2003, **EITI** promotes the open and accountable management of oil, gas and mineral resources through the use of multi-stakeholder platforms and global standard setting. The EITI has evolved in recent years to reflect the climate change agenda, and, global commitment to reduce fuel consumption. One EITI Strategic Priority for 2021-23 is to inform the energy transition. As explained by EITI 'As the energy transition gains traction, it will have a transformative impact on the extractive industries and global economy. EITI data can be used to address the imperatives of energy transition, energy affordability and demand, and the need to sustain revenue streams from the extractive sectors.'

73 EITI. (2022). Independent Evaluation of the Extractive Industries Transparency Initiative. <https://eiti.org/documents/independent-evaluation-eiti>



**PWYP** is the worldwide campaign for an open and accountable extractive industry so as to ensure that revenues from oil, gas and mining are used to drive development. Similarly to EITI, PWYP increasingly recognizes the pressing global challenge of the energy transition and is increasingly focusing its efforts on issues related to this transition. PWYP, with EITI, have started to pay more attention to the environmental and social impacts of critical mineral extraction. With Finland support, PWYP has used the EITI framework and domestic legislation to document the impacts on gender and climate change and associated costs of extraction activities. It has also promoted initiatives such as mine site rehabilitation and environmental compensation to affected communities. Another critical aspect of PWYP's work involves exposing fiscal incentives that the fossil fuel sector often benefits from, at the expense of the burgeoning renewable energy sector. This includes uncovering mechanisms such as tax breaks and subsidies that artificially bolster the fossil fuel industry while inhibiting the growth of cleaner, more sustainable alternatives.

**NRGI** supports informed, inclusive decision-making about natural resources and the energy transition. NRGI's programs have evolved to incorporate the global energy transition. NRGI works with governments and civil society actors in resource-rich countries to increase their influence in international discussions. NRGI also aims to increase the scale of well-governed finance for climate action to support countries' energy transitions, and to ensure that citizens in resource-producing countries benefit from equitable domestic energy transitions.

*Sources: EITI (2020). EITI strategic priorities 2021-2023; Publish What You Pay (2019). Project proposal; NRGI website (<https://resourcegovernance.org/>)*

**Like gender, however, a number of interventions were found to have some relevant, intermediary, entry points to climate resilience and low emission development.**

- Some have provided capacity building to the authorities on how to address climate issues in tax discourse (e.g. PWYP, INTOSAI, Capacity Building of the Zambia Public Procurement Authority through Institutional Twinning; African Finnish partnerships).
- Two interventions by HAUS link climate change with DRM through digitalisation: the Capacity Building of the Zambia Public Procurement Authority (ZPPA) aims to support the transition to digital services, eventually reducing the amount of paper used. Likewise, the recently launched African-Finnish Partnerships on Taxation Capacity in Africa (also run by HAUS) predicts a link from e-learning to reduced need for travelling.
- Others make commitments to reducing their own CO2 emissions (e.g. Tanzania Institutional Cooperation and TJNA).



## 4.4 EQ4: Partnership working and influencing

**EQ4. To what extent has MFA's choice of partners, modalities, and influencing channels been coherent, relevant and worked well?**

### Summary answer to EQ4

Despite being restricted by its modalities, MFA has positioned itself well as a credible donor, by providing early and long-standing support to key strategic partners, in particular ATAF. Its balanced approach has also facilitated synergy and alliances amongst partners.

In the absence of a whole-of-government approach, MFA could not fulfil its initial influencing ambition. While it decided not to support the calls for a UN tax convention from an early stage, Finland positively contributed to strengthening the UN's participation and position in the global debate, through an early collaboration with OECD and careful selection of partners. Its greatest success has been to strengthen the voice and position of African partners in the global tax discussions through its support to ATAF and CSOs (including TJNA).

While not in the lead, Finland has also participated in the World Bank Nordic Baltic Office (NBO)'s influencing work on DRM. Thanks to a well-articulated influencing strategy, the Office has positively contributed to shaping the World Bank's DRM approach – not just in relation to the volume of financial aid, but also with regards to tax transparency and increased focus on progressive taxation.

### 4.4.1 Partnership working and choice of modalities (JC4.1)

**Finding 4.1. Despite being restricted by its range of modalities, MFA has positioned itself well as a donor, by providing early support to key strategic partners (notably ATAF, TRA and UNDP), while continuing its support to CSO actors.**

**Finding 4.2. MFA's balanced approach to partnership has facilitated synergy and alliances amongst its implementing partners, in particular in Africa.**

**The choice of partners has been, in part, driven by the range of modalities that MFA can draw from for its ODA support:**

- **In the absence of general budget support, Finland has not had any opportunities to engage in direct dialogue with partner countries on tax policy matters.** Other avenues were chosen instead, through support to multilateral interventions in partner countries and/or support to research and advocacy at national, regional and global level.
- **The Institutional Cooperation Instrument has provided a unique opportunity for Finland to promote Finnish expertise.** Some ODA has been channelled through VERO to support DRM in Tanzania. Finnfund has also played a key role in implementing the MFA's policy on tax responsibility principle. Finland, however, does not have an implementing development agency, like GIZ in Germany, which it could call upon to manage some of its interventions. Under the 2<sup>nd</sup> AP, MFA had envisaged to combine (and in so doing delegate) activities to HAUS in the form of a multi-million euro bilateral



project, involving multiple partners. At the end, this project took around two years to materialise, because of legal and project management related issues. As a result, the project African-Finnish Partnerships on Taxation Capacity in Africa (by HAUS)<sup>74</sup> only started in mid-2023, with a significantly reduced envelop (EUR 3.5million) compared to initial ambition.

- **Most civil society interventions are selected on a competitive basis through calls for proposal. This modality has been effective in identifying and selecting high quality interventions**, in the latest round Global Financial Integrity (GFI) and SOMO. This short-term funding modality reduces the possibility of renewing support to the same CSOs.<sup>75</sup> At the same time, however, an organisation like TJNA, who is leading on tax justice in Africa, was able to obtain direct support from MFA (under KEO-50).
- When Finland's financial support comes in the form of core support (e.g. support to ATAF), this is highly appreciated by implementing partners, as it gives them more flexibility to adjust.

**With this in mind, MFA has excelled at forming strategic partnerships from an early stage, and in so doing, positioning itself as a credible donor on the DRM agenda.** Finland was one of the first donors to partner with ATAF. Finland's support started in 2016, shortly after the launch of the OECD/G20 Inclusive Framework. As confirmed during the interviews, Finland pro-actively pursued ATAF to partner with. Its support started with seed funding (with EUR 0.17million), steadily growing over the years to a budget support envelop amounting EUR 4.8million in the last round of approval.

**Finland's long-standing support has helped ATAF to grow** as an organisation that represent the interests of African countries in the OECD and UN negotiations.

**Finland's choice of multilateral initiatives has also been quite unique, with its bulk of support going to the UNDP Tax for SDGs initiative.** In a series of reports<sup>76</sup> analysing Nordic support to DRM in recent years, **the Nordic Alliance for Tax Justice**<sup>77</sup> commended Finland's efforts to maintain a relatively balanced portfolio, compared to other Nordic countries, whose support mostly goes to a handful of multilateral initiatives. As shown in Figure 8 Distribution of DRM support per modality. in terms of commitment, there has been a good balance between bilateral support (27%), multi-bilateral support (also referred to as basket fund mechanisms in the report) (26%) and multilateral support (26%), with support to institutional cooperation and support to CSO/NGO and receiving respectively 12% and 9%.

Finland's decision to support TIWB through UNDP was also strategic. Having the UNDP join forces with the OECD to support TIWB responded concerns that OECD did not have enough presence in developing countries to provide technical assistance. It also helped promoting the role of the

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74 A special instrument underpins MFA's partnership with HAUS, which entails a separate legal basis, allowing direct procurement of HAUS services.

75 Because many candidate organisations have a mandate broader than DRM, none could access core budget support in the last calls for proposals focusing on DRM.

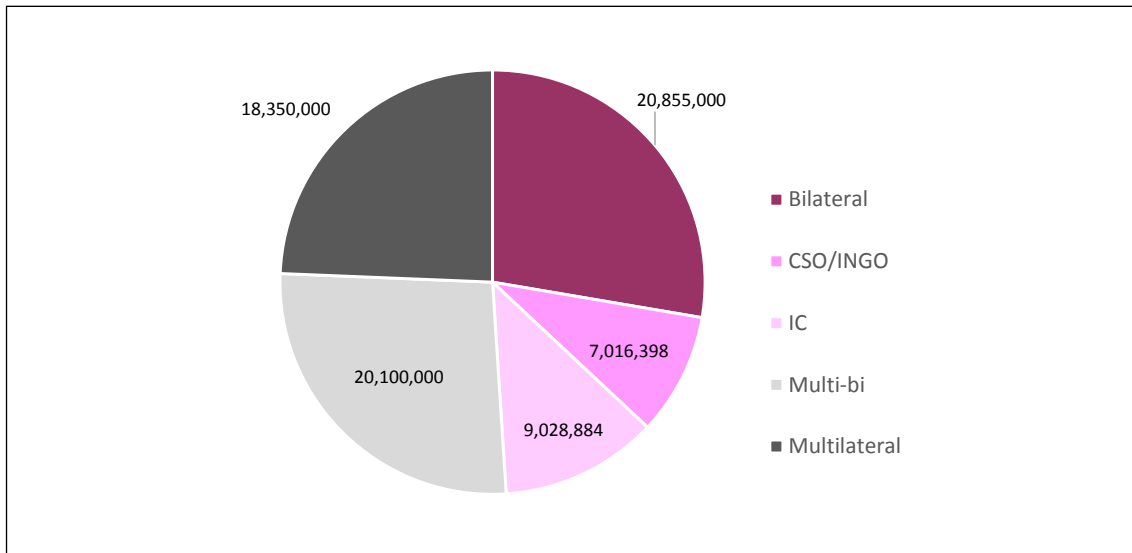
76 Lines, T. (2019). Nordic Countries' Support for Tax & Development; Nordic Alliance for Tax Justice. (2020). Nordic aid for mobilising tax revenues for development and reducing inequality. Policy Brief. Szeniewska, K. (2021). Quality tax aid? The Nordic Alliance for Tax Justice. Report.

77 The Nordic Alliance for Tax Justice is a collaboration between Danish, Finnish, Norwegian and Swedish civil society organisations: ActionAid Denmark, Diakonia Sweden, Finnish Development NGOs Fingo, Norwegian Church Aid, NTL (Norway), Oxfam IBIS Denmark, Oxfam Sweden and Tax Justice Network – Norway.



UN agency in the fight against tax evasion and tax avoidance (see section 4.4.2). As of today, UNDP and OECD are working in 56 jurisdictions. In 2020-21, Finland (with Norway) also played a key role in launching the broader tax for SDG initiative<sup>78</sup>. Today, this initiative, which retains the TIWB work in its first component, has received by far the highest ODA commitment from Finland, with EUR 9.2 million.

**Figure 8 Distribution of DRM support per modality.**



Source: OECD DAC Statistics

**Finland has also done well to combine its institutional partnerships with ATAF, UNDP, EITI and, of course, VERO, with support to multiple research organisations and NGOs over the years – at country, regional and global level.** Finland’s partnership with research organisations and CSOs has also evolved over time to reflect ongoing development on the DRM agenda. In the early years of the review period, MFA mostly supported global tax justice advocacy campaigns, gradually switching its support to regional initiatives (with TJNA), and now, country-led initiatives (with SOMO, NRGI).

**Finally through its careful selection of partners, Finland has helped to generate important opportunities for coalition building in Africa and in the extractive industry** (see Box 6 Examples of non-Finnish funded synergies between MFA’s Partners in partner countries). Much of the DRM landscape is shaped by coalition building and networking, not only on the civil society side but also amongst institutional partners. For example, ATAF has been engaging in the global tax negotiations and at the regional level, while both ATAF and TJNA have been building broad coalitions with regional actors such as the African Union, Parliaments and CSOs. As confirmed during the interviews, Finland’s concomitant support to ATAF and TJNA in 2020-23 has brought these two organisations more closely together. Similarly, in the extractive industry, the synergy and collaboration between the three organisations that Finland has supported over the years (namely EITI, NRGI, PYWP) have been strong – each bringing their own way of working to a common agenda. (see mapping).

<sup>78</sup> The three components / outputs of the initiative are: support to tax administration to tackle tax avoidance, tax evasion and IFF; government alignment of tax and fiscal policies with the SDGs; perspectives from developing countries incorporated into regional and international discussions.



#### Box 6 Examples of non-Finnish funded synergies between MFA's Partners in partner countries

ATAF uses consultants from TIWB and the new TANTAX initiative brings in ATAF as well as HAUS.

ATAF and TJNA also convene together the annual Pan African Conference on Tax and Illicit Financial Flows.

SOMO is working with TJNA in Mozambique.

The NRGi has trained members of the EITI stakeholder group on tax sector modelling in Senegal and supported Publish What You Pay in DRC to conduct stakeholder consultations and has carried out research with Oxfam.

*Source: Interviews with implementing partners, project documents*

**As the donor and institutional landscape (including in Africa) becomes increasingly complex<sup>79</sup>, Finland has been careful not to support the same partners through different channels. Two of the recent initiatives approved by Finland provide multi-stakeholder platforms.** The EU/AU Partnership, Tackling Tax Related IFFs in Africa aims to increase African Union Commission's coordination role through a multi-stakeholder platform including ATAF, AU Member States, public institutions, and CSOs (including TJNA). Similarly, African-Finnish Partnerships on Taxation Capacity in Africa, which HAUS is coordinating, plans to work with other Finnish Actors (starting with VERO and the VATT Institute for Economic Research ) and on the beneficiary side, the African Capacity Building Foundation (ACBF)<sup>80</sup>; ATAF was initially listed as an implementing partner, until a decision was made to rationalise the channels of Finnish support to the regional organisation (which now seats at the Board).

79 At a continental level, a recent debrief to AU Ministers listed seven initiatives in place to fight IFF in Africa, with each displaying varying level of activities. These were: High-Level Panel on Illicit Financial Flows (2) Consortium to Stem IFFs (3) African Union Commission publication on Domestic Resource Mobilization: Fighting Against Corruption and IFFs (4) African Union Commission (AUC) and the African Tax Administration Forum (ATAF) partnership (5) Global Forum on Transparency and Exchange of Information for Tax Purposes + Africa Initiative (6) IFFs and oil commodity trading-AUC and OECD joint project; and (7) AUC and EU joint Action on IFFs.

80 Plans to have ATAF and the University of Helsinki as key implementing partner for the project research components was dropped for legal reasons (no direct contract permitted).



## 4.4.2 Focus on influencing the international agenda (JC4.2)

### MFA's approach to influencing

**Finding 4.3. MFA has not fulfilled its influencing ambitions; and its visibility has also been low. Its careful choice of strategic partners, and use of ODA, however, have helped to strengthen the UN position on the global tax agenda (including through the newly launched UN Tax for SDG initiative).**

**Finding 4.4. Finland's main contribution to shaping the international tax agenda has no doubt been through its support to ATAF, who has played a unique and highly respected leadership role in representing African countries in the global tax discussions.**

**Finding 4.5 Finland's membership to the Baltic Nordic Group Office has contributed to shaping the World Bank's approach to DRM and its increased focus on progressive taxation. In contrast, MFA's engagement with other MDBs has been more limited.**

**In the absence of whole-of-government approach, MFA could not fulfil its influencing ambitions.** As previously explained (see section 4.2), the two APs needed strong intra-government coordination to be in place to achieve their influencing objectives. Under the (more detailed) 1<sup>st</sup> AP, some measures clearly fell under the leadership of other Ministries. These included, for example, the EU's international tax agenda, including country-by-country tax reporting, which the MoF and Ministry of Employment and Economy were leading on. MFA also expected to cooperate with the MoF to support the G20/OECD BEPS work. At the end, however, MFA ended up having little access to mainstream tax negotiations, including during the EU discussion on country-by-country reporting (CBCR) during the Finnish Presidency in 2019, and, more recently during the two-pillar solution negotiations.

#### Two other factors contributed to this situation:

- **Tax and development does not feature as a priority in MFA's influencing strategies for multilaterals<sup>81</sup> - the only exception being the World Bank Nordic Baltic Office strategic position on DRM** (see below). For example, tax and development was not selected as a priority in the EU 2019 Finnish Presidency; policy coherence was included in the corresponding influencing strategy, but for other areas (including migration and climate). As discussed further below, MFA has also preferred not to take a side in the OECD-UN debate. Plans to support the UN tax committee (while also announced in MFA (2021)) were also dropped.
- **The lack of resources – and time needed to oversee the broad project portfolio – has left little time for MFA's influencing.** The switch from KEO-10 to KEO-50 as the main coordinating unit also led to a change in focus in influencing. The dual focus on EU/OECD under the 1<sup>st</sup> AP was a natural entry point for KEO-10. Memos indicate for example some initial discussion with the European Commission, following the launch of the “spend more spend better” EU strategy (see context section). KEO-10 also played an active role in the OECD Tax and Development agenda. From 2018 onwards,

81 Palenberg, M., Kattila, M., Dixon, V., Tyrrell, T., Mikkolainen, P. & Frestadius, S. (2020). Evaluation. Finnish Development Policy Influencing Activities in Multilateral Organisations.



the work of MDBs started to receive more attention, after KEO-50 took over the coordinating function, although nothing is mentioned in the 2<sup>nd</sup> AP.

**All in all, MFA Finland's direct contribution to the global tax discussion has remained modest, as a result, compared to more active Nordic countries like Norway. Instead, successful influencing took place through other more indirect / discreet channels.** These channels, as further illustrated by the examples below, were:

- ODA to key organisations and initiatives, in particular ATAF and TJNA, the UNDP, and, OECD tax and development programme,
- Participation in tax-related events, organized by academia or civil society,<sup>82</sup> and mention of DRM in high-level speeches board meetings.
- Contribution to common position, notably the World Bank NBO.

### Influencing the OECD and UN tax discussions

**There is good evidence to show that MFA was an active supporter of the OECD tax and development work in the early years of the evaluation.** Under the 1<sup>st</sup> AP, the then Tax and Development Ambassador had previous experience working in the MFA OECD delegation; access to the OECD was also facilitated by having KEO-10 in the lead. In addition to providing seed money to the OECD Tax and Development initiative in 2017, MFA was able to build on Finland's participation in OECD's Task Force on Tax Crimes and Other Crimes<sup>83</sup>. The Ambassador also quickly gained recognition for her Tax and Development expertise.

Because of their focus on strengthening the position of developing countries in the global tax discussions, the two APs raised some expectations (amongst CSOs and partners) that Finland would be more vocal in the UN-OECD debate. **In reality, Finland stopped short from openly supporting the calls for a UN tax convention, in part because of the EU being in the lead, and, in part because of its reluctance to get involved in a highly political debate.** As explained during the interview, during the discussions leading to the adoption of the UN tax resolution, Finland's efforts focused instead on reaching a EU consensus, while pushing for a more constructive EU position. All in all, however, Finland was found to have played more of a passive, supportive role, compared to other EU countries (including Nordic countries) that actively sought to influence the EU position. In addition, it is likely that the EU ended up softening its position, not because of the influence of its Member States (including Finland) but because of geo-political considerations. (see section 3.2.2)

**MFA's plans to support the UN Tax Committee did not come through either, after it was found that the tax committee had limited absorption capacity and already received support from other donors (including the EU).**

**Instead, however, MFA positively contributed to strengthening the UN participation and position in the global tax discussions through other means, by encouraging stronger cooperation**

82 Examples include UNU-WIDER. (2017). Tax and Development. What we can learn from Finnish experience? <https://www.wider.unu.edu/event/public-economics-development-what-can-we-learn-finnish-experience>

83 OECD. (2017). Fighting Tax Crime: The Ten Global Principles, OECD Publishing, Paris. <https://www.oecd.org/tax/crime/fighting-tax-crime-the-ten-global-principles.pdf>





between the OECD and UN and selecting organisations that openly called for UN Convention as partners (including ATAF, TJNA and other tax justice NGOs). As previously discussed, Finland also decided to channel support to TIWB through the UNDP; and, in 2022, participated in the first high-level forum on tax and SDGs at the UN, following the launch of the Tax for SDG initiative.<sup>84</sup>

**In fact, Finland’s main contribution to shaping the international tax agenda has no doubt been through its support to ATAF, who has played a unique and highly-respected leadership role in representing African countries in the global tax discussions.** There was a consensus from interviewees, confirmed by the ATAF evaluation, of the pivotal role that ATAF had played in bringing the African voice to debates on the UN Resolution, and, OECD two-pillar solution. Additionally, both ATAF and TJNA were highlighted by interviewees as having increased multi-stakeholder alliances on key taxation issues.

### Influencing the MDBs

**Finland’s membership to the NBO has paid off. It has allowed Finland to actively support other NBO members (Sweden, Norway, Latvia) in the lead, while benefiting from their greater capacity and greater expertise on tax.** The participation of MFA Finland in the NBO discussions was confirmed during the interviews. Finland’s government representatives (such as the former Finance Minister, Annika Saarikko) also mentioned the importance of DRM in public speeches during the World Bank annual meetings.

As discussed in the context section, the World Bank has increased its focus on DRM over the years. It has also evolved to look more at tax equity issues. This marks a significant departure from the past, where IFI were accused of promoting regressive tax measures, such as VAT.

**There is good evidence to confirm NBO’s claims that, as “front-runners”, they have positively contributed to influencing the World Bank’s approach to DRM.** More specifically, the Office provided inputs into the 2021 World Bank DRM Strategy, and called for DRM to receive more attention in the 19<sup>th</sup> and 20<sup>th</sup> IDA replenishments (see section 3.1.1 for more background). These changes to the World Bank’s approach were also prompted by concerns over growing fiscal and debt issues in developing countries, which the COVID-19 pandemic (and other external shocks) came to reinforce. As put in GRID (Supporting Green, Resilient and Inclusive Development)<sup>85</sup>, *“the pandemic is exacerbating pre-existing DRM challenges. Revenues have dropped by 12% (real terms) in 2020. With high fiscal deficits and already high pre-COVID levels of debt, enhancing DRM is a key priority in political and economic agendas. This calls for a Bank’s DRM approach focused not only on more revenues (resilient part of GRID) but also better – meaning, equity focused – revenues (the inclusive part of GRID).”*

**In addition, the NBO has also positively influenced the World Bank’s International Finance Corporation’s (IFC) practice and policy on using intermediate jurisdictions.** First the IFC positively responded to the NBO’s request to increase its due diligence on interventions. Then, in

84 UNDP. (2022). Dialogue on Tax and SDGs. <https://www.taxforsdgs.org/dialogue>

85 World Bank. (2021). IBRD/IDA Board Briefing on Domestic Resource Mobilisation (DRM) Supporting Green, Resilient and Inclusive Development (GRID).



2023, its policy on intermediary jurisdiction was finally revised to align eligibility criteria to international standards<sup>86</sup>.

Key to this success has been NBO's comprehensive influencing approach consisting of:

- **Having an explicit strategy.** The NBO has long advocated on DRM issues, starting with the use of intermediate jurisdictions (see below). In 2020, the NBO drafted their first Strategic Paper on DRM. This Strategy, which consists of four pillars<sup>87</sup> has strengthened NBO's influencing approach, by making it more coherent, systematic, consistent, and predictable. From an organisational point of view, it has also given NBO members a stronger mandate, as they no longer require clearance from their headquarters each time a position is being made. This Strategy (which was in the process of being revised at the time of completing this report) is also well referenced as well as timely, reflecting a now well-established agenda compared to previous years.
- **Lead by example.** At first, NBO members abstained on any proposed World Bank Group (WBG) interventions that involved non-compliant Intermediate Jurisdictions<sup>88</sup>. It was subsequently agreed (under Sweden's leadership) that they would object all together to these proposals. These concrete steps (which were also taken to avoid the transaction costs of dealing with non-compliant Intermediary Institutions on their side) are reflected under the 4<sup>th</sup> Pillar of the Strategy, whose objective is to encourage the WBG to collaborate *"only with companies that do not use tax avoidance schemes and practice responsible tax behaviour"*. Through these actions and more lobbying, NBO has put additional pressure on the WBG to revise its policy on the use of Intermediary Jurisdictions for private sector operations, which it did in 2023.
- **Seeking alliances.** NBO has actively sought the alliances of likeminded chairs. A DRM Working Office has been established in cooperation with the German constituency office, to support continued engagement with management and the Board on this agenda.
- **Promoting knowledge sharing and visibility.** Over the years, NBO has organised high-level events on DRM with Professor Lucas Chancel during the 2021 annual meetings and with the World Inequality Lab (with the German constituency office) in 2022.

While its engagement has been more limited with other MDBs (including the African Development Bank (AfDB), Finland has taken the opportunities of high-level events to be vocal on DRM issues. For example, DRM was mentioned as a priority by Finland during the AfDB Spring Meeting.

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86 Boards of IBRD, IDA, IFC and MIGA. (2023). Use of Intermediate Jurisdictions in World Bank Group Private Sector. Operations. SEC5.06-POL.127. <https://policies.worldbank.org/en/policies/all/ppfdetail/c8ba2636-ea26-4bed-a6b5-a4cc5395293>

87 Pillar I - fair & equitable taxation; pillar II – pro-poor progressive tax systems; pillar III - fight against tax avoidance; pillar IV - responsible tax behaviour & intermediate jurisdictions.

88 Classified as non-compliant / non-committed by the Global Forum (EOIR, AEOI), EU, OECD (BEPS) and Financial Action Task Force.



## 4.5 EQ5: Selected results in partner countries and regions

**EQ5. To what extent have MFA's initiatives contributed to strengthening the DRM agenda in partner countries and regions?**

### Summary answer to EQ5

MFA's initiatives have mostly been well aligned with the needs of partner countries and regions. Where used, core funding has been particularly appreciated as it allows stakeholders greater flexibility to support their own priorities and workplans. MFA's support to research and advocacy has also been highlighted as focusing on relevant and important DRM issues.

Peer-to-peer technical assistance, the Tanzania Modernisation Project and the support to ATAF and TIWB are good examples of Finland's contribution to strengthening tax administration and increasing revenues collection in partner countries. Finland has also supported research and CSO advocacy and contributed to multilateral interventions that supported tax policy reforms. This has led to some successes, notably on tax incentives, although progress in this area can be short-lived. There is also good evidence of Finland's contribution to awareness raising campaigns and, in the extractive industry, transparency and accountability mechanisms.

Thanks to a coherent portfolio and donor coordination, the risk of duplication was avoided and synergies were found between interventions benefiting partner countries and regions.

### 4.5.1 Initiatives have been aligned to the needs and priorities of partner countries and regions. (JC5.1)

**Finding 5.1 MFA initiatives have mostly been well aligned with the needs of partner governments and regions, allowing stakeholders greater flexibility to support their own priorities and workplans.**

**All partners, including ATAF, Tax Justice Network Africa (TJNA), and Tanzania Revenue Authority (TRA) and external stakeholders agree that MFA's choice of interventions has been relevant and in line with the needs and priorities of partner countries and regions.** TIWB came across as an exception, because of early concerns raised by some interviewees regarding the use of Western experts and the short-term nature of in-country inputs. The 2020 TWIB Stocktake also reported the ease of tax in assimilating knowledge from an expert with similar language skills and culture to the local officials<sup>89</sup>. TIWB has since acknowledged the importance of using experts from other developing or middle-income countries and made increasing South-South cooperation a priority. As of 30 June 2022, TIWB programmes spanned 54 jurisdictions, with 56 completed and 50 current programmes, including 21 South-South programmes.<sup>90</sup>

89 Tax Inspectors Without Borders. (2020). TWIB Stocktake.

90 Tax Inspectors Without Borders. (2022). TIWB annual report.



**MFA initiatives were fully aligned with partners' priorities.** As confirmed by TRA, Finnish support through the Tanzania Institutional Cooperation Project was completely aligned with their priorities, with areas of support chosen from their 5<sup>th</sup> and 6<sup>th</sup> Corporate Plan. Finland is providing core funding to ATAF, the EITI Secretariat and TIWB (with Norway), which means that funds can be allocated according to the partners' priorities and workplans. TJNA and SOMO reported that MFA funded campaigns and activities also fell under their key areas of intervention.

Independent evaluations further confirm that **MFA's initiatives have addressed the needs of partner countries and regions:** The 2022 EITI evaluation highlights that *"EITI is responsive to the needs and priorities of their respective countries –and that this responsiveness is enabled through the country-led model of implementation"*<sup>91</sup> The 2020 ATAF evaluation finds that the vast majority of ATAF stakeholders considered ATAF to have been *"highly relevant and generally understands the needs and priorities of African countries"*<sup>92</sup>. A recent evaluation of the EU Programme in Somalia also indicated that the MPF Somalia, which Finland contributes to and has a DRM component, has been aligned with the Somalia National Development Plans and other key government PFM strategies<sup>93</sup>.

**MFA's support to research and civil advocacy was also confirmed as focusing on issues of importance in partner countries and regions.** UNU-WIDER's tax research project aims at building and developing data bases on taxation and tax modelling that reportedly has been used by governments in Uganda and Mozambique (see 4.5.2 below)<sup>94</sup>. Funding to CSOs has been to support advocacy and to raise awareness on key issues that are known to be important to the region, such as Oxfam's work in Vietnam and Kenya building citizen-led campaigns on fiscal justice.

Finally, interventions in the extractive industry / natural resource management such as PWYP work in Mozambique, Tanzania and Uganda and the NRG's project focused on DRC, Ghana, Guinea, Senegal, Tanzania and Uganda, were also confirmed as relevant because of their objectives to increase revenue transparency and accountability.

## 4.5.2 Contribution to strengthening tax administration (JC5.2)

**Finding 5.2** There is strong evidence of MFA's contribution to strengthening tax administration, resulting in additional revenue raised through the bilateral programme in Tanzania and support to ATAF and TIWB.

**Reviews and evaluations of ATAF, TIWB and the Tanzania Institutional Cooperation Project point to Finnish capacity building support for tax administration being effective and contributing to increased revenue collection.** (see Table 6 Results for ToC outcome: Tax administration strengthened, leading to a contribution to increased tax collection).

91 EITI. (2022). EITI Independent Evaluation Main Final Report, 11 November 2022.

92 BSS Consultants. (2020). Evaluation of African Tax Administration Forum Programmes, 2009-2019.

93 UNU-WIDER. (2022). Annual Report 2022.

94 UNU-WIDER. (2022). Annual Report 2022.



**Table 6 Results for ToC outcome: *Tax administration strengthened, leading to a contribution to increased tax collection***

TOC OUTCOMES	SELECTED RESULTS
<p><b>Tax administration strengthened, leading to increased tax collection</b></p>	<p>MFA contribution to increasing revenues through funding of:</p> <ul style="list-style-type: none"> <li>• Peer-to-peer support leading to strengthened tax administration and increased revenue collection.</li> <li>• Supporting TIWB who helped raise more than USD 2.07 bn in additional tax revenue in countries TIWB.</li> <li>• Tanzania Institutional Cooperation Project increased adjusted taxable income by approximately 15%.</li> <li>• Supporting ATAF who raised additional tax revenues in the excess of USD 190 million as a result of its technical assistance interventions.</li> </ul>

#### ATAF

The 2022 evaluation of ATAF finds that ATAF's training and technical assistance programmes were consistently rated as highly effective by ATAF stakeholders, with the improved capacities of African tax authorities being the most-cited 'key result'. Evidence points to improvements in DRM, particularly in countries that received ATAF assistance at a medium or high intensity. The evaluation estimated ATAF technical assistance helped to raise additional tax revenues in the excess of USD 190 million in member countries.<sup>95</sup> Given Finland's core funding of ATAF, some of this success can be attributed to Finland's support.

#### TIWB

The TIWB programme has not been reviewed independently, but claims in its 2022 Annual Report that as of 2022, TIWB capacity building has helped raise more than USD 2.07 billion in additional tax collected and collect USD 4.49 bn in additional tax assessed<sup>96</sup>. Again the support of Finland and Norway – the two development partners providing TIWB with the most funding - has been key to TIWB's success.

#### Tanzania Institutional Cooperation Project and Tax Modernisation Project

For the Tanzania Institutional Cooperation Project, the capacity building and digital modernization support that VERO has provided to the TRA contributed to an increase of registered taxpayers from 3.2 to 4 million, an increase in the proportion of online filing from 79 % to 95 % and an increase of share of VAT refunds made within 30 days from 93 % to 100 %.<sup>97</sup> As a result, TRA's increased adjusted taxable income rose by approximately 15% which the Finnish programme is estimated to have contributed to (UN Wider 2021). More details about VERO's support is given in the following box.

The Tanzania Modernisation project (2017-21, with co-funding from Norway) was reported as having contributed to capacity development for TRA staff, legislative reforms, digitalisation and the integration of key functions of the TRA, automation of revenue collection and accounting, and the

<sup>95</sup> BSS Consultants. (2022). Evaluation of African Tax Administration Forum Programmes, 2009-2019.

<sup>96</sup> TIWB. (2022). TIWB annual report.

<sup>97</sup> MFA. (2022). Synthesis Report: Country Programme Reports 2016-2020.



procurement of a digital system for domestic revenue administration.<sup>98</sup> However, the project was overambitious with too many activities planned that did not match the limited absorption capacity of the TRA and led to implementation delays. Governance arrangements were also weak and as a consequence not all expected results were achieved.<sup>99</sup>

#### **Box 7 VERO's technical assistance to peer tax administrations in partner countries**

VERO has been a trusted partner for the MFA providing technical expertise and long-term support on DRM. The MFA relationship with VERO in Tanzania began in 2018 through an institutional cooperation project with the TRA, which is currently in its second phase from 2023-2026. VERO in 2023, also began working on an MFA project with the Kenya Revenue Authority in partnership with ATAF to improve taxpayer registration and taxpayer follow up.

In Tanzania, VERO drew on its specific expertise to work with the TRA to increase its customer focus, digitalise tax processes and enhance change management skills. This support was reported by both the MFA and the TRA to have been highly valued due to VERO's expertise, ability to listen, and, flexible ways of working. Key achievements of this support to date have been:

- A new risk-based tax control method was designed by VERO and piloted by the TRA which increased taxable income by 15% in the included in the companies compared to those that were not.<sup>100</sup>
- VERO TA provided digital modernization support to the TRA that contributed to an increase of registered taxpayers from 3.2 to 4 million, an increase in the proportion of online filing from 79 % to 95 % and an increase of share of VAT refunds made within 30 days from 93 % to 100 %<sup>101</sup>

Some challenges have nonetheless been met during delivery, particularly in relation to internal audit and ICT. This was due to: limited TRA capacity to engage because of staff constraints, high staff turnover and siloed ways of working; a lack of VERO internal auditors to support the work<sup>102</sup>; the limited number of VERO in-country missions; a lack of coordination by TRA of donor inputs (see section 4.5.5); legal requirement to procure the new ICT system locally, which stalled VERO's support in this area.

In addition, VERO's own capacity constraints (staff and language capability) have limited their ability to expand to other countries, including non-English speaking countries. Joint working with ATAF, as in the case of the KRA in Kenya and more recently Tanzania, has helped to overcome these capacity issues.

*Source: MFA. (2022). MFA. (2022). Synthesis Report: Country Programme Reports 2016-2020., TRA and VERO (2023). TRA, VERO. (2023). Semi-Annual Narrative Report (...)*

98 MFA. (2022). Synthesis Report: Country Programme Reports 2016-2020.

99 Tana. (2022) Near-End Review of the Tax Modernisation Programme Draft Review Report

100 UNU-Wider (2022) Research Brief, Improving the efficiency of tax collection in Tanzania Evidence from risk-based tax examinations.

101 MFA. (2022). Synthesis Report: Country Programme Reports 2016-2020.

102 TRA, VERO. (2023). Semi-Annual Narrative Report with a Result Reporting Matrix Technical Assistance to Tanzania Revenue Authority to implement the 5th Corporate Plan COVERING PERIOD BETWEEN JUNE-DECEMBER 2022.



### 4.5.3 Contribution to strengthening tax policy, including through research and advocacy (JC5.2)

**Finding 5.3 Finland’s support to research and advocacy has informed discussions on tax reforms, leading to some successes, notably on tax incentives.**

**Finding 5.4. The exact and lasting contribution of MFA-funded initiatives to strengthening tax policy remains difficult to discern, owing to many other contributing factors (from coalition building to policy reversals).**

As previously discussed, while MFA has not directly engaged in policy dialogue with the authorities, its support to regional and global advocacy initiatives has nonetheless contributed to some successes in tax policy reforms.

**Table 7 Results for ToC outcome: *More reliable, efficient, and equitable tax policy, leading to enhanced taxation/DRM capacity***

TOC OUTCOMES	SELECTED RESULTS
<p><b>More reliable, efficient, and equitable tax policy, leading to enhanced taxation/DRM capacity</b></p>	<ul style="list-style-type: none"> <li>• Temporary suspension of tax incentives in Kenya (TJNA).</li> <li>• Company tax incentives cancelled in Liberia (TJNA).</li> <li>• MPF helped Somali domestic resource mobilization doubled from 2013 to 2019 paving way for Somalia to reach the HIPC decision point in 2020.</li> <li>• Research conducted by SA-TIED, was an important part of national discussions around tax reforms aimed at reducing inequalities and the establishment of a national minimum wage (UNU-WIDER).</li> <li>• Supported development and release of South Africa’s administrative tax data for research and economic policy analysis, which made South Africa the first on the continent to develop this capacity (UNU-WIDER).</li> <li>• Supported the Ministry of Economy and Finance in Mozambique to calculate a multi-dimensional poverty index that is used as a criterion for budget allocations on the provincial level (UNU-WIDER).</li> <li>• In Uganda, analysis of the Tax Policy Department’s Domestic Revenue Mobilization Strategy (DRMS).</li> <li>• DRMS is being adopted by the Tax Policy Department and will form the basis of upcoming DRMS reforms (NRGI).</li> </ul>

Specifically on tax policy, examples of success working with civil society and research organisations were as follows:

- TJNA made submissions to the National Treasury and the Kenya Revenue Authority (KRA) on tax expenditures during public consultations on the draft national tax policy. This was reported by TJNA as having contributed to the KRA’s decision to suspend tax incentives in Kenya until a further review of incentives was undertaken. In Liberia, TJNA supported members of parliament to call for the analysis of tax incentives granted to a company, which, according to TJNA, led to the cancellation of the deal until it could be further reviewed.<sup>103</sup>

<sup>103</sup> TJNA. (2023). MFA Narrative Report April 2022-March 2023, Tax Justice Network.



- In South Africa, UNU-WIDER worked with the Treasury and Tax Administration to develop tax datasets and release administrative tax data for research and economic policy analysis. (UNU-WIDER, Annual Report 2022).
- The 2018 Development Policy Results Report also noted that a key result under the Oxfam programme was the adoption of a new corporate tax law under which multinational companies must submit country-specific reports to the Vietnamese tax authorities, following an advocacy campaign by an extensive network of CSOs.<sup>104</sup>
- NRGi has worked with the Tax Policy Department on developing a DRM Strategy, which was subsequently adopted and will form the basis of upcoming DRM reforms.

**Implementing partners have often gone beyond DRM to support policy-making.** For example, the tax data analysis and tax-benefit simulations undertaken by the UNU-WIDER in South Africa was used as evidence for policy formulation on a national minimum wage.<sup>105</sup> The Inclusive growth in Mozambique (IGM) programme, also run by UNU-WIDER, has helped develop a methodology to estimate multidimensional poverty in Mozambique and create an index that can be used as criterion for budget allocations on the provincial level. This was subsequently used by the government to design emergency social protection measures during COVID-19<sup>106</sup>.

**Finally, Finland has also contributed to basket funds that focused fully or partially on tax policy reforms.** This includes the Somalia World Bank MPF, which contributed to doubling DRM from 2013 to 2019, and which helped Somalia reach the Highly Indebted Poor Country initiative decision point in 2020, paving the way for debt relief and World Bank's resumed support<sup>107</sup>.

Finland EUR 8 million contribution to the EU Tax Support to Tanzania (TAXTAN) project, which started in 2023, also supports the Ministry of Finance and Planning to strengthen its tax policy. The modality of the Programme is a combination of TA and Sector Budget Support (SBS). SBS will be managed and overseen by the EU, through their existing budget support capabilities; and TA by the Finnish Public Management Institute HAUS.

**Notwithstanding the above achievements, the exact contribution of Finland remains more difficult to discern, because of many other contributing factors (including coalition building approaches convened by NGOs).** Influencing policies towards more equitable and inclusive tax systems is also less straightforward than providing technical support to tax administration. Successes in these areas can also be short-lived: As mentioned in a recent World Bank evaluation<sup>108</sup>, *“Case study evidence suggests that [support to] tax policy reforms supported by Development Policy Operations (DPOs) were often reversed after disbursement, even for operations that recorded significant achievements shortly after closing. [...] Policy reversals were particularly notable for prior actions supporting reductions in tax expenditures or tax exemptions (which account for about one-quarter of DRM-related prior actions).”*

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104 MFA. (2018). Finland's Development Policy Results Report.

105 UNU-WIDER (2022) Annual Report 2022.

106 ibid

107 European Commission. (2023). European Union Cooperation with Somalia (2014-2021), Vol 1, May 2023.

108 World Bank. (2023). World Bank Support for Domestic Revenue Mobilization. Independent Evaluation Group. Washington, DC: World Bank.





#### 4.5.4 Contribution to strengthening public awareness, transparency and accountability mechanisms (JC5.2)

**Finding 5.5. Finland has contributed to initiatives that promoted public/government awareness, stronger networks and transparency and accountability mechanisms.**

**Finding 5.6. It is hard to ascertain if these initiatives can help increase citizen voice on tax-related issues, given the length of time it takes to achieve lasting and transformative results.**

**Table 8 Results for ToC outcome: Public / government awareness on tax issues raised through research and advocacy & Stronger networks and transparency and accountability mechanisms on DRM**

TOC OUTCOMES	SELECTED RESULTS
<b>Public / government awareness on tax issues raised through research and advocacy</b>	<ul style="list-style-type: none"> <li>• Report on how Mozambique's tax treaties enable tax avoidance (SOMO).</li> <li>• Engagement with Members of Parliament, including through African parliamentary network (SOMO, TJNA).</li> <li>• In DRC, supported the development of a civil society-led strategy to monitor subnational revenue collection and allocation, leading to the establishment of a permanent dialogue between. (NRGI)</li> <li>• Government officials and civil society actors on the collection and allocation of subnational revenues (NRGI).</li> <li>• Raised citizen awareness on the links between taxation and public service provision with examples of citizens taking action and holding local governments to account were found in both countries. (Oxfam).</li> </ul>
<b>Stronger networks and transparency and accountability mechanisms on DRM</b>	<ul style="list-style-type: none"> <li>• Mechanism for disclosure of mining contracts implemented in Ghana (NRGI).</li> <li>• Anti-IFF tracking tools (TJNA).</li> <li>• Increased CSOs' calls for action (SOMO, TJNA).</li> <li>• Provides core functions, dialogues, processes, and data that support transparency and accountability in the extractive sector (EITI – 2022 Evaluation).</li> </ul>

**On the demand side, there is also evidence of some contribution to strengthening tax transparency and accountability.** There have been several organisations that have been supported by Finland to focus on increased transparency and accountability through advocacy and awareness raising:

- In Ghana, NRGI advocated for mining mineral contract disclosure and was reported to have contributed in 2021 to the Ghana Mining Commission launching a Ghana Mining Repository which contained information on all mineral licenses issued. In Senegal, NRGI built the capacity of EITI-Senegal and civil society members of its multistakeholder group to engage with fiscal models and hold the government to account over its projections for revenue from the extractive sector and related tax policies. In DRC, they supported the development of a civil society-led strategy to monitor subnational revenue collection and allocation<sup>109</sup>.
- The EITI 2022 evaluation found that it was *'effective in contributing to transparency, increasing civic space and participation, and in promoting accountability in government, companies, and civil society – albeit with significant ongoing challenges'*.<sup>110</sup>

<sup>109</sup> NRGI. (2022). Interim Narrative Report: September 2021-August 2022.

<sup>110</sup> EITI. (2022). EITI Independent Evaluation Main Final Report, 11 November 2022.



- An evaluation report of Oxfam’s work in Vietnam highlighted that the project had proved effective in raising citizen awareness on the link between public service provision and revenue collection and there were examples of citizens taking actions and holding local governments to account.<sup>111</sup>

**It is hard to ascertain if these initiatives can help significantly increase citizen voice on tax-related issues, given the length of time that it takes.** In addition, for many interventions, including the newly launched UNDP Tax for SDG initiative, it was simply too early to see results. Under the UNDP Tax for SDG Initiative, taxation is considered both a tool for revenue collection and a policy instrument to encourage sustainable growth strategies and influence behaviour towards desired outcomes related to climate, nature, well-being, and governance.

#### 4.5.5 Donor coordination in partner countries (JC5.4)

**Finding 5.7 Tanzania is a good example of complementarity and synergies in programming at a country level, although there is a risk of duplication.**

**Finland has done well to find synergies between the interventions that it supports in partner countries.** In Tanzania, Finland has provided support to TRA, both through institutional cooperation provided by VERO and through the Tax Modernisation project (TMP), a basket fund. Both these interventions were designed to be complementary to each other, while the new phase of programming includes budget support with the EU under the Tax Support to Tanzania (TAXTAN) project, again complementing the VERO support.<sup>112</sup> Synergies were also found with other interventions outside DRM. For example, TRA staff benefited from Finland’s support to the UN Programme for Women in Leadership in Tanzania. At a global level Finland is funding the UNDP Tax for the SDGs, which at a country level is supporting UNDP efforts to strengthening tax administration and tax policy in Tanzania, with expertise from TIWB also provided.<sup>113</sup> UNU-WIDER was also used by the MFA to undertake a study of the results of VERO’s support to the TRA.

As discussed in previous sections, Finland has also helped build coalitions of stakeholders beyond just the Finnish portfolio, with different implementing partners working with each other on other initiatives, not all of which are Finnish funded.

At the same time, however, Finland’s reporting on its support to DRM in partner countries remains somewhat fragmented, reflecting the complex governance arrangements. Finnish support to ATAF, HAUS, and TWIB is not reflected in the country programme (and subsequent reporting), despite operating in the same countries. While bilateral support to taxation is included in the Tanzania and Mozambique country programmes, it is not in other country programmes, such as Kenya.

Looking at donor coordination beyond Finland’s traditional partners (including the EU and its MS), VERO has also experienced challenges due to a lack of donor coordination by TRA which has sometimes made it difficult to coordinate with other donors supporting TRA.

<sup>111</sup> Oxfam. (2018). Mobilising Progressive Domestic Resources for Quality Public Services: Final Evaluation Report, April 2018.

<sup>112</sup> MFA, EU and Government of Tanzania. (2022). Tax Support to Tanzania, TAXTAN: Final Programme Document, December 2022.

<sup>113</sup> UNDP Sustainable Development Hub. (2022). Presentation on Tax and the SDGs in Tanzania and UNDP (2022) Leveraging Taxation to Enable Transformative Change and Achieve Sustainable Development Goals in the United Republic of Tanzania.



# 5 Conclusions and Recommendations

## 5.1 Conclusions

The conclusions for this evaluation come in two forms:

- An overview of Finland's strengths, weaknesses, opportunities and threats, using a forward-looking lens (also referred to as prospective SWOT). This SWOT analysis draws from the main evaluation findings in section 4 and captures stakeholders feedbacks during the interviews.
- More general conclusions, strictly using the FCR methodology.

### 5.1.1 Prospective SWOT

Table 9 Prospective SWOT

STRENGTHS	WEAKNESSES
S1. Flexibility through core funding and trust. S2. Recognised technical expertise & customers focus (VERO). S3. Active CSOs, with long history of engagement on tax justice. S4. Strong reputation / No hidden agenda & strong focus on inclusion / fairness. S5. Unique choice / combination of partners. S6. Long-standing support for regional organisations who see Finland as a key partner. S7. Twinned focus on ODA and influencing. S8. Clear commitment to tax responsibility principles, including through Finnfund's monitoring. S9. Public Action Plans.	W1. Limited staff resources within government (incl. tax expertise). W2. Limited availability of modalities / instruments. W3. Limited (international) expansion capacity at VERO. W4. Limited opportunities for structured dialogue between MFA and MoF. W5. DRM not captured in MFA influencing strategies (except for Nordic Baltic Group for the WB). W6. Mismatch between level of ambition and resources, leading to lack of prioritization. W7. Lack of result monitoring. W8. Finland's reliance on EU common position. Norway outside EU, followed by Sweden, will continue to lead from the Nordic side. W9. Lack of balanced portfolio between various MFA units.



OPPORTUNITIES	THREATS
<p><b>Finland:</b></p> <ul style="list-style-type: none"> <li>O1. New Government Programme referring to reducing economic dependence of developing countries.</li> <li>O2. Strong portfolio to build on, with increased focus on the fight against all forms of IFF.</li> <li>O3. Finland well placed to promote progressive and equitable tax systems, working alongside other Nordic countries.</li> <li>O4. MoF has a stronger stake in participating in UN tax resolution discussion.</li> </ul> <p><b>Global:</b></p> <ul style="list-style-type: none"> <li>O5. Global tax discussion gradually less polarized, with UN Secretary General's recommendations providing a useful roadmap.</li> <li>O6. DRM (alongside anti-money laundering / fight against other forms of IFF) will remain an important topic on SDG / Finance for Development agenda –with resource mobilization from the private sector receiving increased emphasis.</li> <li>O7. Growing attention given to the tax and gender and tax and climate change agenda.</li> </ul>	<p><b>Finland:</b></p> <ul style="list-style-type: none"> <li>T1. Forthcoming budget and staff cuts.</li> <li>T2. Shortage of dedicated tax expertise.</li> </ul> <p><b>Global:</b></p> <ul style="list-style-type: none"> <li>T3. Relevance of international tax discussion – to needs of developing countries is still limited.</li> <li>T4. Increasingly crowded landscape, with the risk that donor support and mandates of regional and international organisations overlap.</li> <li>T5. Shortage of tax expertise recognised as a key hindrance, not just for Finland, but also other donors, including World Bank (and EU).</li> </ul>

## 5.1.2 Overall Conclusions

**Conclusion 1. An Action Plan document remains the most appropriate option to prioritise DRM as part of a broader agenda, combine development cooperation and influencing goals, support intra-governmental coordination, and, remain visible in this field.**

While the delivery of the two previous APs has faced some difficulties (see conclusion 2), there are still more advantages than disadvantages in having an Action Plan document to guide the next phase of DRM support. APs provide greater focus on DRM as part of the much broader financing for sustainable development agenda; it can facilitate consultations within and outside MFA (including notably with civil society actors); it gives Finland higher visibility; and it also provides some guidance for MFA and implementing partners on future policy and programming priorities. Following the MFA 2022 development policy ToC approach<sup>114</sup>, APs can also easily combine development interventions with influencing actions.

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

The implementation of the two APs has been hindered by the lack of financial and human resources and complex governance arrangements. The lack of monitoring has also contributed to a lack of prioritisation and undermined the APs' effectiveness as guiding instruments.

<sup>114</sup> Theories of Change and Aggregate Indicators for Finland's Development Policy (2016, 2020 and 2020 revised in November 2022).



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

The lack of a shared tax and development agenda remains the main reason explaining the lack of intra-governmental cooperation. This explains why plans to set up an external advisory group, including other Ministries and other Finnish actors, did not materialise. MFA has also been poorly equipped to influence other Ministries involved on tax negotiations and has not met expectations that it would be more vocal on the global tax debate. On a more positive side, intra-governmental cooperation did take place, when there was a common agenda, leading to some important achievements (including tax responsibility principles through Finnfund and MDBs influencing). Policy coherence also remains central to MFA's commitment.

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

Finland is strongly committed to multilateralism and global transparency standards. The country is also well known for its customer-focus tax administration and progressive tax systems, generating generations of "happy taxpayers". As a signatory of the ATI 2025 declaration and member of the World Bank NBO, and, by providing continuous support to a balanced portfolio, MFA is also well placed to take the tax transparency agenda forward, focusing notably on the global fight against tax avoidance and evasion (ATI commitment 3) and enhancing the space and capacity for accountability stakeholders in partner countries to engage in tax and revenue matters (ATI commitment 4).

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

At portfolio level, support to ATAF and the recently launched UNDP Tax for SDG initiative have given MFA Finland a competitive advantage, as only a few donors support the African organisation and UNDP initiative. This, combined with its peer-to-peer assistance, and, support to civil society and research initiatives, and selected basket fund, has further strengthened Finland's position as a credible development partner in DRM, despite having lesser resources than other Nordic countries. It is also notable that strong synergies have been created between the Finnish implementing partners who are often working with each other on other initiatives at regional or global level that are not all Finnish funded.

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

Finland has done well to promote cross-cutting objectives in its DRM portfolio, in particular gender. It shows that support to CSOs advocacy and basket fund mechanisms can be used effectively to promote inclusive and sustainable tax policy reforms –the main entry point to addressing gender, equity and climate changes issues. Some opportunities were missed, however, in view of recent efforts to tackle the clean energy transition by partners working in the extractive / natural resource management sector, while responding to the specific needs and priorities of developing countries in this sector.



**Conclusion 7. MFA has lacked capacity for its influencing work, which has been mostly through partners rather than direct.**

In the absence of an explicit influencing strategy, linking Finnish interests with the needs and priorities of developing countries on global tax matters, MFA has done well to use various channels to influence the global tax agenda. Support to ATAF has been particularly key in ensuring that the perspectives of African countries were mainstreamed into the international tax discussion. Finland has also supported the influencing work of the World Bank's NBO, mentioned the importance of DRM in keynote speeches, and through its financial support, has helped the UNDP strengthen its position globally and in partner countries in the global fight against tax evasion. At the same time, however, MFA has lacked sufficient in-house expertise and knowledge to credibly influence the tax negotiations led by other Finnish Ministries.

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

At intervention level, the two APs have promoted and made good use of Finnish tax expertise, through their support to VERO. This, combined with audit work (under TIWB) has led to tangible results. Finland has also contributed to tax policy reforms and relevant transparency and accountability tax justice initiatives, although lasting results are more difficult to ascertain on this front.

## 5.2 Recommendations

**Recommendation 1**

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

MFA should draft a rolling 3<sup>rd</sup> AP, focusing on a prioritised list of actions. Compared to the early years of the review period, the global DRM agenda is now well established, and donors no longer face difficulties in benchmarking their DRM support using OECD definition. Instead of being all encompassing and given the limited resources available, the 3<sup>rd</sup> Action Plan could focus on existing flagship initiatives at bilateral, global and regional level. This will in turn free up resources away from coordination towards strategic engagement. Other relevant initiatives will still be integrated in the OECD-DAC reporting.

A result monitoring framework should be included in the Action Plan from the beginning. This framework should be used as an opportunity to step up expectations for reporting from implementing partners, even when core support is provided. The narrow focus on flagship initiatives should help.

Reflecting the growing importance given to the tax for SDG agenda, the new AP should use the Agenda2030 as its main overarching framework, and as such, it could be renamed as "Taxation and Global Sustainability AP".

The 3<sup>rd</sup> AP should be widely disseminated, within government and externally, as the main reference to Finland's support in DRM. While engagement with other Ministries should be encouraged, broad and onerous consultations with external stakeholders should be avoided (key stakeholders were



already consulted as part of this evaluation). Instead the MFA could call for light contributions from Finnish NGOs, partner countries, and other actors.

The 3rd AP should remain brief, so that it can be updated on a yearly basis.

Finally, this recommendation makes it essential that enough resources are allocated, including in relation to staffing, so as to support the effective implementation of the next plan.

*This recommendation is addressed to leadership of the Department for Development Policy to set in motion; the Programme coordinator, taxation and development to lead; and the Department for Africa and its Embassies for bilateral interventions, the Unit for Civil Society (KEO-30) for civil society interventions, KEO-20 adviser, KEO-50 for multilateral or regional interventions and the Ambassador of Financing for Sustainable Development to take part. All relevant MFA department and units, the International Taxation Unit of the Ministry of Finance, the Finnish Tax Administration, the Development Policy Committee (KPT), Finnish Development NGOs Fingo, Finnfund and other representatives as necessary should be consulted.*

**Recommendation 2.**

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

A purposeful and structured approach to collaboration should be established, enticing relevant Ministries departments / units (as well as other lead actors) to meet regularly around well-defined shared agendas. This could include cross-ministerial / cross-departmental topics such as DRM in Africa (or selected African countries), climate change and extractive industry (with the Ministry of the Environment), and the policy coherence / ATI agenda (with the Ministry of Finance). This approach will help to make the most of limited capacity, drawing from the participants' respective mandates and expertise.

MFA could also explore "tapping into" already established groups to bring in the tax dimension. For example, as suggested by MFA, an approach could be co-developed with the Coalition of Finance Ministers for Climate, as that international forum develops, by providing expert advice on approaches to taxation and climate change.

*This recommendation is addressed to the lead of the 3<sup>rd</sup> AP development (Programme coordinator, taxation and development) to facilitate.*

**Recommendation 3**

**Include in the 3rd Action Plan broader policy influencing objectives that fully reflect Finland's commitment to the policy coherence agenda in this field**

The influencing / policy coherence objectives should, inasmuch as possible, reflect already existing or - easily obtainable - common positions with other Ministries. More specifically, the 3<sup>rd</sup> Action Plan should continue to include, in particular: the government's commitment to tax responsibility principles (working closely with Finnfund and other DFIs) and, the MoF/MFA combined work on influencing the MDBs.

MFA, the MoF, and other Ministries could also start exchanging more regularly (see recommendation 7) on the current state of tax negotiations at the UN, paying a particular attention to the impacts that various options could have on Finland's budget and economy.



The ATI declaration provides another platform to start discussion with the MoF on how policy coherence could be further promoted beyond government's overall commitment to tax transparency. ATI could also be used as an entry point to monitoring influencing / PCD commitments.

Finally, MFA, the MoF, and other Ministries should also seek to give greater visibility to their work on DRM by co-signing joint communication / press releases, when suited. This could start with the launch and annual review of the 3<sup>rd</sup> AP.

*This recommendation is addressed to leadership of the Department for Development Policy to set in motion; the Programme coordinator, taxation and development to lead; and all relevant actors to be consulted. These include: the Department for Africa and its, KEO-20 adviser, KEO-50 for multilateral or regional interventions and the Ambassador of Financing for Sustainable Development, as well as the International Taxation Unit of the Ministry of Finance, the Finnish Tax Administration, the Development Policy Committee (KPT), Finnish Development NGOs Fingo, Finnfund and other representatives as necessary.*

**Recommendation 4.**

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

The MFA should actively encourage its partners to work more closely together, building on established practices. As partner countries continue to benefit from a combination of country, regional and global-level initiatives, the risk of duplication (including overlapping mandates) should be more systematically assessed. This could be done through regular coordination meetings between MFA (including Embassies) and selected partners in partner countries (see Recommendation 2).

As a supporter of ATAF, Finland is also well positioned to promote South-South cooperation. This could be done by engaging with other key players in Africa (e.g. the African Development Bank) or linking up regional with global initiatives (e.g. Tax for SDGs)

*This recommendation is addressed to the lead of the 3rd AP development (Programme coordinator, taxation and development) and the Ambassador of Financing for Sustainable Development, KEO-20 adviser; the Department for Africa and its Embassies for bilateral interventions, the Unit for Civil Society (KEO-30) for civil society interventions, and KEO-50 for multilateral or regional interventions.*

**Recommendation 5.**

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

In line with its cross-cutting objectives strategy, MFA should not just promote the inclusion of gender, non-discrimination and climate change consideration in the interventions that it supports, but also encourage its implementing partners to draw on available research, evidence and good practice to mainstream these cross-cutting issues in their overall objectives.

*This recommendation is addressed to leadership of the Department for Development Policy; the Ambassador of Financing for Sustainable Development; the Programme coordinator, taxation*





and development, KEO-20 adviser; and the Department for Africa and its Embassies for bilateral interventions, the Unit for Civil Society (KEO-30) for civil society interventions, and KEO-50 for multilateral or regional interventions.

**Recommendation 6.**

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

MFA (as an EITI Alternate Board Member) should seek opportunities to work with EITI and other relevant organisations to gain more knowledge and, provide more support to, the clean energy transition and its multiple linkages to taxation, which are to do with: tax transparency (starting within the extractive industry); tax incentives to promote cleaner energy, and use of tax revenues to invest in climate action. In doing so, particular attention should be given to the needs and priorities of developing countries in ensuring a fair, equitable, and meaningful participation in the global solutions proposed towards clean energy and other commitments made during the annual Climate Change Conference of Parties (COP). In partner countries, Finland's bilateral tax programs could start supporting national targets for a sustainable energy transition (including for example in Tanzania and Kenya) through a separate outcome.

*This recommendation is addressed to leadership of the Department for Development Policy; the Ambassador of Financing for Sustainable Development; the Programme coordinator, taxation and development, KEO-20 adviser; and the Department for Africa and its Embassies for bilateral interventions, the Unit for Civil Society (KEO-30) for civil society interventions, and KEO-50 for multilateral or regional interventions.*

**Recommendation 7.**

**Sharpen MFA's knowledge and offer by conducting a spillover analysis and gaining further insights from key partners on which issues of relevance to developing countries should be given more priority on the global tax discussions.**

MFA should make the most of its partnership with ATAF and other relevant partners to take stock of the issues of relevance to developing countries that need more emphasis in the global tax discussions. A spillover analysis should also be commissioned as part of Finland's ATI commitment.

Drawing on already existing methodologies, a team of lawyers and economists<sup>115</sup> could be recruited to assess how Finland's own national tax laws / provisions; its commitment to tax transparency rules, and/or more generally, international tax treaties, could have a positive or negative impact on the tax revenues and economies of developing countries. As the "owner" of this spillover analysis, MFA could use the new evidence to inform its discussion with MoF and other Ministries in advance of key global events. The spillover analysis could also be used to explore new strategic alliances with other high-tax developed and developing countries (such as Denmark).

*This recommendation is addressed to leadership of the Department for Development Policy and the lead of the 3<sup>rd</sup> AP development (Programme coordinator, taxation and development, taxation and development) with particular support from Finfund and MoF.*

<sup>115</sup> For more details on methodology, see presentations delivered during the ATI Webinar: Promoting spillover analysis of tax policies. <https://www.addistaxinitiative.net/sites/default/files/resources/ATI%20Webinar%20Spillover%20Analysis.pdf>.



**Recommendation 8.**

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

At country level, peer-to-peer technical assistance should remain central to MFA's engagement in partner countries, taking into account VERO's limited expansion capacity and need for coordination with ATAF and TIWB. In doing so, opportunities for communicating on results and learning should be optimised.

The second entry point should be its support to promote more transparent and equitable taxation systems in partner countries. To do so, Finland should work closely with the UNDP to make the UNDP Tax for SDG initiative (one of its flagship initiatives) more result-focused, and continue to support CSO advocacy. Keeping the reduced budget envelopes in mind, the latter should include relevant research and advocacy initiatives on tax for SDG matters at country, regional and/or global (multi-country) level. Multi-stakeholder approaches in support of evidence-based policy making should be encouraged.

Finally, MFA should continue to seek alliances with multilateral donors, who have more resources and are best placed to influence tax policies in partner countries. They could, for example, seize the opportunity of the World Bank's growing commitments to promote fair and progressive revenue policies (including through tax exemption).

*This recommendation is addressed to leadership of the Department for Development Policy; the Ambassador of Financing for Sustainable Development; the Programme coordinator, taxation and development, taxation and development; and the Department for Africa and its Embassies for bilateral interventions, the Unit for Civil Society (KEO-30) for civil society interventions, and KEO-50 for multilateral or regional interventions to take part. All relevant MFA department and units, the International Taxation Unit of the Ministry of Finance, the Finnish Tax Administration, the Development Policy Committee (KPT), Finnish Development NGOs Fingo, Finnfund and other representatives as necessary may play a role.*



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# Evaluation team

**Charlotte Vaillant** has more than 25 years of experience, including 15 in strategic evaluation. Graduated with two Masters in economics (Sorbonne, Glasgow), she has built solid expertise in a wide range of governance and aid effectiveness related issues over the years, with special emphasis on international engagement in Africa and fragile states. She has led numerous evaluation assignments for bilateral and multilateral development agencies, combining excellent client relationship, effective team coordination, tailored and innovative evaluation approaches, and in-depth context analysis to generate evidence-based findings and action-oriented forward-looking recommendations. Charlotte has significant, practical, experience in evaluation methodologies, including theory of change, contribution analysis, and participatory approaches. While working on a wide range of subjects, Charlotte has maintained a keen interest in donor support to anti-corruption and domestic resource mobilisation.

Charlotte's most relevant assignments include:

- 2022-ongoing Evaluation of Counterpart Funding at the African Development Bank Group (AfDB) – Lead Consultant.** The purpose of this evaluation is to review the Bank's use of counterpart funding as a policy and mechanism to promote country ownership, with other Multilateral Development Banks used as a benchmark. This evaluation will generate recommendations to the Board. Countries: Côte d'Ivoire and South Africa.
  
- 2022-ongoing Thematic Pilot Evaluation of The IMF Regional Technical Assistance Centres for West Africa and Central America, and the Africa Training Institute (IMF) - Senior Evaluator** – focus on West Africa 2 in relation to two workstreams (customs and tax administration). Countries: Ghana, Sierra Leone and The Gambia.
  
- 2022 External Evaluation of the African Development Bank's anti-Illicit Financial Flows Strategy and Action Plan (AfDB) – Lead Evaluator.** Assessing the quality of the Strategy and results achieved for external support and in-house capacity, with forward looking recommendations.
  
- 2021-22 Evaluation of the EU support to Rule of Law and Anticorruption in Partner countries (EU) - Deputy Team Leader (anti-corruption), covering 12 case studies.** Leading on the Nigeria case study, west Africa case study, and contributing to final analysis, with human right based approach and gender equality selected as cross-cutting issues. Countries: Nigeria and West Africa.
  
- 2020-21 Evaluation of Luxembourg's Aid Instruments (LuxDev) – Team Leader.** 10-year evaluation on the relevance, effectiveness, efficiency and sustainability of LuxDev decentralized development cooperation instruments. Senegal, Mali, Niger and Laos. 4-person team. Countries: Mali and Niger.
  
- 2019-2020 Evaluation of Norway's Anti-corruption efforts as part of development assistance (Norway) – Team Leader.** Evaluation of Norway's approach to



anti-corruption, looking at zero tolerance policy, risk of aid misuse, the global AC agenda and AC as a crosscutting issue. This evaluation put particular emphasis on multilateral aid and Norway's efforts to strengthen transparency, accountability and integrity, across sectors. 5-people team with country visits. Countries: Kenya/Somalia.

**2018-21**      **UK FCDO Prosperity Fund – Programme Team Leader.** Leading 4-5 people team to support evaluation and learning for two programmes, the Business Environment Programme and the Anti-Corruption programme. The Global AC programme supports both prevention and law enforcement interventions, in partnership with bilateral agencies and multilaterals. Interventions included support to beneficial ownership, the fight against illicit financial flows and asset recovery. Work involved developing their Theory of Change and leading a 5-people team for their first cycle evaluation in 2020.

**Ann Bartholomew** is a macroeconomist who specialises in public finance management and evaluation. She has a PhD in economics from the University of London and a Masters in development economics from the University of East Anglia. She has over twenty years' experience undertaking consultancy and development work in Africa, the Pacific, Eastern Europe and Asia. She has wide-ranging consulting experience covering design, institutional reviews, programme appraisal, reviews and evaluations and provision of economic policy advice. She has worked for a variety of bilateral and multilateral institutions, including the AfDB, FCDO, the World Bank, EC, Sida and Danida either as team leader or a team member on a variety of different assignments. She has also undertaken a number of evaluations for the MFA over the past 12 years.

Ann's most relevant assignments include:

**2022-23:**      **Review of Finland's Support to International Recruitment (MFA).** Senior evaluator reviewing MFA's support for the recruitment of Finnish nationals into international organisations.

**2022-23**      **Independent Evaluation of the EU Somalia Programme 2014-2020 (EU).** Team member responsible for the review of EU programming in PFM related to PFM system strengthening, domestic resource mobilisation and budget support and developing recommendations for future programming.

**2019-22**      **Liberia, PFM Monitoring Consultant.** Advice and support to the Swedish Embassy in Liberia relating to PFM interventions supported by Sweden in taxation and domestic resource mobilization, contributions to the World Bank Public Financial Management Trust Fund and the ODI Budget Strengthening Initiative.

**2019-22**      **Palestine, Macro Fiscal Advisor, Takamol (FCDO).** Long-term technical assistance support providing advice and mentoring to the Macro-Fiscal Unit of the Ministry of Finance on revenue and tax forecasting and fiscal policy management.

**2019**      **Evaluation of Finland's Country Strategy Modality in Fragile Situations (MFA).** Team member undertaking a country case-study of the Syria and Iraq strategy to assess the applicability and feasibility of the Finnish country strategy modality in fragile contexts.



**2016**                    **Mozambique, Design and Appraisal of Swedish Budget Support and PFM programming in Mozambique 2017-2021 (Sida).** Development of options for a new phase of Swedish budget support and complementary PFM programme to support strengthened budget planning, execution and domestic resource mobilisation.

**Anu Nieminen** is an evaluation practitioner with an extensive experience in project management and evaluations within the realm of international development cooperation. She holds a Master's degree in Development Management and has worked on strategic and project level evaluations with organizations such as the EU, NGOs like the Foundation for Environmental Education, and government agencies including the Ministry for Foreign Affairs of Finland. Anu is skilled in evaluation methodologies, including theory of change and participatory approaches, as well as qualitative and quantitative data analysis and research methods. She has contributed to evaluations in various sectors such as environment, education, and gender. Anu collaborates effectively with stakeholders and partners to deliver high-quality evaluations under tight deadlines, using evaluation as a tool for learning, improvement, and accountability in development programs.



# Annex 1. Terms of reference of the evaluation

## Terms of Reference

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

### 1 Background

Finland supports domestic resource mobilization (DRM) in partner countries within the framework of its development policy and development cooperation implementation. DRM is a cornerstone of the Addis Ababa Action Agenda (AAAA), the global framework for financing the Sustainable Development Goals (SDGs). DRM is typically used interchangeably in two different ways: (1) a narrow definition focusing on domestic revenue mobilisation, which corresponds to SDG target 17.1 to “strengthen domestic resource mobilisation, including through international support to developing countries to improve domestic capacity for tax and other revenue collection” and (2) a broader definition that goes back to the AAAA’s declaration and refers to all public and private resources in a country that can be used to finance development, such as domestic private business and finance and, in some cases, sustainable public debt management.

The scope of this evaluation is on the narrow definition of DRM. A preliminary overview of the main elements that constitute DRM is given in Box 1. The different definitions and dimensions of DRM will be further explored during the inception phase.

#### *Overview of DRM “Tax for Development” agenda*

As well as providing a sustainable source of finance for development, DRM is a key factor for the successful delivery of all SDGs. As such, the tax and development agenda is not just closely associated with the poverty reduction agenda and access to essential services, it is also seen as a key foundation to peace, justice and having strong institutions (SDG16). As put by the Tax Justice Initiative “Paying tax is the glue in the social contract. When people pay tax, they are empowered to hold their governments to account for how their money is spent”.

There are three main dimensions to the tax and development agenda in partner countries:

- Tax and DRM policy reforms, whose objective is to support evidence-based equitable, transparent, and effective tax and DRM policy. Key issues include: how to achieve sustainable DRM in countries often prone to external shocks; the issue of equity, tax redistribution, and how tax impacts on the poorest sections of the population, and with it, their appetite to graduate into the formal economy; the issue of tax holiday, often granted through private sector lobbying (also referred to as “state capture”).
- Strengthening tax and customs administration, working with the national agencies in charge of mobilising tax and custom revenues. A key challenge is how to prevent



financial embezzlement and other forms of corruption (including bribes) from happening within these agencies, using effective accountability mechanisms. A major opportunity is to introduce digitalisation (such as automated tax payment).

- The global fight against tax evasion, tax avoidance and other forms of illicit financial flows (IFF): the global fight have received acute attention over the years, with NGOs and partner countries long advocating for changes. According to estimates, trade-related IFFs between 134 developing countries and 36 advanced economies amounted to US\$835.0 billion in 2009-18. A milestone (under G20 and with support from the OECD) has been the adoption of international standards (exchange of information, beneficial ownership; and base erosion and profit shifting). Linked to this is the need for increased international cooperation, increased transparency (including open access to data), and, and, strengthened tax responsibility principles for the private sector.

Looking at the broader DRM agenda, the following fourth dimension can be added:

- External scrutiny/accountability and transparency in revenue management. Partner countries are unlikely to reap the benefits of a broader tax/revenue base and higher revenue-to-GDP ratio, if domestic revenues are poorly managed, or even worse, embezzled. The issue of opaque revenue management has received particular attention in the extractive industry / natural resource sector over the last two decades. Initiatives such as EITI, Publish what you pay, commit all stakeholders (including the private sector and government) to be more transparent in the revenue they pay or they receive. These interventions are often referred to as anti-corruption initiatives.

The DRM agenda is both dynamic and donor-crowded. Support to DRM (notably IFF) is often prone to a multitude of small capacity building initiatives. DRM features heavily in the support that International Financial Institutions are providing to partner countries. For example, the IMF is both active in providing tax policy advice and supporting tax and customs administration. This donor landscape makes the multi-stakeholder Addis Tax Initiative (ATI) particularly relevant. Signed in 2015, this initiative multi-stakeholder partnership, that fosters collective action, bringing together 70 partner countries, development partners and supporting organisations. It aims to promote fair and effective DRM, policy coherence and the social contract through partnerships and knowledge building. A new declaration “ATI2025” was approved in 2020. This declaration includes new and more ambitious commitments on strengthening policy coherence (including through the analysis of spill over effects) and support to accountability stakeholders.

Another related (yet still relevant) topic is the ongoing debate on whether development cooperation agencies should continue to benefit from tax exemptions in partner countries. So far, only a few agencies (such as Luxembourg) have been known to forfeit their tax privileges, and in so doing, contribute to DRM in partner countries.

The temporal scope of this evaluation (2016-present) starts with Finland’s commitment to double its support to DRM, as part of ATI (See Annex 1). On the policy front, successive Finnish governments have made DRM a priority by (i) providing support to build the taxation capacity of partner countries (ii) advocating for new rules to combat international tax evasion and avoidance; (iii) requesting the Finnish private sector (that receive funding from Finland Ministry of Foreign Affairs (MFA)) to comply with tax responsibility and transparency principles. In the policy documents, these objectives, which are closely associated with Finland’s policy coherence for development agenda, are described as key to achieving a more transparent, efficient and accountable public sector (with



improved taxation / DRM capacity and improved services) in partner countries, leading to reduced poverty, more equitable and sustainable economies, and peaceful, democratic societies.

On the programming front, the MFA has supported DRM through two consecutive Tax and Development Programmes (2016-19, 2020-23). The two Action Programmes share three largely unchanged objectives, concerned with: Finland's support to taxation capacity, research, and international (inter-state and inter-agency) cooperation. Both programmes come with a special emphasis on the global tax agenda – from revising international tax rules (2016-19) to ensuring Finnish companies' tax responsibility and strengthening the position of developing countries in the global tax policy (2020-23). The 2016-19 programme also has a fourth objective on supporting civil society awareness.

Looking at geographical coverage and expected results, a first mapping exercise (see Annex 2), combined with inputs from the Reference Group, shows three types of Finland's interventions:

1. Interventions, whose main objective is strictly DRM and, as such, fall under OECD DAC marker definition . These include funding to country-specific research and support to:
  - Tax Inspectors Without Borders (TIWB) (global coverage, multi-donor funding, 2 phases, 2016-24, €11m)
  - Support to the Africa Tax Administration Forum (ATAF) (regional coverage, bilateral funding, 4 phases, 2014-2025, approx. €6.4m)
  - Tax Justice Network Africa (TJNA) (regional coverage, bilateral funding, 2020-23, €1.2m)
  - European Union/African Union Partnership, Tackling Tax Related IFFs in Africa (regional coverage, multi-donor funding, 2021-24, €3.4m)
  - Kenya, Institutional cooperation between the Kenya Revenue Authority (KRA) and the Finnish Tax Administration (bilateral, peer-to-peer, 2022-25, €1.132m)
  - Tanzania, TRA Tax Administration Twinning with the Finnish Tax administration (single country coverage, peer-to-peer, 2018-26, €2.6m)
  - Tanzania Tax Modernisation Programme (bilateral, bilateral funding, 2018-21, €4m)
  - Mozambique, PREFER Public Finance Management reform project (single country coverage, multi-donor funding, 2019-24, €3m)
  - HAUS (to be complemented)
2. Interventions, with a wider remit, where increased revenue mobilisation is one identifiable objective among many (for example through contribution to PFM multi-donor trust funds) (tbc)
3. Interventions, whose main objective is to strengthen accountability and transparency in the way domestic revenues are raised, managed, and used. These interventions typically focus on revenues coming from the extractive industry and natural resources sector and include:
  - Extractive Industries Transparency Initiative (EITI) (global coverage, 3 phases, 2009-22, approx. €4.5m)





- Going public. Transparency on public resources, tax justice and social contract (multi-country coverage)
- Natural Resource Governance Institute (NRGI): Strengthening Civil Society and Increasing Tax Revenues and Transparency (multi-country coverage)
- Mozambique Strengthening democratic institutions in the governance of natural resources (single country coverage, bilateral funding, 2 phases, 2017-23)
- Kenya Consolidating gains and deepening devolution in Kenya (single country coverage, multi-donor funding, 2018-22, €5m)

The above shows that Finland provides development assistance to DRM through a combination of financial support to national, regional, global initiatives (some multi-donor), peer-to-peer support/ Institutional Cooperation Instrument (ICI) (including with HAUS, VERO), and support to Non-governmental organisations (NGOs) and/or multi-stakeholder initiatives.

In addition, MFA Finland has contributed to the international tax debate and with it, has sought to influence and partner with key players (including the EU, OECD and United Nations) to strengthen international cooperation and, more specifically, find solutions to address the issue of tax havens, tax evasion and tax avoidance. Another unique characteristic of Finland's DRM support is its work with the private sector, and more specifically, its request for the private sector that receive MFA funding to follow tax responsibility principles.

From an organizational point of view, Finland supports DRM through various channels and funding by different MFA units' ODA resources. The multilateral support is mainly provided by the Department for Development Policy, Unit for Development Finance and Private Sector Cooperation, that also finances an institutional cooperation project, while the Unit for Civil Society manages funding to two Civil Society Organisation (CSO) projects. In line with the Africa focus, the Department for Africa currently manages five projects of which two are implemented in Tanzania, another two in Mozambique and one in Kenya.

## 2 Purpose and rationale

### Rationale

The evaluation will serve the purposes of learning and accountability. DRM is of strategic importance to Finland's development cooperation. In Finland's policy on financing for sustainable development, which was published in June 2022, one of the objectives for the current term is to implement the Taxation for Development Action Programme and commission an external evaluation of its implementation. The results and recommendations of the evaluation will inform the design of the next action programme 2024 onwards and contribute to decision-making on how to better focus Finnish support to DRM.

### Purpose and objectives

The purpose of the evaluation is to help further enhance the effectiveness of MFAs efforts to strengthen DRM. To that end, the evaluation will identify the strengths and weaknesses of Finland's cooperation, including the effectiveness and efficiency of its management arrangements.



The specific objectives of the evaluation are:

- To assess the relevance, efficiency, and effectiveness of the actions taken by MFA in order to enhance the domestic resource mobilization in partner countries 2016-current
- To assess the coherence and synergies of the measures implemented by various development cooperation actors involved, including the private sector.
- To assess the function of the 2016-2019 and 2020-2023 Action Plans as a guiding instrument for Finnish DRM efforts
- To assess the functioning of partnerships and co-operation in DRM and whether the current balance of partnerships/scope of Finnish influencing is optimal;
- To assess the coordination and management arrangements for DRM support in light of its effectiveness and make proposals for any future improvements; and
- Provide well-justified and evidence-based recommendations on how the MFA together with relevant stakeholders could further improve their actions for a more relevant, coherent, efficient and effective response, including suggestions for practical measures to be taken by the different actors and through the different cooperation instruments.

### 3 Evaluation Questions

The evaluation questions (EQs) will use four of the OECD DAC evaluation criteria (relevance, effectiveness, efficiency, coherence) as a basis. Integrating the list of issues and list of preliminary evaluation questions from the concept note, the Terms of Reference EQs are structured around a number of topics / opportunities for learning. The EQs will be further developed and finetuned during the inception phase. The preliminary EQs are:

Strategic approach (relevance): This topic will specifically focus on the Action Plans as instruments to guide Finland's support to DRM initiatives, taking into account the evolving policy landscape in Finland and globally. The main EQ is:

- EQ1. To what extent have the 2016-2019 and 2020-2023 Action Plans been relevant and aligned to government policy and international commitments over time, and, functioned well as a guiding instrument for Finland's Tax and Development / support to DRM initiatives?

Whole-of-government approach (coordination, coherence and complementarity): This topic will cover MFA's organisational arrangements. It will also explore how Ministries and their departments have worked together on tax-related decisions with a global impact, as also reflected in the ATI 2015 and 2025 declarations. The main EQs are:

- EQ2. To what extent have MFA, the Ministry of Finance, and other relevant government ministries, worked effectively together to shape Finland's support to DRM initiatives, including through Finland's commitment to ATI?
- EQ3. To what extent have the coordination and management arrangements between the various MFA departments been effective, coherent and complementary?



Cross-cutting issues. In line with Finnish development policy and its cross-cutting objectives, this topic will explore the linkages between Finland's support to DRM initiatives and gender equality, non-discrimination, climate resilience and low emission development. The main EQ is:

- EQ4. To what extent have Finnish cross-cutting objectives been taken into account in Finland's support to DRM initiatives?

Partnership working (relevance, efficiency, effectiveness). This topic will cover both Finland's choice of delivery partners and Finland's approach to influencing, in particular with regard to the global tax agenda. The main EQs are:

- EQ5. To what extent has MFA's current balance of partnerships for implementing its support to DRM initiatives been optimal?
- EQ6. To what extent has the scope of Finnish influencing on the Tax and Development / DRM agenda - working with different national and global/multilateral actors and through different channels - been relevant, effective and efficient?
- EQ7. To what extent has the MFA tax responsibility guidelines for the Finnish private sector supported with development cooperation been relevant, effective and efficient?

Results in partner countries (relevance, efficiency, effectiveness). This last topic will focus on the support that Finland MFA is giving to partner countries, not just through the use of selected OECD DAC evaluation criteria, but also looking at coordination with other actors, including the private sector. The main EQs are:

- EQ8. To what extent have the initiatives supported by MFA contributed to strengthening the DRM agenda in selected partner countries?
- EQ9. To what extent have the initiatives supported by MFA and various development cooperation actors involved, including the private sector, in selected partner countries been coherent and complementary?

## 4 Primary users

The primary users of the evaluation are the Unit for Development Finance and Private Sector Cooperation and Policy and the Unit for Civil Society within the Department for Development Policy, but also Department of Africa and the Middle East and relevant units therein, Africa being the focus area for the latest Action Programme. Moreover, MFA staff working in the Embassies liaising with multilateral organizations and sectoral and thematic policy advisers may also find the evaluation useful, let alone the partners implementing the DRM-related projects and programmes.

## 5 Scope

This evaluation will study both systemic issues and the effectiveness of the Taxation for development programmes. The focus of this evaluation is strategic, with an aim to establish a holistic understanding of the developments and achievements.



A systemic evaluation. Several units of the MFA are involved in the Action Programme implementation in cooperation with other Finnish and international stakeholders. Therefore, the systemic evaluation will cover MFA cooperation with other Finnish stakeholders, Vero and HAUS, and the internal and external coherence in terms of programme planning, management and implementation.

A portfolio approach, covering the broad DRM agenda. While development of taxation capacity is at the core of this evaluation (see above, intervention type 1), the wider concept of DRM will be used to capture all efforts that contribute to strengthening partner countries' capacity to raise revenues and manage them effectively (see above, intervention type 2).

A strategic evaluation, with a focus on the how. The focus of the evaluation will not be on individual interventions and the evaluation team is expected to aggregate and consolidate results against broader areas of achievement and evaluation questions. Particular attention will be given to the choice of partners (for delivery and influencing) and the choice of cooperation instruments/modalities. Data and information from interventions will be used to inform this process.

The period under evaluation is 2016- to date. Reflecting the periodicity of the relevant MFA action plans/programmes it will be divided into two periods (2016 – 2019; 2020 – 2023).

## 6 Approach and methodology

### Analytical framework

The first step to this evaluation will be to provide a more complete and comprehensive overview of Finland's support through:

- A mapping exercise capturing Finland's support (spend and non-spend) over the two periods under review (using Annex 2 as a starting point). This exercise will also be used to confirm the categorisation proposed in Box 1 and decide how broad the scope of this evaluation should be (for example by including broader public finance management reforms, transparency initiatives and anti-corruption support). A stakeholder mapping will also be used to highlight the main channels that MFA Finland has used to influence the tax agenda.
- Three rapid stakeholder mapping exercises to (1) review MFA's organisational arrangements (2) explore Finland's choice of partners for delivery (3) highlight the main channels that MFA Finland has used to support and influence the global tax agenda. The latter will include Finland's international cooperation with the European Union, the OECD and the United Nations in particular.
- A Theory of Change (ToC) linking Finland's DRM efforts to the SDGs, taking into account other factors and actors, as well as key risks and assumptions about the context(s) in which MFA operates. This ToC will be subject to further discussion with the Reference Group during inception (see 7.)

To assess MFA Finland's influencing, the evaluation will use (and simplify) the methodologies used by the MFA Finland's evaluations of Finnish Development Policy Influencing Activities in Multilateral Organisations (2020) and Finnish Development Policy Influencing in the European Union (2022).



## Sampling

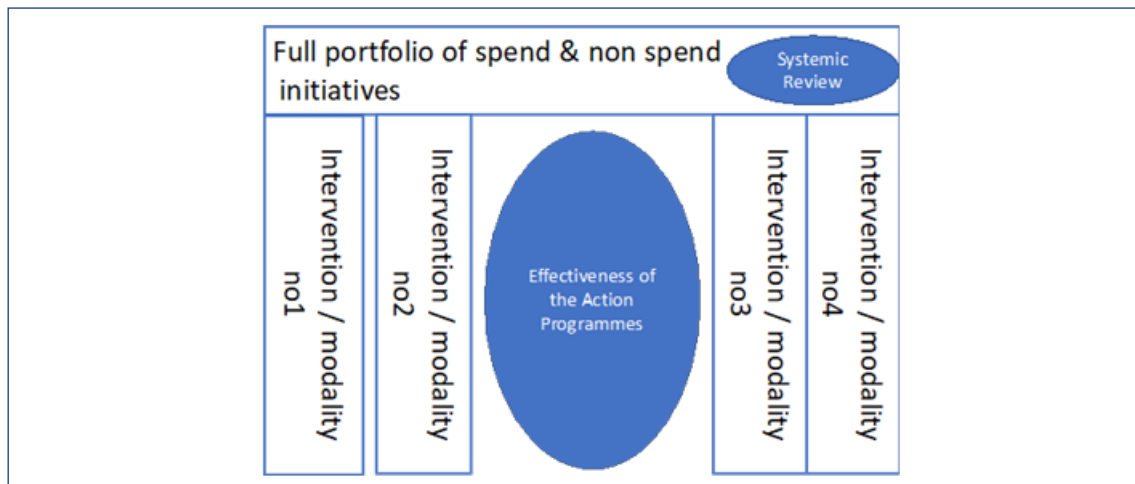
A table top approach to data sampling will be used, consisting of:

- Responding to systemic and strategic questions, looking at the entire portfolio of spend and non-spend actions and the way DRM is managed by Finland MFA (the table top),
- Responding to effectiveness questions, looking at a sample of interventions (the legs) that together provide a balanced coverage of Finland's DRM efforts and their choice of partners and modalities.

Criteria for selecting the interventions will include:

- A balanced representation of all DRM dimensions,
- A balanced geographical coverage (single country, regional, global),
- A balanced representation of all modalities used – covering development policy investments and private sector instruments (e.g. Finnfund, Finnpartnership), CSO / INGO support, bilateral support (including also regional cooperation), Institutional Cooperation Instrument (ICI),
- A balanced representation of MFA units that play a role in the delivery of the Programme.

**Figure 9 Table top approach**



## Data collection methods

This evaluation will use triangulated evidence to generate findings, conclusions, lessons and forward-looking recommendation, using stakeholder interviews, focus group discussions, available internal documents from MFA, and other documentation.

Particular attention will be paid to building on existing evidence, including evaluations, before a decision is made to potentially organize country visits to meet with Finland's main partners and government counterparts. At this stage country visits are not envisaged. The usefulness of a survey will be discussed during the inception phase.



More specifically, the following data collection tools are proposed:

1. A desk review of MFA Finland's policies, plans and reports associated with DRM initiatives.
2. Semi-structured in-depth interviews with relevant MFA units and external Finnish organisations such as VERO and HAUS.
3. Semi-structured interviews with representatives of key international organizations that the MFA is working with at a global and bilateral level i.e. OECD, EU, UN, Extractive Industries Transparency Initiative. These will be undertaken virtually.
4. Semi-structured interviews with selected stakeholders / beneficiaries in partner countries, including in particular i) revenue/tax authorities or other initiatives supported by Finland ii) Finnish institutions (e.g., embassies or missions) that support them abroad, and iii) colleagues and managers of Finnish staff at the host organizations.

A desk review of other donor organization/s DRM initiatives could also be envisaged to allow for learning from other organisations and inform the evaluations findings and recommendations.

#### Risks/limitations

One particular issue is the extent to which it is feasible to assess the extent to which private sector supported by private sector instruments and development policy investments (e.g. Finnfund, Finnpartnership) are taking note of/adhering to tax responsibility principles given the commercially sensitive nature of this information. Unless it is already in the public domain, they may not be willing to share or make this information public. This will however be explored in greater detail in the inception phase.

## 7 Evaluation process, timelines and deliverables

The evaluation will take place in January-November 2023. It began in January 2023 by nominating the reference group and launching the process for identifying Team Leader candidates. The detailed evaluation questions and the methodology to best support the achievement of the evaluation purpose and objectives will be defined in cooperation between EVA-11, the reference group and the Team Leader recruited by Particip GmbH – Niras Finland Oy. The evaluation follows the general phasing of the Evaluation Management Services (EMS) framework used by the Development Evaluation Unit (EVA- 11). The timetable below is tentative and will be confirmed in the inception phase.

#### Phase A: Planning Phase: January-February 2023 (SO1)

- The deadline for the Draft ToR is 30th January 2023.
- Finalisation of the ToR and submission for approval: 24th February

#### Phase B: Start-up Phase: February 2023 (SO2)

- Recruitment of the team members
- Kick-off meeting by ET, RG and EVA (online): 17th February



#### Phase C: Inception Phase: March-April 2023

- Interviews with Reference Group members and some of their predecessors) will be conducted in March 2023 (except for development week of March 13-17) (online)
- Submission of Draft Inception Report (30th March), followed by a RG inception meeting on 20/04 or 21/04
- Submission of Final Inception Report (5th May)

#### Phase D: Implementation Phase: April-June 2023

- The data gathering and analysis will be carried out in April-June 2023
- A visit to Helsinki to meet with key MFA stakeholders, NGOs, and private sector could be envisaged in early May. Most other interviews will likely be conducted remotely
- A workshop to discuss the findings, conclusions and tentative recommendations will be organized during the latter half of June 2023

#### Phase E: Reporting / Dissemination Phase: July-November 2023

- Preliminary deadline for the draft final report end of September 2023
- EVA-11 and RG comments mid-October
- Submission Final Report early November 2023
- The evaluation results will be published in the end of November 2023.

The language of all produced reports and possible other documents is English. The timetables are tentative, except for the final reports.

- A. Planning Phase: The Team Leader will submit the draft ToR in liaison with the Evaluation Manager and the EMS Service Coordinator.
- B. Start-up Phase: Presentation of the approach and methodology by the Team Leader.
- C. Inception phase: The inception phase will include an evaluation of the availability and accessibility of strategic documentation and communication. This will provide the basis for a comprehensive desk review during the implementation phase. The (draft and final) inception report will include the evaluation plan and initial desk study. The inception report will include the following sections: background and context; initial desk study findings (strategic level only), further development of the analytical framework; finalization of the methodology and summarised in an evaluation matrix including evaluation questions/ sub-questions, judgment criteria, methods for data collection and analysis (the evaluation matrix will reflect and address relevant gender and cross-cutting perspectives); final work plan and division of work between team members; tentative table of contents of the final report; possible data gaps; tentative implementation plan for stakeholder consultations with a clear division of work (participation, interview questions/guides/checklists, preliminary list of stakeholders and organizations to be contacted); communication and dissemination plan; analysis of risks and limitations and their mitigation; and budget. The structure of the evaluation report and annexes or additional volumes will be agreed upon in the Inception meeting.



- D. Implementation phase: At the end of the implementation phase, a Preliminary Findings-Conclusions-Recommendations Workshop will be conducted in Helsinki with the RG /key stakeholders to validate and align with the utilisation-focused approach of the evaluation.
- E. Reporting and dissemination phase: Final report (draft final and final versions) will be reviewed by the EMS SC and a quality assurance expert. Production of the first draft of the 4-pager for communication purposes will be the responsibility of the Team Leader/ Evaluation Team.

The final report will include an abstract and summary (including table on main findings, conclusions, and recommendations, demonstrating the logic chain between them) in Finnish, Swedish, and English. The final report will be delivered in Word format (Microsoft Word 2010) with all the tables and pictures also separately in their original formats. The revised reports have to be accompanied by a table of received comments and responses to them. In addition, the MFA requires access to the evaluation team's tools, data sets, or interim evidence documents, e.g., completed matrices, although it is not expected that these should be of publishable quality. The MFA treats these documents as confidential if needed.

Each deliverable is subject to specific approval. The evaluation team can move to the next phase only after receiving a written statement of acceptance by the MFA.

In addition to written deliverables, the Team Leader and the evaluation team are expected to participate in workshops and give oral presentations, often supported by PowerPoint slides (esp. during phases D and E). The public presentation of evaluation results will likely be held in Helsinki, with evaluation team members present. In addition, the Team Leader and other team members will give a short presentation of the findings in a public Webinar. This presentation can be delivered from distance. In the event of travel restrictions, these two presentation events may be combined.

The Consultant is expected to provide agreed visual materials, such as a minimum of 3 alternatives for the cover picture for EVA-11's acceptance.

The inception phase is expected to include a review of the existing documentation, further consultations and possibly some initial collection of primary data, to support the final definition of evaluation design and methodology, scope, sampling and/or case study selections.

The evaluation results will be published in early autumn 2023.

## 8 Expertise required

A small team consisting of one team leader, a senior team member, an emerging evaluator and a research assistant is envisaged. The expertise requirements for the Evaluation Team Leader/ Team are:

- For Team Leader: Strong team leadership and management track record and commitment to delivering timely and high-quality evaluation reports;
- Strong familiarity with Finnish development policy and cooperation and related decision making procedures;





- Familiarity with the crosscutting objectives of Finland's development policy and ability to integrate those in the evaluation assignment.
- Understanding of the DRM in the context of SDGs and AAAA implementation;
- Knowledge and/or experience in different development cooperation funding modalities (development policy investments as well as private sector, multilateral, bilateral, civil society cooperation);
- Extensive evaluation experience in centralized, policy level evaluations in development policy and cooperation;
- Readiness to use a variety of evaluation methods (e.g. participatory methods, survey, in-depth interviews etc.) and hands-on experience in collecting and analysing quantitative and qualitative data;
- Readiness and availability to disseminate the evaluation results and recommendations in the way that it supports managing and learning of the MFA's staff and management;
- Good communication and people skills; ability to communicate with various stakeholders and to express ideas and concepts concisely and clearly in written and oral form;
- Should be flexible, available as well as able to commit and allocate sufficient amount of time to the entire evaluation process, including when faced with unexpected changes.

## 9 Quality assurance

Internal quality assurance:

The consortium implementing this evaluation will put in place a three-layer system of quality assurance for all products/reports: at the level of the Team Leader, through the EMSC&DSC, and in-house senior QA advisors.

The Consultant is in charge of the impeccable quality of English, Swedish and Finnish texts of the reports and related proofreading. The EMSC will be responsible for the good quality translations in Finnish. All deliverables shall be of publishable quality.

The evaluation team should do their best not to exceed the total length of 80 pages for the main evaluation report and prepare an executive summary that is publishable as a stand-alone document and that includes visualizations. A separate volume on annexes may be produced. It will be agreed upon during the inception phase which of the final deliverables are to be published. The inception report should also outline the structure of the main report and the planned contents of the annex(es).

The report should be kept clear, concise, and consistent. The report must follow the writing instructions and template provided by the MFA, and it should contain, among other things, the evaluation findings, conclusions, and recommendations. The logic between those should be clear and based on evidence should be demonstrated in a table format.

The final draft report(s) will be sent for a round of comments by EVA-11. The purpose of the comments is only to correct any misunderstandings or factual errors.



All team members will need to subscribe to a confidentiality agreement which will comply to MFA norms for information security (including the different levels of protection of MFA's internal information management system). All team members will sign a non-disclosure agreement.

External quality assurance:

EVA-11 may recruit (tbc) an internationally recognised expert as a Critical Friend (external peer reviewer) for the whole process. The person interacts directly with EVA-11 and provides expert opinions on the planning and implementation of the evaluations. EVA-11 may or may not integrate any such external advice as part of their overall feedback and management responses to the evaluation.

## 10 Management of the evaluation

The evaluation is commissioned by the EVA-11. The Evaluation Manager of EVA-11 will be responsible for the overall management of the process. The Evaluation Manager will work closely with other units/departments of the MFA and other stakeholders in Finland and abroad.

This evaluation is commissioned within the EMS framework contract, and it will be conducted by an independent evaluation team recruited by the EMS service provider (Particip GmbH – Niras Finland Oy).

There will be a Management Team responsible for the overall coordination of the evaluation. This consists of the EVA-11 Evaluation Manager, the Team Leader, and the EMS Service Coordinator and/or Deputy Service Coordinator (EMSC&D).

A reference group for the evaluation will be established and chaired by the Evaluation Manager. The reference group is constituted to facilitate the participation of relevant stakeholders in the design and scoping of the evaluation, informing others about the progress of the evaluation, raising awareness of the different information needs, quality assurance throughout the process, and using and disseminating the evaluation results.

The mandate of the reference group is to provide quality assurance, advisory support, and inputs to the evaluation, e.g., through participating in the planning of the evaluation and commenting on deliverables of the Consultant. The reference group is critical in guaranteeing transparency, accountability, and credibility, as well as the use of the evaluation and validating the results.

The Team Leader will manage the evaluation team. This requires careful planning to ensure that a common, consistent approach is used to achieve comparability of the data gathered and the approach used in the analysis.

The Team Leader will develop a set of clear protocols for the team to use and will convene regular online team meetings to discuss the approach. Particular attention should be paid to strong inter-team coordination and information sharing within the team during the process.

The evaluation team is responsible for identifying relevant stakeholders to be interviewed and organising the interviews. The MFA and embassies will not organize these interviews or meetings on behalf of the evaluation team but will assist in identifying people and organizations to be included in the evaluation.



## **11 Budget**

A total budget is estimated to be 220 000 Euros including a contingency for any unexpected expenses.

The final budget will be decided during the Inception Phase.

## **12 Mandate**

The evaluation team is entitled and expected to discuss matters relevant to this evaluation with pertinent persons and organizations. However, it is not authorised to make any commitments on behalf of the Government of Finland or the Ministry. The evaluation team does not represent the Ministry for Foreign Affairs of Finland in any capacity.

All intellectual property rights to the result of the Service referred to in the Contract will be the exclusive property of the Ministry, including the right to make modifications and hand over material to a third party. The Ministry may publish the result under Creative Commons license to promote openness and public use of evaluation results.

## **13 Authorisation**



# Annex 2. Approach, methodology and limitations

## Overview

Due to the strategic nature of the evaluation, the evaluation is embedded in a theory of change (ToC) framework, which focuses on causal mechanisms or more specifically an understanding of how and to what extent the MFA's actions (inputs) have led – or are expected to lead – to specific changes. The ToC shows the different steps and how they are built on each other to achieve the objectives of influencing. Each of the Evaluation Questions (EQ) addresses specific parts of the ToC either at the output or outcome/impact level.

The team aggregated and consolidated results against broader areas of achievement and evaluation questions. Particular attention was given to the choice of partners (for delivery and influencing) and the choice of cooperation instruments/modalities. Data and information from interventions has been used to inform this process.

More specifically, the analytical framework included:

- A Theory of Change (ToC) linking Finland's DRM efforts to the SDGs, as well as key risks and assumptions about the context(s) in which MFA operates,
- An evaluation matrix, consisting of five Evaluation Questions, with each linked to specific judgement criteria.

## Theory of Change

The evaluation team has developed a Theory of Change (ToC) on Finland's support to DRM as part of its overall analytical framework. The ToC provides the theoretical basis for the evaluation approach as it outlines the causal logic, impact pathways and assumptions for the achievement of objectives for DRM programming. It was used by the evaluation team to assess if the expected causal chains held in practice, whether the programming contributed to the intended changes and results and if the assumptions that underpinned the ToC were correct. The ToC is presented in the following figure.

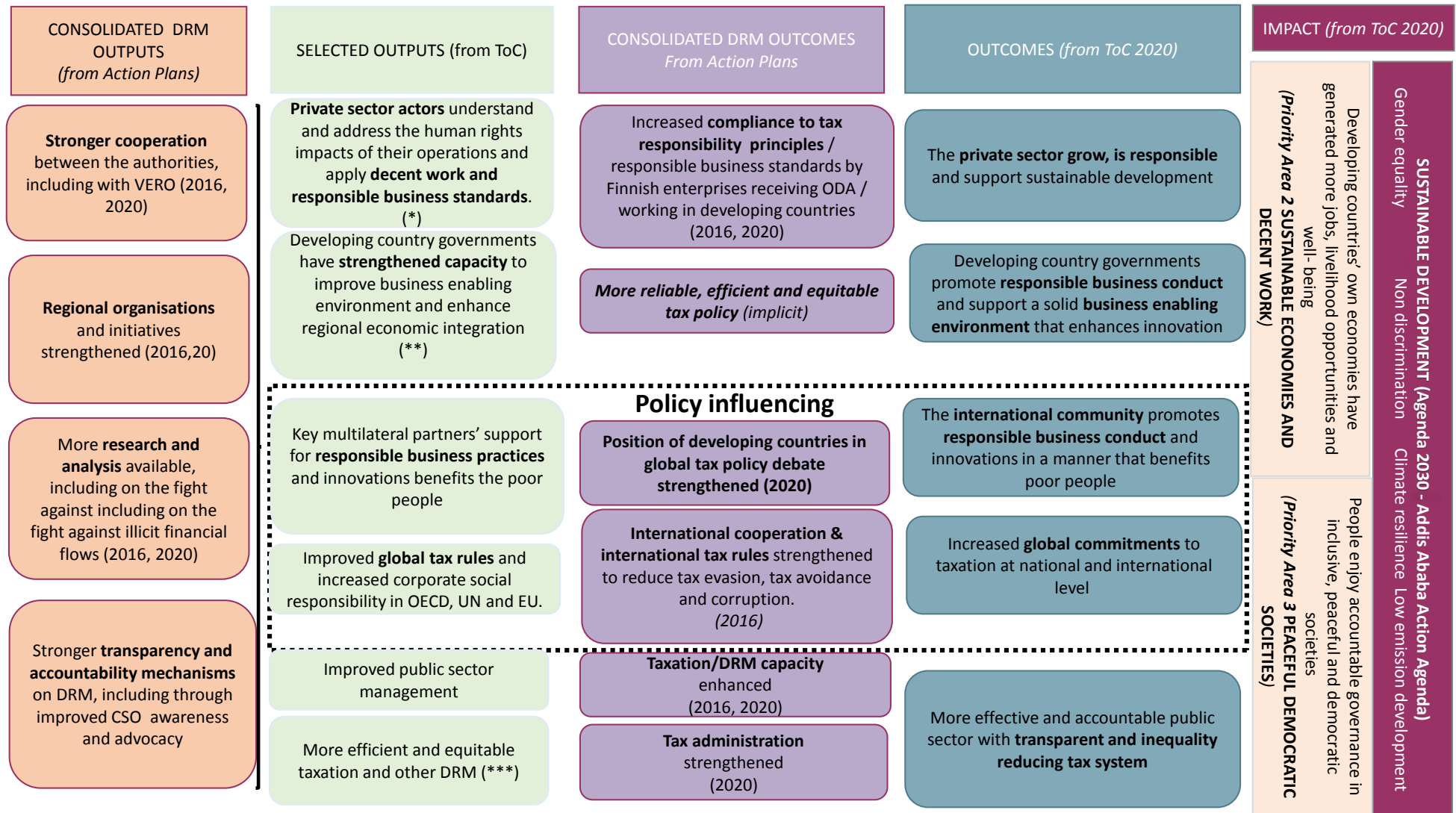
The ToC has been developed through combining the Finnish Development Policy 2016 and 2020 (original and revised) ToC<sup>116</sup> and the key outcomes and objectives of the Taxation for Development Action Plans 2016-2019 and 2020-2023.

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116 Theories of Change and Aggregate Indicators for Finland's Development Policy (2016, 2020 and 2020 revised in November 2022).



Figure 10 Theory of Change





### KEY ASSUMPTIONS

- Developing countries' government are committed to promoting transparent and equitable tax policies and administration
- Macro-economic environment globally and in developing countries is conducive to DRM
- Tax revenue is used to increase equality and finance basic services.
- Civil society have sufficient political space to advocate and influence tax and DRM issues at national and regional level
- Governments and companies are willing to comply with international rules on tax evasion and avoidance
- Global tax agenda lead to better rules and practices that take into account the position of developing countries
- MFA has adequate resources (staffing and funding) to implement both tax actions plans.

### ToC indicators

- (\*) Number of enterprises trained on decent work standards and/or responsible business practices
- (\*) Taxes and tax-like charges paid in developing countries
- (\*\*) Number of proposals for laws and policies that improve business environment and regional economic integration
- (\*\*\*) Total government revenue as a proportion of GDP
- (\*\*\*) Increase in the number of a) individuals and b) companies in the national tax and social security registries

### MEANS, ACTIVITIES, PARTNERSHIPS (from Action Plans 2016 and 2020)

- Institutional cooperation / peer to peer support
- Support to CSO advocacy and revenue transparency initiatives
- Support to regional organisations
- Funding of research work

### DEVELOPMENT COOPERATION

- Influencing EU, OECD, IFIs, and UN through various channels [1]
- Inter-Ministerial coordination , partnership with Finnish actors
- Compliance requirements for tax responsibility and transparency principles

### POLICY INFLUENCING

[1] For multilaterals, the channels are: influencing through corporate governance processes, influencing through fund allocation processes, influencing through staff placements, influencing through other formal and informal channels.

Source: MFA, Evaluation report: Finnish Development Policy Influencing Activities in Multilateral Organisations, 2020

Source: *Theories of Change and Aggregate Indicators for Finland's Development Policy (2016, 2020 and 2020 revised in November 2022); Action Plans*



**The ToC indicates that MFA Finland has pursued mostly similar objectives under the two Action Plans** (and corresponding development policy ToC) sometimes with slightly different formulation and emphasis. The only marked departure was in the policy influencing objective, which switched from the *what* (enhanced global tax rules) to the *how* (developing countries participation).

### Outcomes

**The ToC shows overall a good correspondence between the Action Plans' stated objectives and actions and the development policy ToC's outputs and outcomes in the two priority areas.**<sup>117</sup> The ToC illustrates that Finland's work on DRM supports priority area 3 on peaceful and democratic societies and priority area 2 on sustainable economies and decent work. This is done through combining development cooperation and policy influencing objectives in order to:

- Strengthen the taxation / DRM capacity and tax administration of developing countries,
- Make tax policy more reliable, efficient and equitable<sup>118</sup>,
- Ensure tax responsibility and transparency of companies supported with Finnish development cooperation,
- Strengthen international cooperation and international tax rules and strengthen the position of developing countries in global tax policy programming. (*consolidated outcomes*)

The achievement of these programme outcomes are expected to contribute to the following development policy outcomes:

- For priority area 3, peaceful and democratic societies, a more effective and accountable public sector with transparent and inequality reducing tax system and an improvement in the global tax rules;
- For priority area 2, more responsible business conduct and a more solid business enabling environment.

### Activities and outputs

The main activities of the Action Plans are:

- Institutional cooperation / peer to peer support; support to CSO advocacy and revenue transparency initiatives; support to regional organisations and funding of research work. These activities are funded through a range of modalities (including multilaterals) (see section 3.1.2) (financing)

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<sup>117</sup> One outlier (excluded from the ToC) is the work that MFA Finland has pursued on responsible business conduct with the international community, using a different track, namely the promotion of the UN Guiding Principles on Business and Human Rights and other international standards of responsible business conduct. The UN Guiding Principles do not cover tax responsibility and hence are probably not relevant to the tax and development agenda.

<sup>118</sup> This outcome is not explicit in the Action Plans. The Action Plans, however, include multiple references to the need for partner governments to strengthen tax policy and how Finland support to selected initiatives will help.



- Influencing EU, OECD, IFIs, and UN; Inter-Ministerial coordination , partnership with Finnish actors and compliance requirements for tax responsibility and transparency principles (policy influencing) (*means, activities, partnerships*)

These activities are expected to lead to the following outputs: stronger cooperation between the tax authorities; stronger regional organisations; more research and analysis available to strengthen countries taxation capacity, and stronger accountability mechanisms, including through improved CSO awareness and advocacy. (*consolidated outputs*)

### ToC Indicators

Five development policy ToC **output indicators** (see full list in ToC) were identified as relevant to this evaluation. No relevant outcome indicators could be found.

### Assumptions

**Key assumptions** (which have been tested as part of this evaluation) are that developing countries' government are committed to promoting transparent and equitable tax policies and administration; macro-economic environment globally and in developing countries is conducive to DRM; tax revenue is used to increase equality and finance basic services; civil society have sufficient political space to advocate and influence tax and DRM issues at national and regional levels; governments and companies are willing to comply with international rules on tax evasion and avoidance; global tax agenda lead to better rules and practices that take into account the position of developing countries and the MFA has adequate resources (staffing and funding) to implement both tax actions plans.

## Evaluation matrix

The Evaluation Questions (EQs) have been taken from the ToR and consolidated in an evaluation matrix (see following Table), with each EQ being further divided into a number of Judgment Criteria (JC). New overarching EQs have been added, while some EQs can now be found at the level of JCs. Taking together, the five EQs and their JCs cover the OECD DAC criteria of relevance, coherence, efficiency, effectiveness. The response to each EQ drew from a unique combination of evidence, using a building block approach, as further described below. Particular emphasis was put on lessons and recommendations for future actions, with the evaluation matrix also including a section on conclusion, lessons and recommendations.





**Table 10 Evaluation matrix**

OVERALL EQS	JUDGMENT CRITERIA	OECD DAC CRITERIA
<b>STRATEGIC AND PROGRAMMING APPROACH</b>		
EQ1. To what extent have the 2016-2019 and 2020-2023 Action Plans acted as guiding instruments for Finland's support to DRM in the context of development cooperation?	JC1.1 The 2016-2019 and 2020-2023 Action Plans have been aligned to government priorities (including international commitments) over time.	Relevance
	JC1.2 The 2016-2019 and 2020-2023 Action Plans have acted as guiding instruments to bring together policy influence objectives and development cooperation measures on tax and development.	Relevance Coherence
	JC1.3 The 2016-2019 and 2020-2023 Action Plans have acted as guiding instruments to lay out and monitor the resources (including in-house capacity) and interventions required to meet MFA's commitments.	Relevance Coherence
	JC1.4 The 2016-2019 and 2020-2023 Action Plans have acted as a guiding instrument to coordinate MFA actions.	Relevance Coherence
<b>WHOLE-OF-GOVERNMENT APPROACH AND POLICY COHERENCE</b>		
EQ2. To what extent has Finland's DRM agenda in the context of development cooperation been implemented in a coherent manner?	JC2.1 The coordination and management arrangements between the various MFA departments have worked well.	Coherence Efficiency
	JC2.2 MFA, the Ministry of Finance, and other relevant government ministries, have worked effectively together to shape and implement Finland's support to DRM in the context of development coordination.	Coherence Efficiency Effectiveness
	JC2.3 The Finland government, with the Finnish private sector, have promoted and implemented a policy coherence agenda, including through the ATI commitment and tax responsibility principles.	Relevance Coherence
<b>CROSS-CUTTING OBJECTIVES</b>		
EQ3. To what extent has Finland's support to DRM in the context of development cooperation responded to Finnish cross-cutting objectives?	JC3.1 Finnish cross-cutting objectives on gender equality, non- discrimination, have been integrated and implemented effectively.	Relevance Coherence Effectiveness
	JC3.2 Finnish cross-cutting objectives on climate resilience and low emission development have been integrated and implemented effectively. <sup>119</sup>	Relevance Coherence Effectiveness

119 It is envisaged that the ongoing MFA climate finance evaluation will also help inform this JC. The evaluation teams will coordinate their evidence.

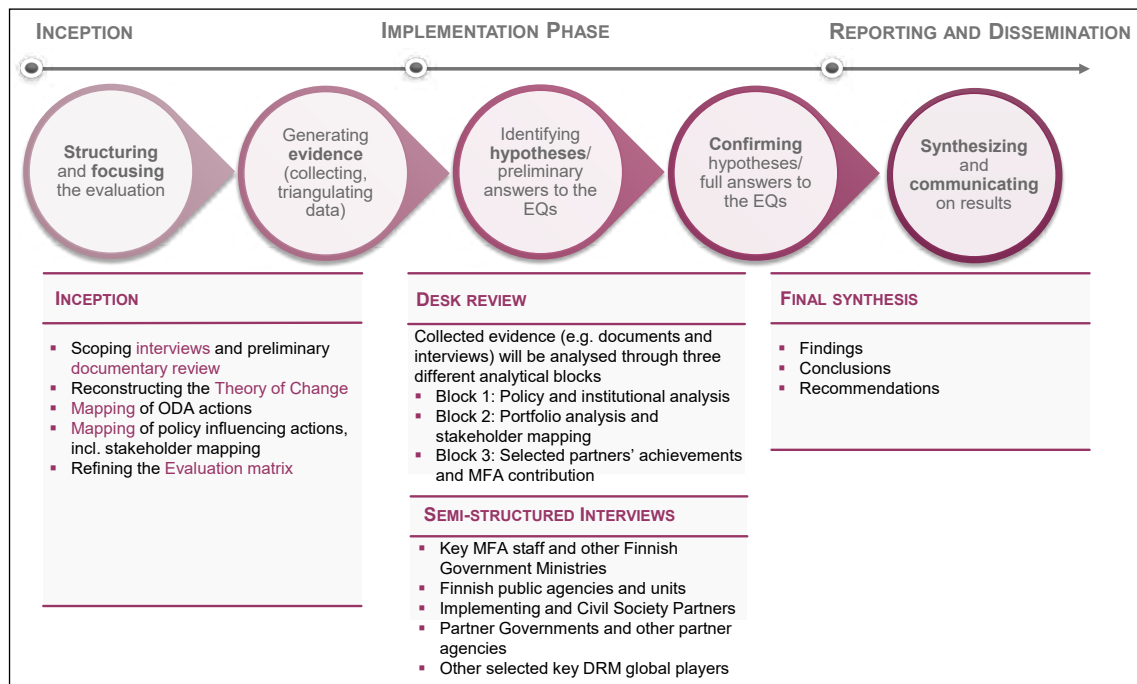


OVERALL EQS	JUDGMENT CRITERIA	OECD DAC CRITERIA
<b>PARTNERSHIP WORKING AND INFLUENCING</b>		
EQ4. To what extent has MFA's choice of partners, modalities, and influencing channels been coherent, relevant and worked well?	JC4.1 MFA's choice of modalities and engagement with implementing partners have been coherent, relevant to the various context(s) and worked well to achieve MFA's strategic and programming ambitions. No opportunities were missed.	Relevance Efficiency Effectiveness Coherence
	JC4.2 MFA's approach to influencing global tax reform agenda has been coherent, relevant to the various context(s), and worked well to achieve MFA's strategic and programming ambitions. No opportunities were missed.	Relevance Efficiency Effectiveness Coherence
<b>SELECTED RESULTS IN PARTNER COUNTRIES AND REGIONS</b>		
EQ5. To what extent have MFA's initiatives contributed to strengthening the DRM agenda in partner countries and regions?	JC5.1 MFA's initiatives have been aligned to the needs and priorities of partner countries and regions.	Relevance
	JC5.2 MFA's initiatives have contributed to strengthening tax policy and tax administration in partner countries and regions, including through international cooperation.	Effectiveness
	JC5.3 MFA's initiatives have contributed to strengthening tax transparency and accountability in partner countries and regions.	Effectiveness
	JC5.4 The initiatives supported by MFA and various development cooperation actors, including the private sector, in partner countries and regions have been coherent and complementary.	Coherence
<b>CONCLUSIONS, LESSONS AND RECOMMENDATIONS</b>		
n/a	Based on the main findings in EQ1-5, what constitutes Finland's main <b>strengths, weaknesses, opportunities and strengths</b> in its support to DRM?	n/a
n/a	Based on the main findings in EQ1-5, what are the <b>key lessons</b> to draw on Finland's strategic and programmatic approach, whole-of-government approach and policy coherence, cross-cutting issues, partnership working and influencing, and results?	n/a
n/a	Based on the main findings in EQ1-5, conclusions and lessons, <b>how</b> could the MFA together with relevant stakeholders could further improve their actions for a more relevant, coherent, efficient and effective response?	n/a

## Evaluation process

The evaluation was conducted in three main phases as presented below, applying a mixed-method approach. The following figure provides an overview of the three phases and the key tools for collecting and analysing data. Each phase built on the work from previous phases.

Figure 11 Evaluation phases



## Data collection and data analysis


### Data collection

The main primary and secondary data sources that have been collected by the evaluation were:

- Documentary evidence from the Finnish government and MFA, including publicly available policy and programme documents, internal project documentation (programme documents and Annual Reports), and a selection of memos.
- Selected annual progress reports from MFA's main implementing partners and recent evaluations of DRM initiatives (including EU and World Bank).
- Semi-structured interviews with relevant MFA departments and units, the Ministry of Finance, other Finnish actors, implementing partners, and selected international organisations and beneficiaries. In total the evaluation conducted 32 interviews with Finnish actors (including one focus group with seven Finnish civil society organisations (CSOs)) and 24 interviews with non-Finnish actors.



**Table 11 Data sources (non-exhaustive list)**

 <b>STAKEHOLDER INTERVIEWS</b>	 <b>DOCUMENTARY SOURCES</b>
<ul style="list-style-type: none"> <li>• MFA departments, units and embassies</li> <li>• Other Finnish Government Ministries, Finnish public agencies and units such as VERO and (partially) state owned companies such as HAUS and Finnfund.</li> <li>• Other non-Finnish MFA implementing partners (ATAF, African Union, EITI, Financial Transparency Coalition, UNDP, UNICEF, UN Women, Mozambique Social and Financial Research Institution, Institutes for Multiparty Democracy of Mozambique and the Netherlands, Natural Resource Governance Institute, OECD, World Bank, IMF, Oxfam, Publish What You Pay, Centre for Research on Multinational Corporations (SOMO), Center for Democracy and Development, and Tax Justice Network Africa)</li> <li>• Partner governments and other partner agencies (such as the Tanzania tax authorities)</li> <li>• Selected key DRM global players (CSOs, international organisations) and development partners</li> <li>• Selected Finnfund's investees and/or Finnish private sector agencies that receive ODA from MFA</li> </ul>	<p><b><i>MFA Policy and strategy documents</i></b></p> <ul style="list-style-type: none"> <li>• MFA strategies and policies for DRM</li> <li>• DRM action plans</li> <li>• Influencing plans for selected multilateral agencies</li> </ul> <p><b><i>MFA Documents on DRM Interventions</i></b></p> <ul style="list-style-type: none"> <li>• Project action document (including budget, results framework and other annexes)</li> <li>• Completion report or the latest (annual) report (technical and financial)</li> <li>• Partner reporting</li> <li>• Relevant evaluations/ reviews (mid-term, final as relevant)</li> <li>• Internal documents and memos, including MFA quality assurance board minutes, hand over notes, influencing progress report</li> </ul> <p><b><i>External / international sources</i></b></p> <ul style="list-style-type: none"> <li>• International agreements and initiatives on DRM, with Finland as signatory</li> <li>• PFM/ DRM diagnosis (such as TADAT), policy, strategy and reform programmes in selected partner countries.</li> <li>• Other donors strategies, plans and policies on DRM</li> <li>• Selected project documents funded by other donors</li> <li>• Selected academic literature</li> </ul>

### *Data analysis*

Next to the ToC framework, the evaluation used different analytical blocks.

### **Analytical blocks**

Three analytical blocks were identified and further developed in the early stage of the implementation phase in order to structure the evaluation's data analysis, respond to the Evaluation Questions (EQs) and guide the division of roles across the team:

- ***Analytical Block 1 Policy and institutional analysis:*** A policy timeline and analysis were carried out to highlight all government priorities of relevance to Finland's support to DRM in the context of development cooperation and analyse how these have evolved over time.



- *Analytical Block 2 Portfolio analysis and stakeholder mapping:* Introducing a “cluster” approach to the project portfolio (see Table 1), this block consisted of a rapid, result-focused, portfolio analysis of all listed interventions, planned and actual, using both quantitative and qualitative data, as follows:
  - A consolidated inventory of 30 project approvals representing the portfolio over time. (see Annex 4 for a presentation of the inventory data)
  - A structured review of the project documentation for 26 interventions (equivalent to 30 project approvals), to inform preliminary findings and reconstruct the portfolio’s result framework (using an iterative process) (see Annex 5 for a presentation of the result framework per cluster).
- *Analytical Block 3 Selected partners’ achievements and MFA contribution:* This block consisted of collecting and triangulating evidence for a sample of interventions (official development assistance (ODA) and policy influencing) – using a wide range of data sources and methods. Results from non-sampled interventions and/or actors also receive some emphasis, when relevant.<sup>120</sup>

A couple of changes and additions were made to the approach and methodology during the implementation phase.

- *Analytical Block 2* introduces a “cluster” approach to the project portfolio (see table below). This cluster approach was used as the main entry points to reconstruct the Action Plan’s result framework (using an iterative process) in order to assess the alignment and overall coherence of the portfolio’s objectives against the two APs.
- Under *Analytical Blocks 2 and 3*, because of the scope of the evaluation, and in the absence of field visits, data collection efforts ended up not being significantly different between sampled and non-sampled financing interventions. The use of a portfolio approach has allowed to capture more results in the analysis. The evaluation team was still able to interview three stakeholders (the UNDP, the Tanzania Revenue Authority and the Embassy of Finland) in Tanzania, as well as undertaking three interviews with VERO, the implementing partner. Similarly, the sampling for policy influencing interventions (focus on influencing) was retained (World Bank, OECD, and the UN), but other relevant initiatives and actors, such as ATI and the role of the African Development Bank, also receive some emphasis.

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120 The financing interventions were ATAF, Tanzania TMP, Tanzania IC, Somo, TIWB and TJNA.



**Table 12 Intervention portfolio per clusters**

<b>CLUSTERS</b>	<b>INTERVENTIONS</b>	<b>FINLAND'S SUPPORT (EUR)</b>
<b>Cluster 1</b> Support to the extractive industry	EITI (3 Phases)	0.9m (2016-2022)
	Publish What You Pay	1m (2019-2020)
	NRGI	1.2m (2021-22)
<b>Cluster 2A</b> Support to lead regional organisations and/or initiatives	ATAF (3 Phases)	0.3m (2014-19) 5.4m (2020-25)
	Africa-EU tax/IFF partnership	3.4m (2021-24)
	HAUS African-Finnish Partnerships	5.3m (2022-24)
<b>Cluster 2B</b> Support to lead global organisations and/or initiatives	INTOSAI	0.4m (2016-18)
	OECD tax and development programme	0.5m (2017-18)
	Tax Inspectors Without Borders/Tax for SDGs (3Phases)	11m (2016-24)
<b>Cluster 3A</b> Support to regional advocacy and research	Tax Justice Network Africa	0.9m (2020-2023)
	SOMO	0.8m (2021-2022)
	UNU-Wider	0.3m (2018-19)
<b>Cluster 3B</b> Support to NGO-led global advocacy	Financial Transparency Coalition	0.35m (2015-16)
	Global Financial Integrity	1.3m (2023-25)
	Oxfam	0.35m (2015-18)
<b>Cluster 4</b> Bilateral support	Tanzania (4 interventions)	18m (2014-2026)
	Kenya (2 interventions)	2.27m (2019-2025)
	Mozambique (2 interventions)	10.2m (2017-2024)
	Somalia (1 intervention)	12.1m (2016-2022)

## Limitations

The main limitations to this evaluation were:

- **Result monitoring** in the APs and project documentations has been weak. This limitation was partially addressed by complementing MFA documentation with external sources, in particular evaluation reports and annual reports.



- In the absence of adequate monitoring of the two APs, and because of the relatively high staff turnover within MFA and other Ministries, **institutional memory** has been lost. This limitation was addressed by the evaluation team by interviewing all former programme coordinators, taxation and development; and by conducting a systematic review of all relevant memos (including hand-over notes, minutes of key meetings, and other updates).
- The **multi-stakeholder landscape**, combined with Finland's overall position as a "follower" (when compared to other Nordic countries like Norway), has made it difficult to measure Finland's success in influencing. This limitation has been addressed by the evaluation team by assessing Finland's direct and indirect contribution to the global tax debate, taking into account the role of others.
- An **inventory** of all relevant interventions was developed, using data shared by EVA-11. This inventory is based on new commitments (in EUR) year-on-year, as captured in the project appraisals, but OECD DAC statistics are being used for disbursements (in USD).



## Annex 3. List of stakeholders interviewed

MFA STAKEHOLDERS	POSITION
Department for Africa and the Middle East	Senior Adviser, Development Policy
	Programme Manager
	Team Leader in Africa Policy Team
Department for development policy	Director
	Desk Officer
	Desk Officer
	Former Tax Ambassador
	Senior Advisor, Democracy and Governance
	Senior Adviser
	Programme coordinator, taxation and development
	Team Leader (Private Sector Instruments)
	Senior Officer
Department for Russia, Eastern Europe and Central Asia	Senior Adviser, Development Policy
Embassy of Finland, Tanzania	Head of Cooperation
	Senior Advisor
	Senior Advisor
Representations in international organizations	Senior Specialist - Permanent Delegation of Finland to the OECD; previously a senior financial advisor at the Ministry of Finance
	Finland's permanent representation (OECD)
	Head of Unit Minister-Counsellor, Financing for Sustainable Development - Permanent Mission of Finland to the United Nations, New York





OTHER GOVERNMENTAL STAKEHOLDERS	POSITION
Ministry of Finance	Head of international tax unit of MoF
	Director, International Financial Affairs
European Commission	Senior Policy Officer
VERO - Finnish Tax Administration	International Director
	Programme Manager
	Director Strategy Realization Office
CSOS & UN	POSITION
Creatura (think and do tank)*	Operations and project manager
Development Policy Committee	Secretary General
Eurodad / Tax Justice Europe	Policy and Advocacy Manager - Tax Justice
Financial Transparency Coalition	Director
Finnish Development NGOs Fingo*	Adviser, Sustainable economy
Finnish Evangelical Lutheran Mission (FELM)*	Leading Advocacy Officer
Finnwatch*	Tax Specialist
HAUS Finnish Institute of Public Management	Chief Partnership Advisor
International Centre for Research on Multinational Corporations (SOMO)	Researcher
International solidarity foundation*	Senior advisor
Oxfam IBIS	Senior Tax & Extractives Specialist
Save the Children Finland*	Advocacy advisor
Tax Inspectors Without Borders (TIWB) / UN	Director Sustainable Finance Hub
Tax Justice Network Africa	Acting Director, Policy Research and Advocacy Manager
UNDP	Finnish funded Taxation for SDGs-Project Coordinator
UNU Wider*	DRM project coordinator



OTHER STAKEHOLDERS	POSITION
African Development Bank Group (AfDB)	Chief Governance officer
	Chief Governance Officer
African Tax Administration Forum (ATAF)	Head of unit strategy planning and international cooperation
	Executive Secretary
	Manager, Country Programmes, Including cooperation with VERO
	International tax policy and administration
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	GIZ coordinator – joint action to tackle IFF - Project Coordinator (AU-EU illicit fin flows project 29892483)
International Tax Compact (ITC) at GiZ	Advisor International Tax Compact (ITC) - Addis Tax Initiative (ATI)
	Advisor - Addis Tax Initiative (ATI)
Extractive Industries Transparency Initiative (EITI)	Interim Policy Director
Finnfund	Director of Administration, Deputy to the CEO
OECD	Head, Governance, Conflict, Security
	Senior Policy Analyst - Tax and Development
Tanzania Tax Revenue Authority	Director for Research Policy and Planning
	TRA's support initiatives Coordinator
World Bank	Advisor to the Executive Director EDS20
* Participated in a Focus Group Discussion	



## Annex 4. DRM intervention inventory

Table 13 Project approvals per year (number, commitment value €m)

YEAR	MFA CONTRIBUTION (FROM PROJECT DOCS)	NO. OF PROJECTS	YEAR	MFA CONTRIBUTION (WITHOUT SOMALIA MTF)	NO. OF PROJECTS
2014	7,600,000 €	3	2014	7,600,000 €	3
2015	4,036,398 €	4	2015	4,036,398 €	4
2016	12,300,000 €	2	2016	200,000 €	1
2017	4,000,000 €	3	2017	4,000,000 €	3
2018	5,408,884 €	3	2018	5,408,884 €	3
2019	10,700,000 €	5	2019	10,700,000 €	5
2020	8,800,000 €	3	2020	8,800,000 €	3
2021	14,600,000 €	4	2021	14,600,000 €	4
2022	6,407,000 €	2	2022	6,407,000 €	2
2023	1,498,000 €	1	2023	1,498,000 €	1
<b>Total</b>	<b>75,350,282 €</b>	<b>30</b>	<b>Total</b>	<b>63,250,282 €</b>	<b>29</b>



**Table 14 Project approvals per modality (number, commitment value €m)**

<b>MODALITY</b>	<b>MFA CONTRIBUTION (FROM PROJECT DOCS)</b>	<b>NO. OF PROJECTS</b>	<b>MODALITY</b>	<b>MFA CONTRIBUTION (WITHOUT SOMALIA MTF)</b>	<b>NO. OF PROJECTS</b>
<b>Bilateral</b>	20,855,000 €	7	Bilateral	20,855,000 €	7
<b>CSO/INGO</b>	7,016,398 €	7	CSO/INGO	7,016,398 €	7
<b>IC</b>	9,028,884 €	5	IC	9,028,884 €	5
<b>Multi-bi</b>	20,100,000 €	3	Multi-bi (w/o SOM)	8,000,000 €	2
<b>Multilateral</b>	18,350,000 €	8	Multilateral	18,350,000 €	8
<b>Total</b>	<b>75,350,282 €</b>	<b>30</b>	<b>Total</b>	<b>63,250,282 €</b>	<b>29</b>



Table 15 Project approvals per geographic coverage (number, commitment value €m)

<b>GEOGRAPHIC COVERAGE</b>	<b>MFA CONTRIBUTION (FROM PROJECT DOCS)</b>	<b>NO. OF PROJECTS</b>
Africa (multi-country)	2,310,000 €	3
Africa (regional)	18,375,000 €	6
Global	15,667,000 €	9
Global (multi-country)	2,099,398 €	1
Kenya	6,132,000 €	2
Mozambique	5,800,000 €	2
Namibia	170,000 €	1
Somalia	12,100,000 €	1
Tanzania	11,396,884 €	4
Zambia	1,300,000 €	1
<b>Total</b>	<b>75,350,282 €</b>	<b>30</b>
<b>Total without Somalia</b>	<b>63,250,282 €</b>	<b>29</b>



**Table 16 Project approvals per MFA unit (number, commitment value €m)**

<b>MFA UNIT</b>	<b>MFA CONTRIBUTION (FROM PROJECT DOCS)</b>	<b>NO. OF PROJECTS</b>	<b>MFA UNIT</b>	<b>MFA CONTRIBUTION (WITHOUT SOMALIA MTF)</b>	<b>NO. OF PROJECTS</b>
<b>ALI-20</b>	28,496,884 €	6	ALI-20 (w/o SOM)	16,396,884 €	5
<b>ALI-30</b>	7,100,000 €	3	ALI-30	7,100,000 €	3
<b>KEO-10</b>	930,000 €	4	KEO-10	930,000 €	4
<b>KEO-10/KEO-50</b>	4,000,000 €	3	KEO-10/KEO-50	4,000,000 €	3
<b>KEO-30</b>	5,566,398 €	5	KEO-30	5,566,398 €	5
<b>KEO-50</b>	29,257,000 €	9	KEO-50	29,257,000 €	9
<b>Total</b>	<b>75,350,282 €</b>	<b>30</b>	<b>Total</b>	<b>63,250,282 €</b>	<b>29</b>



Table 17 Project breakdown per cluster (number, €m)

CLUSTER	MFA CONTRIBUTION (FROM PROJECT DOCS)	NO. OF PROJECTS	CLUSTER	MFA CONTRIBUTION (WITHOUT SOMALIA MTF)	NO. OF PROJECTS
<b>Bilateral</b>	36,728,884 €	10	Bilateral (w/o SOM)	24,628,884 €	9
<b>Extractive</b>	5,450,000 €	4	Extractive	5,450,000 €	4
<b>Global Advocacy</b>	2,816,398 €	3	Global Advocacy	2,816,398 €	3
<b>Global Institutional Support</b>	11,700,000 €	5	Global Institutional Support	11,700,000 €	5
<b>Regional Advocacy</b>	2,310,000 €	3	Regional Advocacy	2,310,000 €	3
<b>Regional Institutional Support</b>	16,345,000 €	5	Regional Institutional Support	16,345,000 €	5
<b>Total</b>	75,350,282 €	30	Total	63,250,282 €	29



**Table 18 Evolution of portfolio over time (each cross representing 1 ongoing project, if new cross= approval)**

<b>INTERVENTIONS</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
EITI (Phase II)	x	x	x							
Global Financial Integrity	x	x	x							
PFMR Tanzania	x	x	x	x						
ATAF (Phase I)		x	x	x	x					
Financial Transparency Coalition		x	x							
Capacity Building of the ZPPA		x	x	x	x					
Oxfam DRM Project		x	x	x	x					
INTOSAI			x	x	x					
WB Multi-Partner Fund for Somalia (MPF)			x	x	x	x	x	x	x	
ATAF (Phase II)				x	x	x				
OECD Tax & Development Programme				x	x	x	x			
Tax Inspectors Without Borders (Phase I)				x	x					
UNU-Wider Research					x	x				
Tanzania TMP					x	x	x	x		
VERO, Tanzania Institutional Cooperation (Phase I)					x	x	x	x	x	
EITI (Phase III)						x	x	x	x	
Publish What You Pay						x	x			





INTERVENTIONS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PREFER						x	x	x	x	x
Tax Inspectors Without Borders (Phase II)						x	x			
Kenya Devolution						x	x	x	x	
ATAF (Phase III)							x	x	x	
Mozambique Democratic Institutions							x	x	x	
Tax Justice Network Africa, TJNA							x	x	x	
EU/AU Partnership								x	x	x
NRGI								x	x	
SOMO								x	x	
TIWB / Tax for SDG (Phase III)								x	x	x
AFR/FIN Partnerships by HAUS								x	x	
VERO, Improving Taxpayer Registration								x	x	
VERO, Tanzania Institutional Cooperation (Phase II)										x
<b>Grand total:</b>	<b>3</b>	<b>7</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>14</b>	<b>13</b>	<b>3</b>



**Table 19 Project responsibility over time per MFA unit**

IMPLEMENTING PARTNER	PROJECT	MFA UNIT	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Recipient Government	Public Financial Management Reform Programme in Tanzania	ALI-20	x	x	x	x						
WORLD BANK	WB Multi-Partner Fund for Somalia (MPF)	ALI-20			x	x	x	x	x	x	x	
VERO	Tanzania Tax Modernization Programme (TMP)	ALI-20					x	x	x	x		
VERO	Tanzania Institutional Cooperation (Phase I)	ALI-20					x	x	x	x	x	
UNDP	Kenya Devolution	ALI-20						x	x	x	x	
VERO	Tanzania Institutional Cooperation (Phase II)	ALI-20										x
HAUS	Capacity Building of the Zambia Public Procurement Authority ZPPA	ALI-30		x	x	x	x					
Recipient Government	Managing Public Resources for Service Delivery Project (GEPRES) / PREFER Public Finance Management reform project	ALI-30						x	x	x	x	x
IMD	Mozambique Democratic Institutions Improving oversight in Mozambique's governance	ALI-30							x	x	x	
GFI	Global Financial Integrity	KEO-10	x	x	x							
ATAF	ATAF: Technical support of the Finnish Tax Administration for Namibia (Phase I)	KEO-10		x	x	x	x					
INTOSAI	Support for Capacity Building in Supreme Audit Institutions of Developing Nations - INTOSAI Development Initiative (IDI)	KEO-10			x	x	x					
UNU WIDER	UNU-Wider Research tax research Towards more efficient and equitable tax systems	KEO-10					x	x				
UNDP	Tax Inspectors Without Borders (Phase I)	KEO-10/ 50				x	x					
ATAF	Afrikka, Afrikan Verohallintojen Foorumi - African Tax Administration Forum (Phase II)	KEO-10/ 50				x	x	x				



IMPLEMENTING PARTNER	PROJECT	MFA UNIT	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OECD	OECD tax and development programme - inclusive framework	KEO-10/ 50				x	x	x	x			
Financial Transparency coalition	Financial Transparency coalition 2015-2016	KEO-30		x	x							
Oxfam	Oxfam DRM Project 2015-2018	KEO-30		x	x	x	x					
PWYP	Publish What You Pay	KEO-30						x	x			
NRGI	NRGI: Strengthening Civil Society and Increasing Tax Revenues and Transparency	KEO-30								x	x	
SOMO	Going public – Transparency on public resources, tax justice and sustainable social contracts in Sub-Saharan Africa	KEO-30								x	x	
EITI	EITI (Phase I)	KEO-50										
EITI	EITI (Phase II)	KEO-50	x	x	x							
UNDP	Tax Inspectors Without Borders (Phase II)	KEO-50						x	x			
EITI	EITI (Phase III)	KEO-50						x	x	x	x	
ATAF	Afriikka, Afrikan Verohallintojen Foorumi - African Tax Administration Forum (Phase III)	KEO-50							x	x	x	
TJNA	Tax Justice Network Africa	KEO-50							x	x	x	
GIZ	EU/AU Partnership, Tackling Tax Related Illicit Financial Flows in Africa	KEO-50								x	x	x
UNDP	Tax Inspectors Without Borders / Tax for SDG (Phase III)	KEO-50								x	x	x
HAUS	African-Finnish Partnerships on Taxation Capacity in Africa	KEO-50								x	x	
VERO	Improving Taxpayer Registration and Follow-up on Registered Taxpayers	KEO-50								x	x	



# Annex 5. Mapping of selected portfolio

MASTER TEMPLATE XX core activities, X subsidiary activities

ACTIVITIES				OUTPUTS				OUTCOME			
Technical assistance for partner government, tax and other relevant administration, and regional organisations				Enhanced international tax cooperation				Increased compliance to global standards by partner countries			
Support to <b>advocacy campaigns</b> and [multi-stakeholder] transparency, accountability, participation mechanisms				Strengthened position of developing countries in the global tax debate <i>[incl UN*]</i>				Increased relevance of the global tax discussions (and their solutions) to partner countries			
<b>Research</b>				Stronger <b>in-country</b> evidence-based tax policy making				More transparent taxation policy / revenues			
Participation (or support to) in <b>international tax agenda</b>				Tax [and other relevant] administration strengthened				more equitable taxation policy			
<b>Awareness raising</b> (all actors including parliament etc)				Stronger citizens voice in tax policy-making ( <i>domestic, regional, global</i> )				More effective taxation policy ( <i>l tax treaties, exemptions etc.</i> )			
Support to <b>coalition building / peer-to-peer</b>								Tax collection strengthened			
<i>(if others)</i>				<i>(if others)</i>				<i>(if others)</i>			



ACTIVITIES				OUTPUTS				OUTCOME			
FOCUS											
Tax											
Other forms of IFF											
PFM											
INCLUSION OF CROSS-CUTTING PRIORITIES											
Gender											
Environment / climate change											
Others: Digitalisation											

**Weak, Medium, Emerging, Significant**

**CLUSTER 1. – FOCUS ON THE EXTRACTIVE INDUSTRY / NATURAL RESOURCE MANAGEMENT**

KEY PARTNERS	FINLAND'S SUPPORT	ONGOING / COMPLETED
EITI	Since 2009 – including €0.9m (2016-2022)	Ongoing?
NRGI	€1.2m (2021-22)	Completed
PWYP	€1m (2019-2020)	Completed



## MAPPING

ACTIVITIES	ETI	NRGI	PWYP	OUTPUTS	ETI	NRGI	PWYP	OUTCOME	ETI	NRGI	PWYP
<b>Technical assistance</b> for partner government, tax and other relevant administration, and regional organisations	x	xx	x	Enhanced international tax cooperation & global standards	x			<b>Increased compliance</b> by partner countries to global standards	xx		
Support to <b>advocacy campaigns</b> and [multi-stakeholder] transparency, accountability, participation mechanisms	xx	x	xx	Strengthened position of developing countries in the global tax debate [incl UN*]				increased <b>relevance</b> of the global tax discussions (and their solutions) to partner countries	xx		
<b>Research</b>	x	xx	x	Stronger in-country evidence-based tax policy making	x	xx	x	More <b>transparent</b> taxation policy in partner countries	xx	xx	xx
Participation (or support to) in <b>international tax agenda</b>	x			Tax administration strengthened				more <b>equitable</b> taxation policy in partner countries	x	x	x
<b>Awareness raising</b> (all actors including parliament etc)	x	x	x	Stronger citizens voice in tax policy-making ( <i>domestic, regional, global</i> )	xx	x	xx	<b>More effective</b> taxation policy ( <i>tax treaties, exemptions etc.</i> ) in partner countries		x	x
Support to <b>coalition building / peer-to-peer</b>	x	x	x					<b>tax collection</b> strengthened in partner countries			
<b>FOCUS</b>											
Tax	x	x	x								
Other forms of IFF											
PFM											



ACTIVITIES	EITI	NRGI	PWYP	OUTPUTS	EITI	NRGI	PWYP	OUTCOME	EITI	NRGI	PWYP
<b>INCLUSION OF CROSS-CUTTING PRIORITIES</b>											
Gender	<b>S</b>	<b>S</b>	<b>S</b>								
Environment / climate change	<b>E</b>	<b>S</b>	<b>E</b>								
Others: Digitalisation	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>								

## CLUSTER 2. – SUPPORT TO LEAD GLOBAL AND REGIONAL ORGANISATIONS AND/OR INITIATIVES

### 2.1 REGIONAL

KEY PARTNERS	FINLAND'S SUPPORT	COMPLETED/ONGOING
<b>Regional (Africa)</b>		
ATAF	€0.3m (2014-19) €5.4m (2020-25)	Ongoing
HAUS	€5.3m (2022-24)	Ongoing
TEI IFF	€3.4m (2021-24)	Ongoing



ACTIVITIES	ATAF	HAUS	TEI IFF	OUTPUTS	ATAF	HAUS	TEI IFF	OUTCOME	ATAF	HAUS	TEI IFF
<b>Technical assistance</b> for partner government, tax and other relevant administration, and regional organisations	xx	xx	xx	Enhanced international tax cooperation & global standards	xx		xx	Increased <b>compliance</b> by partner countries to global standards	xx		x
Support to <b>advocacy campaigns</b> and [multi-stakeholder] transparency, accountability, participation mechanisms	x		x	Strengthened position of developing countries in the global tax debate [incl UN*]	xx	xx	xx	Increased <b>relevance</b> of the global tax discussions (and their solutions) to partner countries	xx	x	x
<b>Research</b>	x	xx		Stronger in-country evidence-based tax policy making	xx	xx		More <b>transparent</b> taxation policy in partner countries			x
Participation (or support to) in <b>international tax agenda</b>	xx			Tax administration strengthened	xx	xx		more <b>equitable</b> taxation policy in partner countries	x		
<b>Awareness raising</b> (all actors including parliament etc)	x	x	xx	Stronger citizens voice in tax policy-making ( <i>domestic, regional, global</i> )	xx			<b>More effective</b> taxation policy ( <i>tax treaties, exemptions etc.</i> ) in partner countries		xx	xx
Support to <b>coalition building / peer-to-peer</b>	xx	x	x					tax collection strengthened in partner countries	xx	xx	
<b>FOCUS</b>											
Tax	x	x	x								
Other forms of IFF			xx								
PFM											





ACTIVITIES	ATAF	HAUS	TEI IFF	OUTPUTS	ATAF	HAUS	TEI IFF	OUTCOME	ATAF	HAUS	TEI IFF
<b>INCLUSION OF CROSS-CUTTING PRIORITIES</b>											
Gender	<b>S</b>	<b>M</b>	<b>W</b>								
Environment / climate change	<b>W</b>	<b>W</b>	<b>W</b>								
Others: Digitalisation	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>								

## 2.2 GLOBAL

KEY PARTNERS	FINLAND'S SUPPORT	COMPLETED/ONGOING
<b>Global</b>		
INTOSAI	€0.4m (2016-18)	Completed
OECD T&D	€0.5m (2017-18)	Completed
Tax for SDG initiative (TIWB until 2020)	€11m (2016-24)	Ongoing



ACTIVITIES	INTOSAI	OECD T&D	EITI/ TAX4SDGS	OUTPUTS	INTOSAI	OECD T&D	EITI/ TAX4SDGS	OUTCOME	INTOSAI	OECD T&D	EITI/ TAX4SDGS
<b>Technical assistance</b> for partner government, tax and other relevant administration, and regional organisations	x	xx	xx	Enhanced international tax cooperation & global standards	x	x	xx	increased <b>compliance</b> by partner countries to global standards	x	xx	xx
Support to <b>advocacy campaigns</b> and [multi-stakeholder] transparency, accountability, participation mechanisms				strengthened position of developing countries in the global tax debate		x	(xx)	Increased <b>relevance</b> of the global tax discussions (and their solutions) to partner countries		x	(xx)
<b>research</b>		x		Stronger <b>in-country</b> evidence-based tax policy making		x		More <b>transparent</b> taxation policy in partner countries			
participation (or support to) in <b>international tax agenda</b>		xx	xx	Tax administration strengthened		x	xx	more <b>equitable</b> taxation policy in partner countries			(xx)
<b>awareness raising</b> (all actors including parliament etc)				stronger citizens voice in tax policy-making ( <i>domestic, regional, global</i> )				<b>more effective</b> taxation policy ( <i>tax treaties, exemptions etc.</i> ) in partner countries		x	
Support to <b>coalition building / peer-to-peer</b>			x (xx)	others – audit institutions strengthened	x			<b>tax collection</b> strengthened in partner countries		x	xx
<b>FOCUS</b>											
Tax		x	x								
Other forms of IFF											
PFM	x										



ACTIVITIES	INTOSAI	OECD T&D	EITI/ TAX4SDGS	OUTPUTS	INTOSAI	OECD T&D	EITI/ TAX4SDGS	OUTCOME	INTOSAI	OECD T&D	EITI/ TAX4SDGS
INCLUSION OF CROSS-CUTTING PRIORITIES											
Gender	<b>W</b>	<b>M</b>	<b>S</b>								
Environment / climate change	<b>W</b>	<b>W</b>	<b>(E)</b>								
Others: Digitalisation			<b>(E)</b>								

(...) since 2021 – with launch of the Tax for SDG initiative.



### CLUSTER 3. – SUPPORT TO NGO-LED GLOBAL /REGIONAL RESEARCH AND ADVOCACY

#### 3.1 REGIONAL

KEY PARTNERS	FINLAND'S SUPPORT	ONGOING / COMPLETED
<b>Africa</b>		
TJNA	€0.9m (2020-2023)	Completed
SOMO	€0.8m (2021-2022)	ongoing
UNU-wider (multi-country)	€0.3m (2018-19)	Completed

ACTIVITIES	TJNA	SOMO	UNU	OUTPUTS	TJNA	SOMO	UNU	OUTCOME	TJNA	SOMO	UNU
<b>Technical assistance</b> for partner government, tax and other relevant administration, and regional organisations			x	Enhanced international tax cooperation & global standards				<b>Increased compliance</b> by partner countries to global standards			
Support to <b>advocacy campaigns</b> and [multi-stakeholder] transparency, accountability, participation mechanisms	xx	xx		Strengthened position of developing countries in the global tax debate [incl UN*]	xx			Increased <b>relevance</b> of the global tax discussions (and their solutions) to partner countries	xx		
<b>Research</b>			x	Stronger <b>in-country</b> evidence-based tax policy making	x			More <b>transparent</b> taxation policy in partner countries	xx	xx	
Participation (or support to) in <b>international tax agenda</b>	x			Tax administration strengthened			x	more <b>equitable</b> taxation policy in partner countries	xx	xx	
Awareness raising (all actors including parliament etc)	xx	xx		Stronger citizens voice in tax policy-making ( <i>domestic, regional, global</i> )	xx	xx		<b>More effective</b> taxation policy (tax treaties, exemptions etc.) in partner countries	xx		
Support to <b>coalition building / peer-to-peer</b>	xx	xx						<b>Tax collection</b> strengthened in partner countries			x



ACTIVITIES	TJNA	SOMO	UNU	OUTPUTS	TJNA	SOMO	UNU	OUTCOME	TJNA	SOMO	UNU
<b>FOCUS</b>											
Tax	x	x	x								
Other forms of IFF	x	x									
PFM											
<b>INCLUSION OF CROSS-CUTTING PRIORITIES</b>											
Gender	S	S	S								
Environment / climate change	W	W	W								
Others: Digitalisation											

### 3.2 GLOBAL

KEY PARTNERS	FINLAND'S SUPPORT	ONGOING / COMPLETED
Financial Transparency Coalition	€0.35m (2015-16)	Completed
GFI	2014-16 €1.3m (2023-25)	Ongoing
Oxfam (multi-country)	€0.35m (2015-18)	Completed



ACTIVITIES	FTC	GFI	OXFAM	OUTPUTS	FTC	GFI	OXFAM	OUTCOME	FTC	GFI	OXFAM
Technical assistance for partner government, tax and other relevant administration, and regional organisations			x	Enhanced international tax cooperation & global standards				Increased compliance by partner countries to global standards			
Support to advocacy campaigns and [multi-stakeholder] transparency, accountability, participation mechanisms			x	Strengthened position of developing countries in the global tax debate [incl UN*]	x			Increased relevance of the global tax discussions (and their solutions) to partner countries	x	x	
Research	x	x		Stronger in-country evidence-based tax policy making			x	More transparent taxation policy in partner countries			x
Participation (or support to) in international tax agenda	x			Tax administration strengthened				More equitable taxation policy in partner countries			x
Awareness raising (all actors including parliament etc)	x	x	x	Stronger citizens voice in tax policy-making (domestic, regional, global)		x		More effective taxation policy (tax treaties, exemptions etc.) in partner countries			
Support to coalition building / peer-to-peer	x							Tax collection strengthened in partner countries			
<b>FOCUS</b>											
Tax	x	x	x								
Other forms of IFF	x	x									
PFM											



ACTIVITIES	FTC	GFI	OXFAM	OUTPUTS	FTC	GFI	OXFAM	OUTCOME	FTC	GFI	OXFAM
<b>INCLUSION OF CROSS-CUTTING PRIORITIES</b>											
Gender	<b>w</b>	<b>w</b>	<b>s</b>								
Environment / climate change	<b>w</b>	<b>w</b>	<b>w</b>								
Others: Digitalisation	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>								



**CLUSTER 4. BILATERAL SUPPORT TO AFRICAN COUNTRIES:  
TANZANIA**

KEY PARTNERS	FINLAND'S SUPPORT	COMPLETED/ONGOING
Tanzania	PFMRP € 7.2 m (2014-2017) TRA/VERO €1.2m (2017-2021) TRA/VERO €4.9 m (2023-2026) TRA/TMP €4.7m (2017-2021)	Completed Completed On-going On-going

ACTIVITIES	PFMRP	TMP	TRA/ VERO	OUTPUTS	PFMRP	TMP	TRA/ VERO	OUTCOME	PFMRP	TMP	TRA/ VERO
<b>Technical assistance</b> for partner government, tax and other relevant administration, and regional organisations	X	X	X	Enhanced international tax cooperation & global standards				<b>Increased compliance</b> by partner countries to global standards			
Support to <b>advocacy campaigns</b> and [multi-stakeholder] transparency, accountability, participation mechanisms				Strengthened position of developing countries in the global tax debate [incl UN*]				Increased <b>relevance</b> of the global tax discussions (and their solutions) to partner countries			
<b>Research</b>				Stronger <b>in-country</b> evidence-based tax policy making	X			More <b>transparent</b> taxation policy in partner countries	X		
Participation (or support to) in <b>international tax agenda</b>				Tax administration strengthened	X	X	X	More <b>equitable</b> taxation policy in partner countries			
<b>Awareness raising</b> (all actors including parliament etc)				Stronger citizens voice in tax policy-making ( <i>domestic, regional, global</i> )				<b>More effective</b> taxation policy ( <i>tax treaties, exemptions etc.</i> ) in partner countries			





ACTIVITIES	PFMRP	TMP	TRA/ VERO	OUTPUTS	PFMRP	TMP	TRA/ VERO	OUTCOME	PFMRP	TMP	TRA/ VERO
Support to <b>coalition building / peer-to-peer</b>				Improvement in the management of budget expenditures and financial resources:	X			<b>Tax collection</b> strengthened in partner countries	X	X	X
								Strengthened financial administration improves the quality of public service provision	X		
<b>FOCUS</b>											
Tax	x	x	x		x	x	x		x	x	x
Other forms of IFF											
pFM	x				x				x		
<b>INCLUSION OF CROSS-CUTTING PRIORITIES</b>											
gender	S	W	W								
environment / climate change	W	W	W								
others: Digitalisation	W	M	S								



## KENYA and SOMALIA

KEY PARTNERS	FINLAND'S SUPPORT	COMPLETED/ONGOING
<b>Bilateral</b>		
Kenya	Devolution/UNDP €2.2 (2019-2022) KRA €0.07m (2022-2025)	Completed On-going
Somalia	MPF €4m (2016-2019) MPF €8.1m (2019-2022)	Completed Completed

ACTIVITIES	KRA	UNDP	MFP	OUTPUTS	KRA	UNDP	MFP	OUTCOME	KRA	UNDP	MFP
<b>Technical assistance</b> for partner government, tax and other relevant administration, and regional organisations	x	x	x	Enhanced international tax cooperation & global standards				<b>Increased compliance</b> by partner countries to global standards		x	
Support to <b>advocacy campaigns</b> and [multi-stakeholder] transparency, accountability, participation mechanisms		x		Strengthened position of developing countries in the global tax debate [incl UN*]				Increased <b>relevance</b> of the global tax discussions (and their solutions) to partner countries			
research				stronger <b>in-country</b> evidence-based tax policy making		x	x	More <b>transparent</b> taxation policy in partner countries			x
Participation (or support to) in <b>international tax agenda</b>				tax administration strengthened	x	x	x	more <b>equitable</b> taxation policy in partner countries			x
<b>awareness raising</b> (all actors including parliament etc)		x	x	Stronger citizens voice in tax policy-making ( <i>domestic, regional, global</i> )		x		<b>more effective</b> taxation policy ( <i>tax treaties, exemptions etc.</i> ) in partner countries			x



ACTIVITIES	KRA	UNDP	MFP	OUTPUTS	KRA	UNDP	MFP	OUTCOME	KRA	UNDP	MFP
Support to <b>coalition building / peer-to-peer</b>		x	x	Other – Tax laws/regulations strengthened		x	x x	<b>tax collection</b> strengthened in partner countries	x	x	x
				Strengthened public finance management (PFM) processes and systems		x	x	Services are well coordinated, integrated, transparent, equitable and accountable.		x	x
				National and county governments have strengthened inter and intra-governmental structures				Marginalized and vulnerable people will have better access and use of social security services			x
				Improved County capacities for effective implementation of child protection services and Gender-Based Violence			x	Individuals and communities will have a lower susceptibility to disaster risks and improved disaster and emergency response			x
				County level institutions have strengthened capacity for evidence-based planning, budgeting, implementation, monitoring and evaluation			x				
				People in Kenya have capacity to engage, deepen accountability and transparency in devolution, especially women, youth, and persons with disability			x				



ACTIVITIES	KRA	UNDP	MFP	OUTPUTS	KRA	UNDP	MFP	OUTCOME	KRA	UNDP	MFP
<b>FOCUS</b>											
Tax	x	x	x		x	x	x		x	x	x
Other forms of IFF											
pFM		x	x			x	x				x
<b>INCLUSION OF CROSS-CUTTING PRIORITIES</b>											
Gender	W	S	S								
Environment / climate change	W	M	M								
Others: Digitalisation	S	n/a	M								

## MOZAMBIQUE

KEY PARTNERS	FINLAND'S SUPPORT	COMPLETED/ONGOING
<b>Bilateral</b>		
Mozambique	Dem Instits €2.8 m (2017-2019,2020-2023) IESE €4.4 (2019-2022) PREFER €3m (2019-2024)	On-going Completed On-going



ACTIVITIES	DEM INST	IESE	PREFER	OUTPUTS			OUTCOME							
				DEM INST	IESE	PREFER	DEM INST	IESE	PREFER					
Technical assistance for partner government, tax and other relevant administration, and regional organisations			x		Enhanced international tax cooperation & global standards	x		x		Increased compliance by partner countries to global standards	x			
Support to advocacy campaigns and [multi-stakeholder] transparency, accountability, participation mechanisms					Strengthened position of developing countries in the global tax debate [incl UN*]					Increased relevance of the global tax discussions (and their solutions) to partner countries				
Research		x			Stronger in-country evidence-based tax policy making	x				More transparent taxation policy in partner countries	x		x	
Participation (or support to) in international tax agenda					Tax administration strengthened					More equitable taxation policy in partner countries	x		x	
Awareness raising (all actors including parliament etc)	x				Stronger citizens voice in tax policy-making (domestic, regional, global)	x				More effective taxation policy (tax treaties, exemptions etc.) in partner countries	x		x	
Support to coalition building / peer-to-peer					Other - Increased dialogue between Parliament and rights holders on NRM	x				Tax collection strengthened in partner countries			x	
					Capacities of the Parliament technical staff to support NRM political decision-making improved	x				Decentralization of public financial administration			x	
					Technical knowledge of the National Parliament Committee members and selected PA members on NRM improved	x				Sustainable and transparent management and use of natural resources,	x		x	
										Increased impact of research knowledge through societal and academic interventions		x		



ACTIVITIES	DEM INST	IESE	PREFER		OUTPUTS	DEM INST	IESE	PREFER		OUTCOME	DEM INST	IESE	PREFER	
<b>FOCUS</b>														
Tax	x	x	x			x		x					x	
Other forms of IFF											x			
PFM			x					x					x	
<b>INCLUSION OF CROSS-CUTTING PRIORITIES</b>														
Gender	S		S										x	
Environment / climate change	S	S	W											
Others: Digitalisation	n/a	n/a	S											

# MAIN EVALUATION REPORT



Ministry for Foreign  
Affairs of Finland