Department for International Development

Single Departmental Plan - Results Achieved by Sector in 2018

DFID spend on improving tax systems

1. Results

In 2018, DFID invested £23.3 million on improving tax systems in developing countries.

2. Context

Domestic tax reform in developing economies can mobilise additional public resources, crucial for sustainable development financing. DFID supports countries to raise and use their own revenues, in a way that enables sustainable and inclusive growth and reduces poverty.

In 2015, at the Financing for Development Conference in Addis Ababa, the Secretary of State for International Development committed the UK to the Addis Tax Initiative[1], a pledge to bolster tax for development work as a critical pathway to achieving the Sustainable Development Goals.

As part of this, the UK committed to double the amount it spends on tax technical assistance and capacity building **collectively with other donors** (currently, there are 20 participating donors).

The Single Departmental Plan monitors **DFID-only** spend on tax for development work. This is the figure at the top of this page.

However, DFID works collaboratively with HM Treasury and HM Revenue and Customs on this work, the latter delivering peer-to-peer tax capacity building to support tax administration and policy reforms in developing countries.

Therefore, as well as tracking DFID spend, we also track UK spend as a whole. This is the figure we report to the Addis Tax Initiative Secretariat, which is based in the International Tax Compact in Germany.

The UK committed to double its spend on tax for development work, from a 2014 baseline of £25 million to £50 million in 2020.

[1] https://www.addistaxinitiative.net/

The actual spend figure is slightly lower in 2018 than in previous years due to a gap between several existing programmes completing and new programmes beginning.

3. Methodology summary[2]

Official Development Assistance (ODA) is reported to the OECD-DAC using five-digit purpose codes to categorise the sectoral focus of the spend. The purpose code '15114: Domestic Revenue Mobilisation' is used to calculate the spend on improving tax systems. This is the same code for DFID's own input sector coding system. This code was introduced in 2015.

The amount of spend against code 15114 reported to the OECD-DAC only reflects those project components where this is the primary code. The amount spent by DFID includes all spend against 15114, regardless of whether this is the primary code. It is therefore more accurate. All spend categorised to 15114 and to DFID input sector code '80025: Tax Research' is counted towards the indicator.

From 2018, the new DAC methodology should be sufficiently accurate; DFID should therefore no longer need to supplement the ATI's DAC data.

The figure reflects the actual amount disbursed by DFID, not the amount committed. HM Revenue and Customs also disburse ODA coded against 15114 which has not been included in this single departmental plan progress report as this is DFID-only. The total 2017 HM Government amount reported to the Addis Tax Initiative Secretariat is therefore higher than the DFID-only total.

4. Data Sources

The spend data is taken directly from DFID's management information systems. The indictor is calculated on a calendar year basis.

5. Data quality notes

All data comes directly from DFID systems and is of good quality.

2 https://www.gov.uk/government/publications/dfid-results-methodology-notes-2018-to-2019