In 2015, the UN Member States adopted Agenda 2030 containing the Sustainable Development Goals (SDGs), with a view to consolidating the achievements of the Millennium Development Goals (MDGs) that expired in the same year. In order to ensure the achievement of these SDGs, the signatories agreed through Objective 17 on the need to strengthen global partnership, involving all public and private sector actors that can contribute to this end. This partnership includes, among other targets, the improvement of tax governance in developing countries, with a view to enabling them to be the main actors in financing their sustainable development. It is this funding paradigm that is analyzed in this contribution.

1. Introduction

Adopted in July 2015, the Sustainable Development Goals (SDGs) —also known as Global Goals— are a global call to eradicate poverty, protect the planet and ensure that all human beings live in peace and prosperity. They are crystallized into seventeen Goals set out in the United Nations Agenda 2030, which builds on the successes of the Millennium Development Goals (MDGs) that expired in 2015, while integrating new concerns such as climate change, peace and justice.

The Goals of Agenda 2030 are closely linked to each other, the success of one often depends on the resolution of problems generally associated with another Goal. It is this logic of interdependence that has made Goal 17 the lever for mobilizing the resources needed to finance the other sixteen Goals. With this in mind, the targets of Goal 17 include — among the means to revitalize the mobilization of the necessary resources— the improvement of fiscal policies in developing countries. This is what we refer to as "tax governance" in this paper.

Indeed, in a previous issue of the Geneva Global Policy Briefs (GGPB No. 4/2019), entitled "Thinking locally and acting globally is as important as thinking globally and acting locally", Ambassador W.B. Gyger demonstrated by Cartesian reasoning that governance is "a process of interactions between several actors for solving shared problems leading to decision making and implementation of the agreed solution". Thus, by appropriating this definition to apply it to the current contribution, we can deduce that "tax governance" is a process of interaction between several actors to solve problems in the tax sector of developing countries, through the decision-making and implementation of solutions agreed under the United Nations Agenda 2030.

That being said, this paper attempts to highlight the
impact of the United Nations Agenda 2030 for Sustainable Development on the fiscal policies of developing countries. It thus highlights the need to improve these policies in relation to the challenges of sustainable development, the achievement of which requires a strong mobilization of public resources, both internal and external, in developing countries. In this perspective of maximizing public revenues, there are other international initiatives—outside the United Nations—that make tax recommendations for fragile economies to facilitate their upgrading in relation to the challenge of financing the SDGs.

2. Need for Strengthening the Global Partnership for Financing Sustainable Development

On the sidelines of the adoption of the SDGs in July 2015, former United Nations Secretary-General Ban Ki Moon said: “To achieve the Sustainable Development Agenda by 2030, we must quickly move from commitment to action. And to do so, we need strong, inclusive and integrated partnerships at all levels”. In this perspective, Goal 17 has been dedicated to this quest for partnerships and is the last theme addressed by Agenda 2030. Its aim is to strengthen global partnerships to support and achieve the ambitious targets of the Agenda, bringing together States, the international community, civil society, the private sector and other stakeholders.

In other words, it has been recognized through Goal 17 that only effective commitment, linked to partnerships and cooperation at the global level, can achieve successful sustainable development by 2030. It is for this reason that a certain opinion has often considered that this goal would not be seen a Goal as such, but rather a constellation of transversal means and strategies that allow the achievement of the other sixteen Goals. This argument is all the more convincing since the very title of Goal 17 is “Partnerships for the Goals”. In addition, when presenting Goal 17, the United Nations sometimes uses the expression “Revitalize the global partnership for sustainable development”. This goal reveals the need to develop—at global, regional, national and subnational levels—inclusive partnerships built on principles and values, a common vision and common objectives that place people and the planet at the “heart” of all action. In this perspective of achieving sustainable development, developing countries (governments, communities and local authorities) are called upon to work in synergy with inter alia northern (developed) countries, international organizations, multilateral financial institutions, development banks, civil society (associations, non-governmental organizations, etc.), academia and research institutes, private sector companies and banks, media, etc.

Against the backdrop of this emergence of public-public and public-private partnerships, there is simply a need to mobilize the resources needed to finance sustainable development. Indeed, to eradicate poverty, protect the planet from climate change and ensure that all human beings live in peace and prosperity, it is necessary for developing countries to raise huge financial resources. At the international conference in Addis Ababa (Ethiopia), in July 2015, the total cost of sustainable development was estimated at $2.5 trillion over 15 years. A sum of money that developing countries do not have at all. This imperative of access to finance in the achievement of SDGs is particularly formulated by the United Nations in the following terms:

“U urgent action is needed to mobilize, redirect and unlock the transformative power of trillions of dollars of private resources to deliver on sustainable development objectives. Long-term investments, including foreign direct investment, are needed in critical sectors, especially in developing countries. These include sustainable energy, infrastructure and transport, as well as information and communications technologies. The public sector will need to set a clear direction. Review and monitoring frameworks, regulations and incentive structures that enable such investments must be retooled to attract investments and reinforce sustainable development. National oversight mechanisms such as supreme audit institutions and oversight functions by legislatures should be strengthened.”

In addition, the need for significant financing—for the achievement of sustainable development—has also been reaffirmed by the results of studies by the United Nations Development Programme (UNDP), the World Bank (WB) and the Organization for Economic Cooperation and Development (OECD), which put forward figures ranging from 80 to 150 billion dollars per year for the development of the world’s least developed economies. In other words, there can be no development without the mobilization of the necessary resources. In this respect, it would be important to recall that at the time, even within the framework of the “European Recovery Program” or “Marshall Plan” initiated by the United States, significant financial resources had been mobilized for the development (reconstruction) of the Western European countries devastated during the Second World War. European reconstruction in the 1950s, which was relatively rapid, was thus largely stimulated by the assistance of American banks, which had granted loans to European countries under the guarantee of the United
States, as part of the said programme or plan.

Moreover, since the beginning of the implementation of the SDGs in 2016, progress has been made with regard to funding partnerships. According to the 2018 UN Report on Sustainable Development Goals, the statistics related to the achievement of Goal 17 are overall promising: official development assistance stood at $146.6 billion in 2017, representing a decrease of 0.6 per cent in real terms over 2016; 79 per cent of imports from developing countries enter developed countries duty-free; the debt burden on developing countries remains stable at about 3 per cent of export revenue; the number of Internet users in Africa almost doubled in the past four years; 30 per cent of the world’s youth are digital natives, active online for at least five years; but more four billion people do not use the Internet, and 90 per cent of them are from the developing world.

3. Impact of Goal 17 on Tax Governance in Developing Countries and the New Framework for Implementing International Assistance: the Addis Ababa Action Agenda

From the outset, it should be pointed out that all the Sustainable Development Goals included in Agenda 2030 are accompanied by action plans or targets (a total of 169 targets common to all the countries involved) which are in turn broken down into indicators, in accordance with the Global Indicator Framework for the Sustainable Development Goals and Targets of the 2030 Agenda for Sustainable Development. As for Goal 17 alone, it contains 19 targets grouped into five themes, namely: Finance (5 targets); Technology (3 targets); Capacity Building (1 target); Trade (3 targets); and Systemic Issues (7 targets subdivided into three sub-themes, 3 for “Policy and Institutional Coherence”; 2 for “Multi-stakeholder Partnerships”; and 2 for “Data, Monitoring and Accountability”). That being said, our attention is focused on only a few of the targets related to the “Finance” theme. Indeed, the five targets related to this theme are the following:

17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.
17.2 Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of ODA/GNI to developing countries and 0.15 to 0.20 per cent of ODA/GNI to least developed countries ODA providers are encouraged to consider setting a target to provide at least 0.20 per cent of ODA/GNI to least developed countries.
17.3 Mobilize additional financial resources for developing countries from multiple sources.
17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress.
17.5 Adopt and implement investment promotion regimes for least developed countries.

In our opinion, of these five targets, only two (17.1 and 17.1) directly address the issue of tax governance in developing countries. Indeed, in accordance with traditional public finance rules, the mobilization of both internal (national) and external resources is set and managed within the framework of “fiscal policy”. This is the set of decisions taken by public authorities in the field of taxation, with the initial objective of guaranteeing minimum budgetary revenues (tax revenues). To this end, public authorities are required to put in place legal instruments and infrastructure to collect taxes and other national (taxes, duties and other compulsory levies) and external revenues (budget support, financing of investments by way of grants, and programmes or projects loans, etc.).

In the light of the above, it appears that developing countries are required in particular to improve their domestic fiscal policies in order to ensure the financing of the Sustainable Development Goals set out in Agenda 2030. In other words, they must partly finance their own sustainable development, not only by improving their fiscal policies but also their budgetary and investment policies. This is obviously a partial source of overall funding, as other resources must come from public development aid to be provided by developed countries or from blended finance, through public-public and public-private partnerships.

In addition, in the United Nations’ 2018 Report on Sustainable Development Goals, it is clearly noted that international assistance and partnerships are essential, especially for the poorest countries and those facing special problems because of their geographical position. In this context, it should be noted that United Nations Member States agreed on 27 July 2015 on a new framework for financing and implementing the SDGs, namely the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. This Agenda now constitutes the international community’s roadmap for financing sustainable development.

With particular reference to the mobilization of
domestic public resources needed to achieve the SDGs, the Addis Ababa Action Agenda notes in particular the following:

“For all countries, public policies and the mobilization and effective use of domestic resources, underscored by the principle of national ownership, are central to our common pursuit of sustainable development, including achieving the sustainable development goals. [...] we remain committed to further strengthening the mobilization and effective use of domestic resources. We recognize that domestic resources are first and foremost generated by economic growth, supported by an enabling environment at all levels. Sound social, environmental and economic policies, including countercyclical fiscal policies, adequate fiscal space, good governance at all levels and democratic and transparent institutions responsive to the needs of the people, are necessary to achieve our goals. [...]”

“We recognize that significant additional domestic public resources, supplemented by international assistance as appropriate, will be critical to realizing sustainable development and achieving the sustainable development goals. We commit to enhancing revenue administration through modernized, progressive tax systems, improved tax policy and more efficient tax collection. We will work to improve the fairness, transparency, efficiency and effectiveness of our tax systems, including by broadening the tax base and continuing efforts to integrate the informal sector into the formal economy in line with country circumstances. In this regard, we will strengthen international cooperation to support efforts to build capacity in developing countries, including through enhanced official development assistance (ODA). [...]”

Still in the margins of the Addis Ababa Action Agenda, the governments of some developed countries (Germany, the Netherlands, the United Kingdom and the United States of America) have adopted another project (the Addis Tax Initiative) by which they have undertaken to enhance the mobilization and effective use of domestic revenues and to improve the fairness, transparency, efficiency and effectiveness of their tax systems. Participants commit to step up efforts as follows: participating providers of international support will collectively double their technical cooperation in the area of domestic revenue mobilization/taxation by 2020; partner countries restate their commitment to step up domestic revenue mobilization as a key means of implementation for attaining the SDGs and inclusive development; and all countries restate their commitment to ensure Policy Coherence for Development.

Nowadays, more than 55 countries (including some developing countries), regional and international organizations have signed up to the Addis Tax Initiative. Its Steering Committee is composed of three partner countries and three development partners, which serve for one year, one time renewable. It is headed by two co-chairs, one from a partner country and one from a development partner. In addition, the International Monetary Fund (IMF), the World Bank, the Organisation for Economic Co-operation and Development (OECD), the African Tax Administration Forum (ATAF) and the Inter-American Center of Tax Administrations (CIAT) participate as observers when required.

4. Other International Initiatives Contributing to the Achievement of Sustainable Development by Improving Tax Governance

One way to contribute to the achievement of the SDGs through improved domestic resource mobilization would be to tackle the phenomena of tax avoidance, tax evasion (tax fraud) and illicit financial flows. In this sense, it is clear from the Addis Ababa Action Agenda, in particular, that:

“We will redouble efforts to substantially reduce illicit financial flows by 2030, with a view to eventually eliminating them, including by combating tax evasion and corruption through strengthened national regulation and increased international cooperation. We will also reduce opportunities for tax avoidance and consider inserting anti-abuse clauses in all tax treaties. We will enhance disclosure practices and transparency in both source and destination countries, including by seeking to ensure transparency in all financial transactions between Governments and companies to relevant tax authorities. We will make sure that all companies, including multinationals, pay taxes to the Governments of countries where economic activity occurs and value is created, in accordance with national and international laws and policies.”

In this perspective, it should be noted that several theoretical and empirical studies conducted during the current decade have shown that the above-mentioned phenomena (tax avoidance, tax evasion or tax fraud and illicit financial flows) are at the root of the decline in public revenues in developing countries around the world. For example, as part of the Base Erosion and Profit Shifting (BEPS) Project set up by the OECD from 2013, it has been demonstrated that the losses
caused by these phenomena in developing countries reach nearly $850 billion a year, nearly seven times the amount granted by the Northern Countries to Southern Countries in terms of public development aid. In another study published in early June 2015, based on data collected over the years 2003 to 2012, Global Financial Integrity (GFI) noted that illegal financial flows into developing countries—in terms of corporate profits from tax-exempt companies, undeclared private wealth and money from illicit activities—amounted to nearly US$1 trillion that would leave the South each year to tax havens and offshore financial centres. Thus, in a report published in 2018, the Economic Commission for Africa (UN) estimated that Africa loses an average of $50 billion in illegal financial flows each year, with an average over the period 2000-2015 of $73 billion, representing more or less 5.7% per cent of the region’s GDP, the highest rate in the world.

All these figures give rise to concern and alarm about the need to effectively combat tax avoidance, tax evasion (tax fraud) and certain illicit financial flows that plague developing countries’ domestic public revenues and consequently prevent the financing of sustainable development. This is why, even outside the only framework of Agenda 2030, the United Nations has always carried out sporadic studies on how to curb tax avoidance and evasion, particularly in developing countries. In particular, in April 2016, the “Platform for Collaboration on Tax Matters” is an initiative that was launched jointly by the UN, the IMF, the WBG and the OECD, with the objective of strengthening the cooperation between these international organizations on all tax issues. It provides them with a formal framework for regular exchanges on the design and implementation of international tax standards, increases their opportunities to support developing countries through capacity-building actions, and facilitates the development of joint guidance. The Platform also makes it easier for these four organizations to share information about their operational and knowledge-sharing activities around the world.

Specifically, with a view to improving tax governance around the world in general and in developing countries in particular, the OECD BEPS Project mentioned above has made recommendations in the form of Actions (15 in all) that allow for a reform of corporate taxation applicable at the domestic level of States, with a view to effectively combating tax avoidance, tax evasion (tax fraud) and aggressive tax planning. Developing countries are urged to join this initiative and take ownership of the underlying recommendations, implementing them in their domestic tax policies.

In order to accelerate this process of improving domestic fiscal policies, the OECD has established the Inclusive Framework on BEPS, which is a forum in which developed and developing countries come together to work and collaborate on an equal footing to discuss tax issues and curb tax avoidance and tax evasion. In addition, other regional organizations also contribute to the implementation of the BEPS Project, accompanying member countries through the various stages. These include the African Tax Administration Forum (ATAF), the Inter-American Center of Tax Administrations (“Centre interaméricain des administrations fiscales”, CIAT), the Tax Administrators Circle for Reflection and Exchange (“Cercle de Réflexion et d’Échange des Dirigeants des Administrations fiscales”, CREDAF) and the Study Group on Asian Tax Administration and Research (SGATAR), which are accredited to the OECD as observers.

Still in the perspective of maximizing the public revenues of developing countries, the project “Tax Inspectors Without Borders” (TIWB) is an innovative initiative designed in 2011 by the OECD, with major political support from the G20 and G8 countries. Inspired by the “Doctors Without Borders” model, the TIWB project was implemented in July 2015 by a partnership between the OECD and the UNDP, with a view to tackling tax avoidance and tax evasion by multinational companies in developing countries and contributing to the financing of the achievement of the SDGs set out in the United Nations Agenda 2030. In practice, the TIWB uses the services of experts (serving or retired tax officials) from developed country administrations to work directly with developing country tax officials (national or subnational) on audit issues related to international tax matters. Through this exercise, tax administrations in developing countries are strengthened in capacity and confidence to carry out quality audits. According to a 2017 OECD report, the TIWB programme helped beneficiary developing countries raise more than USD 278 million in additional tax revenue between 2012 and April 2017. This figure increased in 2018 to USD 328 million.

At the European Union level, the European Commission, which facilitated the adoption of the Addis Ababa Action Agenda, sent to the European Parliament and the Council of the European Union a Communication dated 28 January 2016 on an “External Strategy for Effective Taxation”. This external strategy enshrines a common coordinated approach by the EU Member States, in particular in terms of requiring “Good Tax Governance” outside the Union, combating tax avoidance and ensuring effective taxation. Among the actions underlying the
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above strategy is the objective of supporting developing countries to comply with standards of Good Tax Governance. Indeed, for a long time, the EU has often provided a strong support to developing countries’ efforts to improve their levels of domestic public revenue mobilisation and to combat tax avoidance by multinational companies. In this perspective, the EU allocates approximately €140 million annually to developing countries in the form of direct support for national public finance reforms and has budget support programmes in more than 80 countries.

In line with this logic of support for developing countries, the above-mentioned European External Strategy has provided for two ways in which the EU should now provide aid, so that beneficiaries (developing countries) comply with the standards of Good Tax Governance necessary to improve their respective tax systems:

- On the one hand, in the implementation —since October 2015— of the "Collect more - Spend better" approach, which specifies how the EU intends to assist developing countries in the coming years to establish fair and efficient tax systems, including by combating corporate tax avoidance. In addition to this approach, the EU is implementing many other priority initiatives for the benefit of developing countries, including capacity building in fiscal policy and tax administration (either through direct technical assistance or partnership programmes); support for international initiatives to strengthen legislation and regulations, in particular in the field of transfer pricing; and support for the development and implementation of tax assessment instruments such as the Tax Administration Diagnostic Assessment Tool (TADAT), the Public Expenditure and Financial Accountability (PEFA), and the Extractive Industries Transparency Initiative (EITI).

- On the other hand, while taking into account the weaknesses of developing countries in the tax field, the EU advocates in particular a balanced approach in the negotiation of bilateral Double Taxation Conventions with low-income countries, so as not to completely deprive them of the power to tax at source income generated in their territories. This approach will undoubtedly support sustainable development for developing countries.

5. Conclusion

The United Nations Agenda 2030 is an ambitious programme aimed at the sustainable and holistic development of developing countries. Its implementation requires huge financial resources that the countries concerned unfortunately do not have. It is in this perspective that Goal 17 of the same Agenda 2030 provides for the aid or assistance of developed countries and other partners in the achievement of the SDGs. In addition to mobilizing financial resources from public and private partners, there is a need to improve developing countries’ fiscal policies to maximize domestic revenues. Indeed, these developing countries have tax potential, which is unfortunately reduced by illegal financial practices such as tax avoidance and tax evasion. Fragile economies need an assistance to recover as much as possible of their taxing power. In this perspective, outside the United Nations, which can be considered as the guarantor of the Sustainable Development Agenda, other international or supranational organizations are striving to contribute to the achievement of the SDGs by proposing mechanisms to improve tax management in developing countries, so that "no one is left behind" in the dynamics of sustainable development.
Further reading


Walter B. GYGHER, “Thinking locally and acting globally is as important as thinking globally and acting locally”, In: Geneva Global Policy Briefs (GGPB), N° 4/2019, pp.1-8


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