**TRANSPARENCY &
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INITIATIVE**
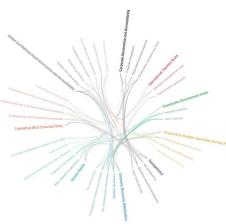
Collaboration Case Note

Taxation & Tax Governance

February 2019

TAI seeks to foster collaboration between two or more members around our shared strategic priorities. Collaboration case notes document and asses the utility of such initiatives from the funder perspective.
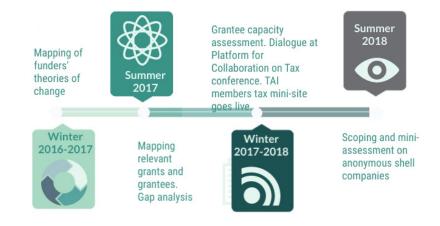
What Problem(s) Were We Addressing?

The international tax system is unfair, opaque and can be manipulated by many actors to shift profits and significantly minimize tax contributions. Stakeholders agree that the problem is multi-faceted and that there are different approaches to addressing the issue—particularly through focusing on beneficial ownership and/or revenue mobilization and accountability within developing countries. TAI members identified a need to collaborate on the issue in 2014, but the focus and strategy of that collaboration has shifted throughout the years. Perhaps as a result, respondents' understanding of the particular purpose of the collaboration does vary – with some hoping it enhances their understanding of the issues, while others want it to inform their grantmaking principles. Others want the collaboration to lead to more specific outcomes, such as closing tax loopholes or improving mobilization of tax revenue at the country level.

Tax ecosystem clusters

Mapping of funders' theories of change

Summer 2017

Grantee capacity assessment. Dialogue at Platform for Collaboration on Tax conference. TAI members tax mini-site goes live.

Summer 2018

Winter 2016-2017

Mapping relevant grants and grantees. Gap analysis

Winter 2017-2018

Scoping and mini-assessment on anonymous shell companies

Who Collaborated and How?

All members, with the exception of the MacArthur Foundation (the newest member) are involved in this collaboration, and the points of contact (a working group of tax Program Officers) are well established. The collaboration has also generated interest from non-members, at least one of which has become a regular participant in the discussions. Some actors feel as though the TAI Secretariat has

been leading this collaboration, while others believe it to be member-led. The collaboration is primarily comprised of meetings and calls. Participants often share experiences with different actors, tips, advice, who to hire, information about grantees, or more about a specific approach. Members consistently engage with one another, both in this forum and, increasingly, outside of it. They attend conferences and workshops; disseminate and exchange information; and map out their strategies and gaps.

What Type of Collaboration Was It?

TAI classifies its collaboration as fitting into four categories: exploration, inquiry, alignment, and influence. Stakeholders in this collaboration were divided on how this effort should be classified, though many believed it was primarily in the areas of inquiry and/or alignment (with two also feeling it fell into the exploratory category). Interestingly, the initial purposes of the collaboration seem to suggest more of an intent to serve the objective of influence, but results of the collaboration didn't fall neatly into one category or another. Alignment and inquiry were the most common types of results garnered from the effort to-date.

What Have We Achieved?

- Process-related changes: Stakeholders note they've set up a structure through which they can collaborate and work together. One respondent noted that their ability to work together creates a mechanism by which to navigate the sector.
- Mapping of strategies, and actors: Through the website, this information is publicly available and allows other actors to understand who is working in the space. One member found it particularly helpful to just learn about who is doing what in the space.
- Aligned and informed grantmaking:

Funders have coordinated directly on grantmaking decisions to ensure appropriate funding levels, that gaps are covered, and that they are aware of actors and organizations' capacities prior to awarding grants. This effort has drawn from the aligned reporting collaboration, in having specific pilot organizations working on tax use common reports, metrics, and timelines to reduce the reporting burden.

- Interest from non-TAI funders: Other donor actors have demonstrated interest and commitment to the collaboration.

How Did the Collaboration Evolve?

The collaboration evolved in focus over time. Stakeholders spent a fair amount of time on the initial phase to better understand where to focus their efforts. This included a few biannual workshops and mapping of both the members' theories of change as well as of active or potential grantees. This work was largely foundational to understand the objectives, groups they were funding, and openings for collaboration. By pinpointing a few areas where the group could focus, the collaboration then shifted focus to information exchanges, capacity analysis, exploration into priority areas for tax authorities and law enforcement, and a scoping and mini-needs assessment around the issues of anonymous shell companies. The collaboration has been quite incremental and the focus seems to have shifted from a desire for pilots and strategy development and implementation to an appreciation of information exchange and how that plays into very specific funding and grantmaking decisions.

Was the Collaboration Useful to Members?

Most members have found the collaboration to be somewhat or very useful, though a few have noted that they are still waiting to determine that utility. While many noted that nothing practical had come of the collaboration, those same actors also highlighted specific grantmaking decisions they had made which were informed by the collaboration. As such, the utility with respect to some big-picture items has gone unrealized, but some incremental changes have been tangible, notable, and appreciated. As one respondent stated, There is a genuine interest to share knowledge and link up portfolios more closely. But advancing strategies on pilot or specific interventions there's interest verbally but I haven't seen it play out in practice." Actors are also realizing where their value-add is, and are able to identify new actors to fund based on one another's experiences.

Barriers to Collaboration Use	Enablers of Collaboration Use
Diverse funders have different interests, both in terms of areas of interest (which portion of tax and tax governance to focus on) as well as with respect to geographic priority areas (global, regional, country-level)	Genuine, open information exchange between actors; information is unfiltered and honest
Funders have differing internal systems and processes	Discrete and common set of grantees who are working in this space
Large agenda, which is broad and far reaching (and is, in many ways, 2 combined agendas)	Topic is relevant and aligned with what the institutions are interested in and working on
Challenge of maintaining critical mass of members (Ford shifting away from this agenda and MacArthur not prioritizing tax issues)	The Secretariat and members have strong expertise, knowledge, and networks in this space

Lessons Learned

Importance of open, honest dialogue among funders. The act of exchanging information in a transparent way should not be underestimated. There are few avenues by which funders feel they are actively convened (more than bilaterally) to set aside time to reflect. There are even less of those opportunities during which they feel can be transparent about their experiences with a particular grantee and coordinate to ensure their efforts are complementary rather than duplicative. This collaboration initiative has worked well in large part because members have a shared trust and openness with one another. They are willing to share specific experiences and thoughts ranging from their strategic direction to the nuts and bolts of funding levels and grantee capacity. Because of this, external actors (donors outside of TAI) are also becoming interested, and have begun to participate more regularly.

Necessity of a well-connected and dedicated entity to drive the process. Despite the fact that there are a common set of grantees and interests, stakeholders noted that the conversations don't happen holistically without the convening work of the TAI Secretariat. The ability of TAI to not only convene, but help direct and play a more significant leadership and directive role was appreciated.

The broader the topic, the harder it can be to make tangible. Stakeholders struggled to act upon the big picture idea behind the initiative. In putting together a common strategy or implementing a common agenda, differences between funder priorities became apparent; and they framed the work in different ways. The impetus for change is difficult when the agenda is large or covering two or more topics. When the needs are smaller, more focused, and tangible (e.g., in deciding at what level to fund a grantee), it's easier to make material changes. If broader action is still desired, stakeholders will have to work to establish smaller, more tangible steps. That might include establishing a common pool of funding with a common workplan, or determining a smaller focal area for engagement.

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