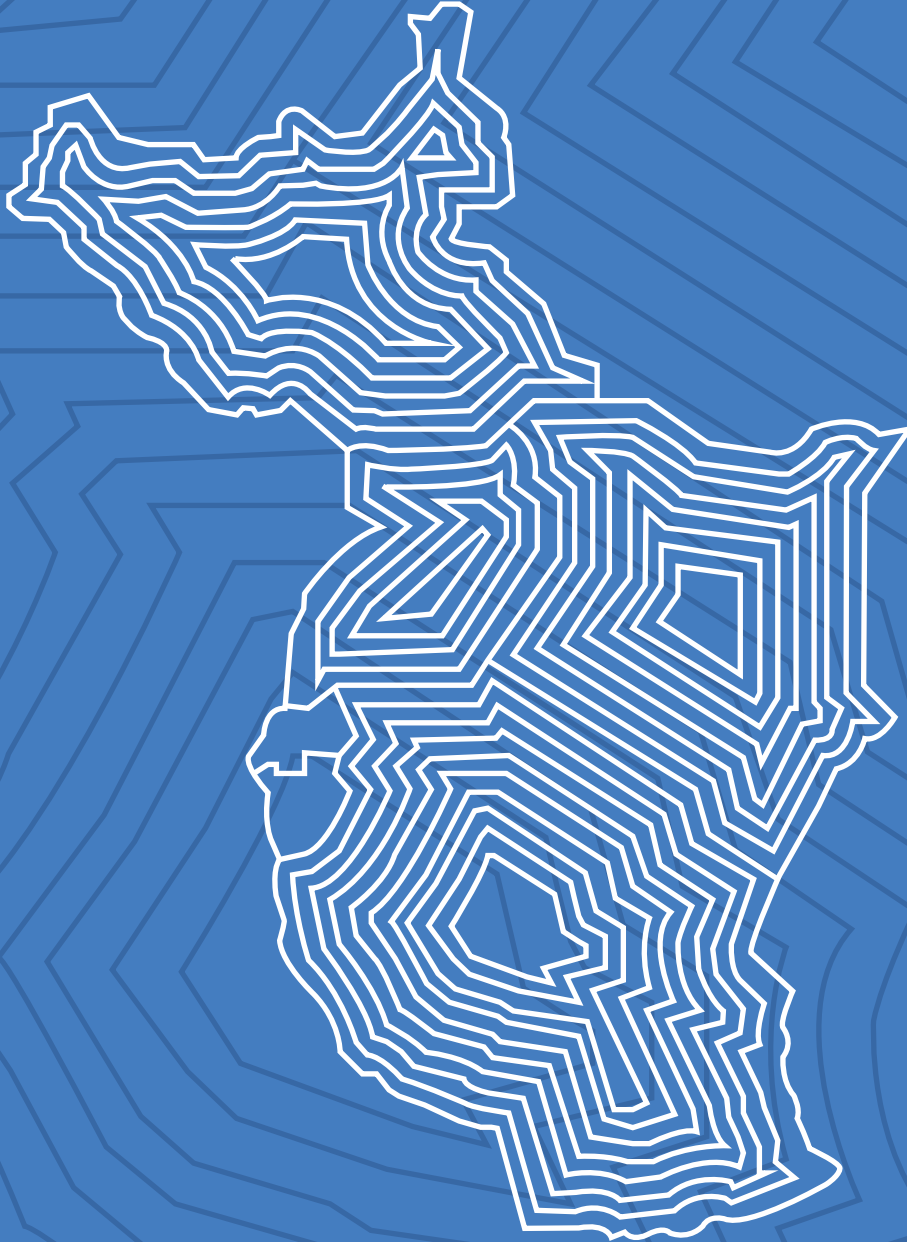


# **PRIORITIES FOR THE REGION**



**STRATEGIC PLAN OF THE EAST AFRICA TAX AND  
GOVERNANCE NETWORK  
2019-2023**

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**FORWARD**

Over a period of 8 years EATGN has gone through various phases since its official launch in 2011. Beginning as a multi-stakeholder dialogue forum intended to “facilitate the provision of information to enhance the quality and quantity of media reporting on tax and governance” in the region, EATGN is now rebooting itself as a bigger, better, bolder, and stronger organization. The network has evolved from a process that started in late 2009 as a media training initiative for journalists to spread awareness on tax and governance issues. Over the years the Network has been growing both in membership and scope of activities as it seeks to increase public stakeholder engagements or debate on tax issues in Kenya plus other countries across East Africa with the overall goal of the network being to “contribute to a just, transparent, accountable and citizen driven tax system in East Africa”. The governing body of EATGN is a steering committee comprising of Southern and Eastern African Trade, Information and Negotiations Institute (SEATINI) from Uganda, Governance for Africa (GFA) from Rwanda, Action Aid Tanzania, Tax Justice Network Africa (TJNA), International Institute for Legislative Affairs (IILA), Policy Forum Tanzania and Centre for Support to Local Initiatives Development and assistance to vulnerable persons (CIDEP) from Burundi with SEATINI currently serving as the chair.

Despite many starts and stops, EATGN has been able to conduct several studies namely: a report on Tax and Human Rights in East Africa; and a study of the Nairobi International Financial Centre (NIFC). Three more are lined up for publication in 2019 as the network seeks better reach within each of the five East African Community (EAC) countries with the assistance and contribution of its members. However, with the inclusion of South Sudan as a member of the EAC, the Network is looking for ways in which to engage its people despite the circumstances in which it finds itself.

The Network continues to reimagine and rejuvenate itself into an organization that seeks to develop assets that strengthen tax justice and good governance in the region. By focusing on students taking part in regional debates EATGN will seek to expose them to contemporary tax issues affecting their respective countries with the EAC, while also helping them in their academic journeys. We hope the involvement of students will spur the creation of chapters for tax advocacy at universities across the region and that their participation in this debate will provide training in public speaking, campaigning, among other skills, for aspiring tax justice and good governance champions. EATGN is also seeking further engage governments, civil society organizations (CSOs), private sector organizations (PSO), trade unions, citizens and the public at large in championing tax justice and good governance in East Africa. Therefore, it is with this mind that EATGN has chosen two programmatic areas in which to engage, namely: Technology and Taxes; and Debt and Taxes, to engage matters of taxation in trade; regional integration; fiscal governance; network strengthening, and other cross cutting issues that will focus on the youth, gender and human rights. To achieve these aims, the network will therefore see to expand its: research; communication; network; training; and capacity building activities.

Looking at East Africa within the wider context of the continent, there are three critical points worth considering. The first, concerns illegal financial flows, tax evasion, tax avoidance and incentives. We must always be aware of how Africa increasingly finds itself exceptionally disadvantaged in a world of global competition and negotiations. We must therefore seek to remove these drawbacks by standing up for tax justice and good governance in the region. This is tied to the second point that every African generation has a responsibility to pick up the baton for the liberation and economic emancipation of the continent to better the lives of its citizens.

Lastly all forms of change can take place because other than having a voice, every citizen has the power to question their government because they pay taxes. This is because these monies are surrendered to authorities for citizens to acquire certain basic services. We therefore have the power to make Africa a better place for ourselves and future generations. EATGN will therefore strive to interact better with EAC citizens even improving its communications with the hope that one day it may be able to write various materials in local languages for the benefit of the common man. It is our hope that this Strategic Plan will enable all our stakeholders: The Steering Committee, Secretariat, Members and Partners to understand what EATGN aspires to become and achieve in the 2019-2023 period. Come and join us on this journey to ensure we achieve tax justice and good governance in East Africa for the benefit of all citizens.

**Leonard Wanyama**  
**EATGN Coordinator**

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## 1. INTRODUCTION

### 1.1 Background

The East African Tax and Governance Network (EATGN) was founded in 2011 in Nairobi, Kenya, as a membership organization of individuals and non-state actor institutions that share the understanding that taxation is fundamental in achieving social justice and development goals. EATGN is, therefore, a network of more than 16 organizations across the East Africa Community (EAC) specializing in taxation and, governance, public policy, research, and capacity building specifically working to create links between its various constituencies in the region to improve tax policy while deepening democratic governance. Of interest is the importance EATGN attaches to understanding tax management and how these shape policy outcomes - thereby explicitly recognizing that policy is not neutral.

EATGN has been implementing a three-year strategic plan that comes to an end in 2018. The 2016-2018 plan was predicated on establishing substantial growth in research - to fill in the identified knowledge gaps, conduct evidence-based programming and facilitate policy dialogue. It intended to achieve this by building its technical expertise and through the strengthening of its current partnerships while fostering new strategic linkages.

### 1.2 Methodology

To facilitate the navigation of the next five years, EATGN convened various steering committee meetings and facilitated a three-day scenario building workshop to find clarity, build concise momentum, develop an agenda and work towards a common East African tax strategy for members in relation to current regional tax debates and policy-making processes.

Given the uncertainties experienced in the implementing the 2016 – 2018 strategic plan, across the EATGN network, there was consensus that the 2019 - 2023 strategic plan should draw concrete learning lessons from the previous period but move forward to innovatively address the changing, complex or ambiguous landscape it has and will continue operating in, for the next five years to strategically position itself. The core methodologies used for the development of this plan included the qualitative approach of reviewing relevant documents, a consultative process, and a foresight approach.

The use of foresight, which entails: a careful scoping of the main concerns to ensure that the right issues are identified; scanning the internal and external environment to determine how trends have been or are likely to evolve over time; examining assumptions to determine possible evolutions, which include but are not limited to a desired future or the vision; understanding the possible future implications of the trends in order to carefully design strategies for implementing the desired future, including strategies for averting potential crisis; as well as designing the actual implementation plan with the relevant people, by the indicated timelines while accommodating the variances faced along the way, was particularly recommended to aid this discussion.

### 1.3 Objective Of The 2019 – 2023 Strategic Plan

All the information gathered was used to compile the 2019 – 2023 Strategic Plan. The objective of the plan was essentially to answer the following strategic questions.

1 What has EATGN achieved so far?

- a. What has been the successes?
- b. What has been the challenges?
- c. What lessons can EATGN learn?
- d. What are EATGN's strengths and weaknesses?

2 What factors in the external environment will affect or inform EATGN's work?

- a. How are those factors likely to evolve in the next five years?
- b. What are EATGN'S opportunities, threats and other likely implications?
- c. What is EATGN'S strategic response?

3 What is the strategic direction for EATGN?

- a. Is the network's vision still relevant or should be revised?
- b. Is the network's mission still relevant or should be revised?
- c. What approaches will EATGN use to accomplish its mission?
- d. What values will guide EATGN?
- e. What is EATGN's theory of change?

4 What program choices will EATGN make?

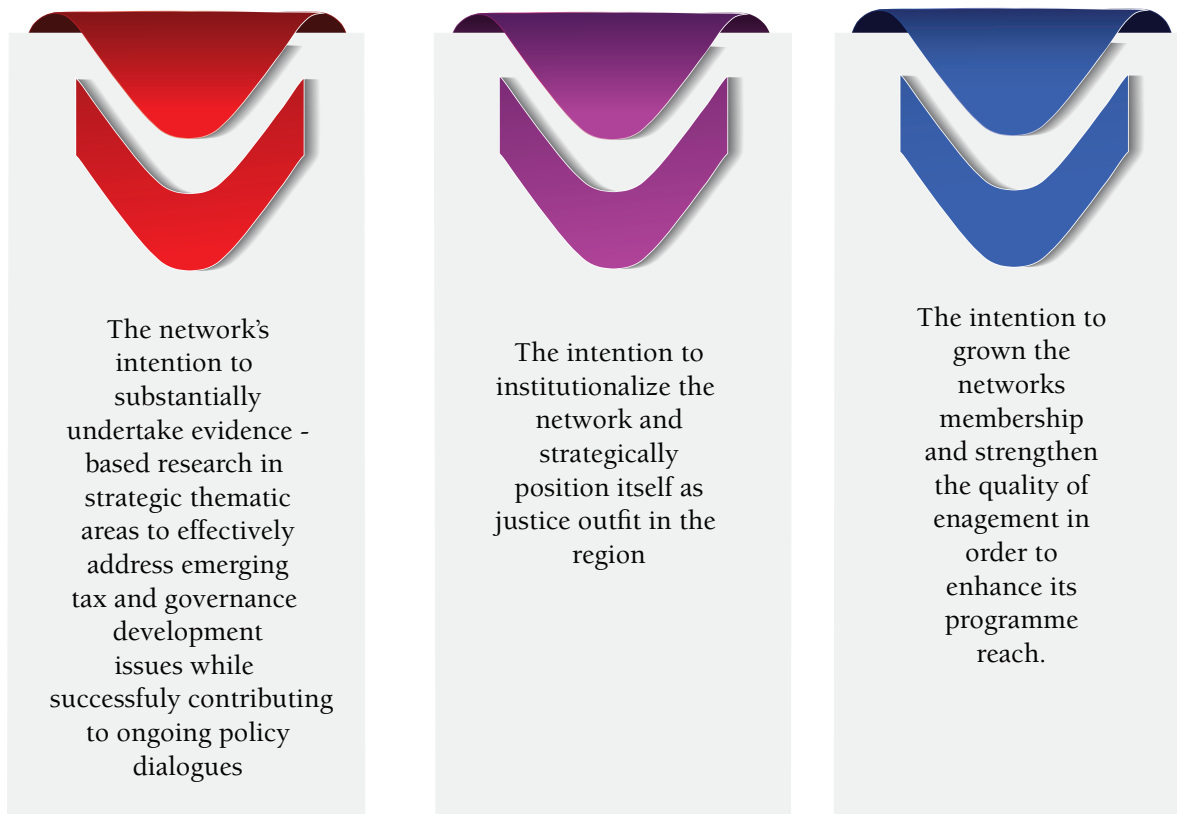
- a. What is the problem EATGN is aiming to solve?
- b. What are the opportunities EATGN is pursuing?
- c. What are the most strategic options (that give strategic advantage and unique positioning) for EATGN?

5 What institutional strategies will be fit for the purpose?

- a. What external relationships should EATGN cultivate to achieve it's goals?
- b. What organizational structure will aid EATGN's work?
- c. What systems should be put in place to ensure EATGN's optimal functioning?
- d. What kind of workforce and skill sets would be needed at EATGN to support the strategic direction the network is taking?



This 2019 – 2023 strategic plan is therefore predicated on three main pillars:



This strategy compiles a situation analysis, and gives EATGN's strategic direction, programme direction to conceptualise new thematic areas or re-invigorate the old ones and the institutional development – to regularize its leadership structures and strengthen its membership aspects moving forward.

## 2. REVIEW OF THE 2016-2018 PERIOD

The EATGN steering committee took time to review EATGN's performance to determine the successes achieved and the challenges experienced. EATGN also took time to understand its strengths and weaknesses, and to identify both the opportunities open to the organization and the threats it faces moving forward. This analysis enabled EATGN to continue building on what it does best while understanding the areas of improvement. It also uncovered opportunities EATGN is well placed to exploit while working towards ways of managing, eliminating or navigating around threats that would otherwise pose serious risks to the organization.

During the implementation period, the following were EATGN's successes and learning lessons.

- a. The Tax and Human Rights in East Africa Report sustained the visibility and credibility of EATGN

- b. The paper on the Nairobi International Financial Centre (NIFC) in collaboration with TJNA gave EATGN significant traction considering the importance of the issue in Kenya and possible linkages to similar circumstances in Rwanda. The NIFC paper also opened an advocacy opportunity with parliamentarians and attained significant media coverage. The NIFC bill was passed and is now an act of parliament. Despite the critique of the NIFC the submissions made arising from the findings of the paper were recorded in the parliamentary Hansard. Currently, TJNA is on course with the development of a legal opinion regarding seeking whether there are grounds to pursue public litigation concerning the establishment of the NIFC.
- c. EATGN and TJNA worked successfully, together with SEATINI in organising the Tax Justice Students Debate in Kampala

### 2.1 Successes Achieved

During the implementation period, the following were EATGN's successes and learning lessons.

- a) The Tax and Human Rights in East Africa Report sustained the visibility and credibility of EATGN
- b) The paper on the Nairobi International Financial Centre (NIFC) in collaboration with TJNA gave EATGN significant traction considering the importance of the issue in Kenya and possible linkages to similar circumstances in Rwanda. The NIFC paper also opened an advocacy opportunity with parliamentarians and attained significant media coverage. The NIFC bill was passed and is now an act of parliament. Despite the critique of the NIFC, the submissions made arising from the findings of the paper were recorded in the parliamentary Hansard. Currently, TJNA is on course with the development of a legal opinion seeking whether there are grounds to pursue public litigation concerning the establishment of the NIFC.
- c) EATGN and TJNA worked successfully, together with SEATINI in organising the Tax Justice Students Debate in Kampala.
- d) EATGN engaged on policy advocacy with East Africa Legislative Assembly (EALA) Committee on Communications, Trade, and Investment

### 2.2 Challenges EATGN Faced

Within the 2016-2018 strategic period, EATGN faced various challenges, key among them being:

- a. Rebuilding confidence to maintain EATGNs donor networks, professional relationships, fundraising, trust and legitimacy in its conduct of initiatives and administration of systems.
- b. The unavailability of the previous chair due to other commitments warranted the network to find a replacement.

### 2.3 A Swot Analysis Of EATGN

Strengths	Weaknesses
The regional aspect of the network places it at a strategic advantage to tackle tax justice issues at the regional level	EATGN is a loose coalition of organizations that has been process oriented
There is capacity within the network to strengthen the organisation and its membership that can be leveraged by EATGN	Some countries like Burundi have limited capacities to engage
Members have a strong passion for tax justice-matters, they network, share information, and have shared thematic focus	The Kenyan network members have not been active
Legitimacy, ownership, relevance and credibility of constituent organisations	Some members do not really understand the work of EATGN

Strengths	Weaknesses
<p>Strong Knowledge and Training opportunities</p>	<p>The EATGN secretariat is only represented by the coordinator and has been understaffed.</p> <p>Inadequate resources to implement planned activities such as joint advocacy initiatives with members</p>
Opportunities	Threats
<p>There is an opportunity to align EATGN work with the Sustainable Development Goals (SDGs).</p> <p>Tax issues continue to gain relevance in the global, continental and regional space. EATGN therefore has an opportunity to capitalize and develop a niche for itself</p> <p>Tax funding is tied to various other topics such as tax and gender, tax and extractives, tax and health e.g. tobacco matters among others. EATGN in this plan has an opportunity to figure out the regional priority areas to develop appropriate programming, projects and activities.</p> <p>The success of EATGN could serve as a good model for similar initiatives in West Africa and Southern Africa</p> <p>Rwanda was now the chair of the Africa Union (AU) which gives EATGN an easy entry point into regional activities like the trade and investments conference</p> <p>Existing legal and policy frameworks in the region to facilitate the implementation of tax justice work</p>	<p>Inadequate resources to implement planned activities such as joint advocacy initiatives with members</p> <p>Initiatives with a regional scope do not easily attract donor funding</p> <p>Constricting civic space due to authoritarian tendencies of some governments within the region as well as political instability in some countries lessens the political will to engage in tax justice work and in some cases, elicits outright aggression towards tax justice related work.</p>

Strategic interventions to turn the weaknesses to strengths included: Institutionalizing EATGN; building the capacity of weak EATGN members; aggressively seeking out the active participation of CSOs in all the countries; enhance the understanding of EATGN's mandate among all members; and enhance EATGN's coordination. Strategic interventions to turn the threats into opportunities included: finding ways of building a financially sustainable network; joint fundraising efforts with national organizations; and advocating to the opening of the civic space as part of enhancing tax justice work in the region.

### 3. SITUATION ANALYSIS

A core question for EATGN at the onset of this strategic planning process was - what issues and trends, external to the organization will shape its operations. EATGN operates in a context within the tax justice arena that is complex and constantly changing globally, regionally and nationally as new opportunities, new challenges and new demands emerge. These issues are interrelated and are potentially enabling or even disruptive to EATGN's work. Major areas, in particular: political concerns such as the public revenue challenges, issues around financial transparency, financial administration and other forms of corruption, the shrinking civic space; economic concerns such as the financing landscape, inequality in taxation, debt; social concerns such as demographics; religious or cultural values; technological concerns such as taxation in the digital era; and global concerns such as tax distortions and their role in increasing tax are unpacked below

#### 3.1. Tax Concerns

##### 3.1.1. Revenue Distortions And Their Role In Increasing Tax Burdens

Tax distortions have contributed to the build-up of debt and financial complexity in our societies. These distortions, according to the International Monetary Fund (IMF) have had a hand in the latest financial and economic crises. These distortions do not promote higher productivity or real value creation. Instead, they merely transfer wealth directly from taxpayers to private equity firms through legal tax avoidance avenues which are not highlighted as core problems of tax injustice like criminal tax evasion.

##### *Strategic considerations*

- Explore the specific amounts of resources lost because of international tax evasion and avoidance in any of the EAC countries like Kenya or Uganda and compare it to amounts received in aid
- Be a part of lobbying and advocating for policy coherence that challenges international tax dodging at national, regional and international levels
- Challenge harmful tax competition and stop tax leakages through the clamour for regional tax cooperation at the EAC
- Advocate and lobby the International Accounting Standards Board (IASB) to adopt country- by - country reporting of key financial information for all listed companies in the region to gain greater transparency among multinational companies.

#### 3.2. Political Concerns

##### 3.2.1. The Public Revenue Problem

The main purpose of tax has always been to raise revenue for public goods and services. Governments are hungry for revenues, and generally, slap the public with taxes whenever possible e.g. mobile money and social media taxes recently imposed in Kenya and Uganda. This then institutes unfair tax laws and policies. A well-known criterion for any good tax system includes fairness, affordability, minimal cost, ease of collection, certainty, transparency, and flexibility, which is hardly the case in the region.

<sup>1</sup> Fuest, C., & Riedel, N. (2009). Tax evasion, tax avoidance and tax expenditures in developing countries: A review of the literature. Report prepared for the UK Department for International Development (DFID), 1-69.

*Strategic considerations*

- Explore research and advocacy about the impact of different tax policies on disaggregated groups in the society such as women, men, and vulnerable groups.
- Explore ways in which citizens in the region can be mobilized to advocate for fair and progressive tax policies and practices.

**3.2.2. Financial Transparency**

Government actions can and have in many instances facilitated tax abuses. In poor countries, for example, many governments are unable to raise sufficient revenues through taxes because they provide tax exemptions, which corporates use as an excuse to extract profits without paying their fair share. In developing countries, it is estimated that tax evasion and avoidance results in annual revenue losses of up to USD 285 billion. Africa, therefore, loses twice as much in illicit financial outflows (including tax evasion and avoidance) as it receives in foreign aid. Tackling tax evasion and avoidance through enforcing the legal obligation to pay taxes is necessary for good governance.

*Strategic considerations*

- Campaign for regional governments commitment to full transparency on tax revenues and tax expenditures.
- Campaign for the removal of harmful tax exemptions for multinational corporations and wealthy individuals in the region or provide similar advantages for local companies to boost their productivity and enhance competition
- Contribute to the empowerment of African governments to negotiate fair contracts for their extractive resources
- In collaboration with other entities, campaign for the EAC to explore regional coordination and harmonisation of fiscal regimes, plus information exchange to challenge harmful tax competition in East Africa.

**3.2.3. Revenue Administration And Monitoring Forms Of Corruption**

Governments' rhetoric about service provision or eliminating poverty can be rendered meaningless if they do not collect sufficient resources to provide essential services and when they do, the resources are not utilized prudently for the intended purposes. Where relatively good tax policies exist in the region, there is still the challenge of administering these with integrity. Unfortunately, political influence determines where most of the resources will be allocated, which thereby favours the selfish interests of the elite. A large increase in the level of government spending for example in recurrent expenditure through the increase in politicians' salaries, travel allowances and other luxuries vis a vis a reduction of welfare-related spending such as budget cuts in education and health negate the fairness criteria of taxation. Additionally, the escalation of corruption among state officials to use public resources for private gain or increase in illicit trade facilitated by activities such as money laundering further reduces the resources that could be allocated for the development of essential services.

*Strategic considerations*

- Work with others to campaign for strengthening of government accountability channels and the strict enforcement of deterrent measures
- Campaign for the multilateral agreement for automatic exchange of tax information between jurisdictions and the disclosure the taxpayers' money held in secret offshore accounts belonging to corrupt officials to the elimination of the financial secrecy
- Strengthen and track trade mechanisms
- Advocate for strong judicial systems and law enforcement mechanisms as well as deterrent measures to curb corrupt practices
- The need to be vigilant and continuously advocate for a balanced application of the various laws passed that allow for discretionary powers, to ensure fair distribution of essential services.

### 3.2.4. The Civic Space

Governments in the region have been imposing excessive national executive regulations to control and intimidate Civil Society Organizations (CSO's) that challenge them to be transparent and accountable through outright human rights abuses of officers, arbitrary arrests, de-registration or threats of closure of institutions. These actions have continued to influence the public opinion of CSO's, they further shrink the civic space and have served to undermine the role the sector plays in the region.

*Strategic considerations*

- EATGN needs to find ways of teaming up with other like-minded actors in relevant networks and engage the government in improving the legal operating environment for non-profits organisations.
- EATGN needs to find ways of improving the social contract to operate by being accountable to their core constituents, the citizens, to legitimize the message of tax justice.

## 3.3. Economic Concerns

### 3.3.1. The Financing Landscape

According to United States Agency for International Development (USAID), the effects of the 2007-2008 global economic crisis intensified pressure on foreign governments to significantly reduce funding and thus diminishing the resources available to CSOs for their work. In other cases, foreign government policies to move from aid to trade, low economic growth rates in Western economies and long-term structural issues, including the rising costs of public welfare for ageing populations resulted in the overall aid budget reduction.

*Strategic considerations*

A new focus in the Overseas Development Assistance (ODA) post-2015 provides various opportunities for organizations like EATGN.

- The proposal to move from halving poverty (under MDG's) to ending poverty in all its forms everywhere (under SDGs) provides an opportunity for tax justice work linked to poverty and economic wellbeing of citizens particularly in the least Developed Countries (LDC's) that are politically fragile and environmentally vulnerable ones.
- The proposal to move from providing direct support for basic social services like health and education to an all-resources agenda of mobilizing and creating partnerships with other resource bases that can support implementation of these basic services, means that funding will not only go to CSOs but to private and public sectors to provide both public services and economic opportunities, which further redistributes resources that would otherwise be available to CSO's. This, however, provides an opportunity for EATGN to form linkages with non-traditional stakeholders like the private sector and find ways of working together to achieve mutual goals without jeopardizing their independence.
- The proposal to move from the separation of sustainability and development agendas to a unified and universal post-2015 sustainable development agenda means that to be eligible, harmonization, alignment and targeting of programmes and the establishment of in-country, multi-donor funding mechanisms, which gives preference to funding consortia of CSOs and favours the funding of fewer organisations, advantages network organizations like EATGN. It also provides linkages of EATGN's work from national, regional and global levels
- Organizations like EATGN must consider financial sustainability plans for themselves due to reducing donor support

### **3.3.2. Inequality In Taxation**

The devastating effects of austerity measures including taxation and fiscal policy reforms, such as the execution of double taxation agreements in the region are hitting the poorest people the hardest thus threatening their livelihoods and by extension their survival. Policies such as the increase in sales taxes-Value Added Tax (VAT) e.g. on fuel and fuel products in Kenya executed together with direct taxes such as Pay As You Earn (PAYE) that are flat and not progressive have had profoundly discriminatory effects on the poor compared to the rich. These disproportionately cut into the incomes of poor people, which are already meagre. For example, in some cases, the poorest 10% of the population paid 18% of their income in VAT compared to the richest 10% who only paid 4.6% of their income on VAT.

#### *Strategic intervention*

- Explore research on the real impacts of different tax policies on disaggregated groups in the society such as women, men, people with disability and other identities of society.
- Examine various aspects of tax redistribution to achieve the principle of fairness and tax justice in the region.

### **3.3.3 Debt**

China's medium and long-term trade credits have been an important part of the financial flows from China to Africa to finance infrastructure projects. Lending terms and volumes that are not consistent with the low-income country debt sustainability frameworks as well as imprudent debt management have heavily indebted many countries, which are now facing the vulnerabilities arising from debt-creating capital flows that are exacerbated by inadequate production and export bases to pay back the debt. This means that a large portion of the taxes collected goes into debt repayment instead of financing development. However, it is worth noting that debt does not come from China alone and it is worth exploring the "healthy mix of debt" that African countries are acquiring from various facilities such as Eurobonds.

#### *Strategic considerations*

- There is an opportunity to lobby for the prevention of accumulating unsustainable debt and prudent management of debt

## **3.4 Social Concerns**

### **3.4.1 Demographics**

There are approximately 160 million people in the region with the mean age being 18 years. The high dependency ratios that come with young populations means that there are many more people depending on every working individual (e.g. in the region, for every working person, they are eight to nine people depending on them). The projected population growth implies more pressure on existing resources. There is need to think through how to provide essential services for this growing population.

Analyses of the labour market trends show an exponential growth of the working age population, which quadrupled in the last 40 years and is set to double by 2030 because of this bulging youth population. With a decreasing formal sector employment and a growing informal sector (which is not captured in the formal tax contributions), contributes to an economy that has a very small wage sector, primarily driven by agriculture and services, and with most job seekers having no vocational or professional skills training, the unemployment crisis among youth, which is currently estimated at 35% of the population, will only get worse. Training these youths to be able to be gainfully employed but also devising ways of capturing taxes from the informal sector can help widen the tax base.

*Strategic considerations*

- Explore social interventions related to human population and tax justice
- Explore ways of diversifying the region's tax bases beyond PAYE and beyond formal spaces in a just manner

**3.4.2. Religion And Cultural Values**

Values such as “pay to Caesar what belongs to Caesar”, socio-cultural norms, and attitudes affect economic behaviour such as tax compliance. These factors determine the individual's intrinsic willingness to pay taxes – what is commonly referred to as “tax morale” and can be used to explain tax compliance beyond the standard economic factors of non-compliance deterrence like the level of fines and audit rates. However, isolating the reasons for these differences in tax morale is very difficult but a unique area of study.

*Strategic considerations*

- Explore the socio-cultural norms, attitudes or religious beliefs of in tax compliance within the region to understand the role faith-based and cultural institutions plays or could play in matters of tax compliance
- Explore the correlation between the perception of fairness of tax administration, the perceived equity of the fiscal exchanges, therefore, understanding overall attitudes towards governments across the countries in terms of tax compliance behaviour and morale
- Promote taxpayer education and compliance
- Work with the relevant tax institutions to build capacity for revenue collection

**3.5 Technological Concerns**

**3.5.1 Taxation In The Digital Era**

Direct taxes, which are taxes on the returns to the factors of production, usually provide the main tax base. However, as the global economy has expanded, capital has become increasingly mobile and thus harder to tax. Governments have been struggling with the significant challenges e-commerce presents to systems of taxation which now represents a significant source of business revenue. This is because taxation rules developed to address local property ownership, receipt of income, the sale of tangible property, and locally based commerce. It is therefore more complex to tax mobile or multi-jurisdictional businesses like UBER, Jumia, Taxify, activities that involve intangible property, and digital goods and services.

*Strategic considerations*

- Knowledge and capacity development in e-commerce taxation for example when it comes to using alternative means of buying and selling like the use of Bitcoin.
- Development of Tax Apps
- Monitoring and Evaluation of emerging issues
- Advocate for capacity building of Revenue Authorities taxing digital regimes
- Develop frameworks that guide digital taxation
- Investigated taxation agreements such as DTAs in relation to the digital economy

<sup>2</sup> World Bank Group. (2016). *From Economic Growth to Jobs and Shared Prosperity. Kenya Country Economic Memorandum*; UNDP [United Nations Development Programme]. (2013). *Kenya's Youth Employment Challenge*. New York: UNDP



#### 4. STRATEGIC DIRECTION

In response to the context, the 2019-2023 strategic planning process generally reaffirmed the core ideological elements, which include the vision, mission, approaches of how EATGN works to achieve its mission, core values and theory of change, developed by EATGN at its inception. However, some slight modifications were necessary to sharpen and contextualize the areas of work for more relevance, as unpacked below:

##### 4.1 The Vision

The vision describes EATGN's aspiration of the future it envisages when its work is done. Through a visioning process, EATGN further enriched the vision statement to visualize a compelling, preferred future the organization would like to see, as stated below:

“a fair, transparent, accountable and citizen driven tax system in East Africa”

From this it is evident that EATGN wants to be an organisation that is grassroots driven, one that is championed by citizens and has citizens involved in tax systems

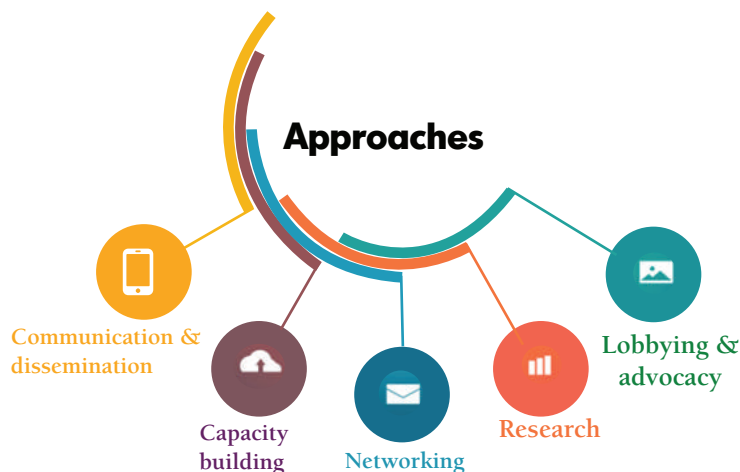
##### 4.2 The Mission

The mission of EATGN, which describes the reason for existence, is:

“to establish a vibrant tax justice movement across the Eastern African region that mobilizes citizen participation to advocate for equitable policies and practises”

### 4.3 EATGN Approaches

To effectively achieve its mission, EATGN will continue to apply the following ways of working as summarized below:



**Research** – EATGN will build unique, relevant and credible knowledge base in key thematic areas, which is geared towards enabling critical thought in matters of taxation and governance. EATGN undertakes to contribute to a broader sub-regional perspective of development policy issues and the impact of regional integration on the interdependency of national policy options, strategies and vice versa.

**Communication and dissemination** - EATGN will efficiently disseminate the vast information available from network members and from the research conducted to inform, facilitate reflective learning and influence policy.

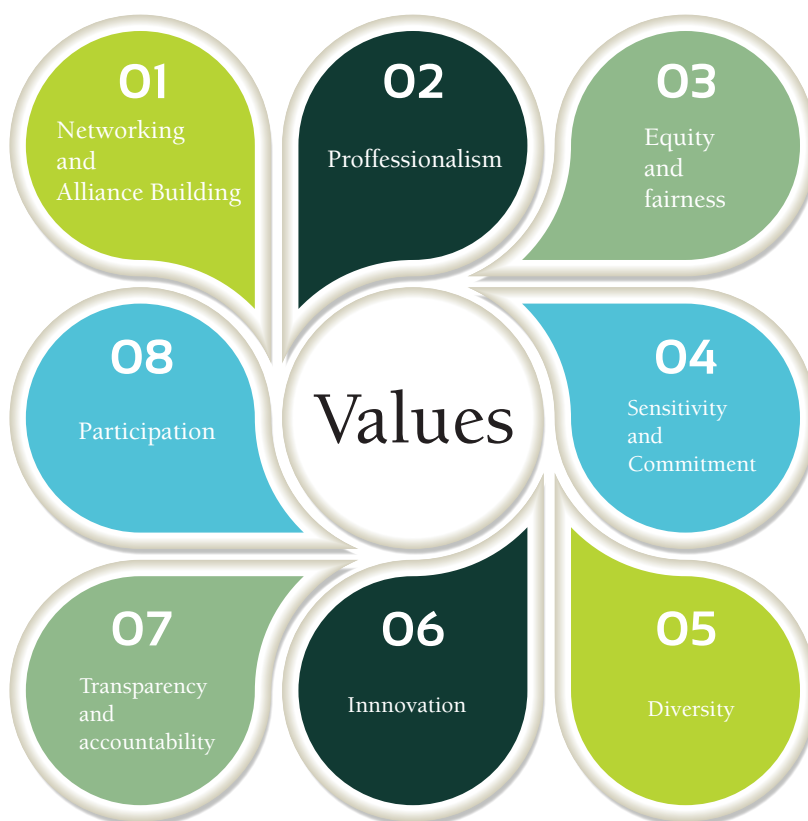
**Training and capacity building** - Build the capacities of network members and other stakeholders by expanding their skills or knowledge base to effectively participate in tax policy dialogues.

**Lobbying and Advocacy** – EATGN will support the network in lobbying activities or do it on behalf of network members to influence the policy space.

**Networking and Collaboration** – the magnitude, demands, and social challenges of tax justice work warrant the building of stronger and value-based partnerships to be able to achieve change.

#### 4.4 Core Values

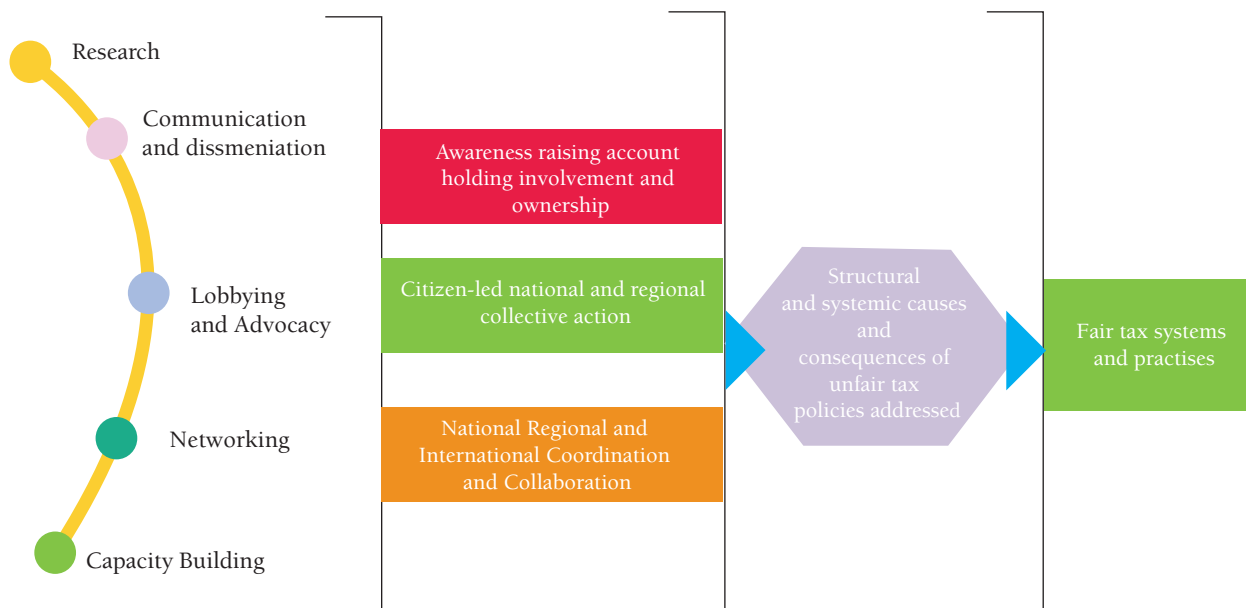
Our core values are the ideals that guide our decisions and actions. They articulate the enduring principles at every level of the organization. Our core values are summarized below.



#### 4.5 The EATGN Theory Of Change

The EATGN Theory of Change describes how EATGN envisions its contribution to the realisation of fair taxation, systems, and practices in the EAC region. The theory of change is a visual representation that helps to understand what interventions will be employed and the expected results to realize the desired change. It recognises at any one point that issues or problems will change but as an organization, the methods used to tackle the issues will remain constant.

It is envisaged that, using research, communication plus dissemination of research findings, building capacity of country networks to grasp tax justice matters, regional and in-country networking as well as advocating for researched based issues, will enable EATGN raise citizen awareness, encourage citizen involvement and ownership of the issues. EATGN will coordinate and collaborate with partners to have a citizen led collective action that will highlight the structural or systemic causes and consequences of unfair tax policies to be addressed by relevant stakeholders, mostly the governments, to achieve fair systems and tax practices as shown below.



However, as EATGN continues to grow and as evidence develops, the organization will continue to refine its theory of change to represent its growing understanding of what works to attain fair tax systems and practices.

### 5. PROGRAMME DIRECTION

EATGN aims to get involved in addressing the structural, systemic causes and consequences of unfair tax policies to help realize fair tax systems and practices in the region. EATGN has enormous opportunities to undertake substantial cutting-edge research in strategic thematic areas that have not been explored before in the region to effectively address emerging tax and governance development concerns. It is envisaged that EATGN initiatives will add much-needed value to the on-going tax justice policy dialogues regionally and within the EAC countries. It is also envisioned that these activities will provide a strong basis for capacity building of civil servants, politicians, CSO's and community groups to gain the necessary technical aptitude on the subject, while: enabling effective mobilisation of citizens participation in tax-related issues in the EAC Region; strengthen tax justice actors or networks; and improving the capacity of stakeholders to advocate for just, transparent and accountable tax systems. As a network comprising of various organisations with diverse interests on tax issues in the region, a key priority area that cuts across those diverse interests is the need for a concise internal understanding of taxation and public financial management. In addition to this, there are key strategic areas that EATGN will pursue between 2019 and 2023.

## 5.1 Key Strategic Areas For EATGN

### 5.1.1 Tech And Taxes: Revenue Administration In The Digital Era

Technological innovation and increased use of online transactions is clearly changing the underlying economy in which the traditional tax system is predicated. The emerging tax environment makes it essential to:

- a. Re-examine taxation designs, tax policy frameworks and tax administration in relation to:
  - Tax filing of returns, beneficial ownership, the existence of subsidiaries, company reporting
  - Tax remittances
  - Compliance to tax
  - Tax transparency
  - Tax communication/information

EATGN will seek strategic partnerships in this regard and apply all its approaches to:

- b. Engage in:
  - E-Governments/Governance at National and International levels
  - E-Commerce at national and international markets, world trade markets/organisation, trade, and intellectual property, trade and investment(s) in digital regimes
  - E-Protocols, compliance on Tax Residence

EATGN will seek strategic partnerships in this regard and apply all its approaches to:

- Build knowledge in these unique areas of tax justice
- Build the capacity of its members to engage with their respective national governments
- Advocate for E-technology model (Rwanda is a model); digital migration promotion; and regional automatic exchange of tax information at the regional level

### 5.1.2 Debt And Taxes: Sustainable Revenue Management For Development

Prudent public debt management which -according to Institute of Certified Public Accountants of Kenya (ICPAK)- is the ability to service debt obligations as they fall without disrupting budget implementation can help economies reduce their borrowing cost, contain financial risk, and develop their domestic debt market. Debt can also facilitate maintaining financial stability and assist countries develop their domestic financial systems. In this regard, EATGN will work around:

- a. Fiscal governance and more specifically
  - Policy impact assessment and analysis of debt in relation to domestic revenue mechanisms (DRM)
  - Tax collection - incentives, administration, widening of the tax base, illicit financial flows, and debt repayment
  - Revenue allocation and spending – equity, transparency, and accountability
  - Debt monitoring – access to information and budget analysis
  - Analysis of debt and impact on future generations
- b. EATGN will seek strategic partnerships in this regard and apply all its approaches to work on fiscal governance from a:
  - Sector perspective
  - Policy perspective
  - Future perspective

This will include focusing on cross-cutting issues like trade, gender, youth, and human rights among others

## 5.2 Strategic Stakeholder Analysis

Stakeholder mapping to determine a key list of relevant groups, organizations, and people; stakeholder analysis to understand stakeholder perspectives and interests while visualizing possible relationships from shared objectives and areas of mutual convergence is critical for the success if EATGN is to move forward.

EATGN stakeholders are listed below but are not limited to:

Stakeholders	Stakeholder Needs (SN)	Organisational (EATGN) Needs (Org)	How (what actions) do we align SN and Org Needs?
APNIFFT, EAC, EALA, Country Parliaments	Harmonization of laws, understanding how best they can feed into the EAC	Real time/contemporary data to inform their work, to have these reduced to actual simple to use information	Disseminate research information, build their capacity using the technical arm of government to inform them, give citizen feedback, conduct policy impact assessments especially on tax
Tax justice institutions at various levels (TJNA, ICD, A TTAF, GATJ, TJN)	Research studies and publications on tax issues	To give updates on global tax concern, Research components on tax issues, publications, advocacy studies	Debates conferences, technical support.
SEATINI (representing other members/ Country Partners)	Country specific reports, Active membership, solidarity advocacy	Fundraise, strengthening networks, building strong coalitions, feedback from this and their country networks	EATGN to leverage on country specific reports, co-fundraise, support regional dissemination of findings, Joint planning, Joint fundraising, Awareness of the country and EAC level budgeting process
Faith Based and Cultural Institutions	Capacity to engage	Be part of the regional network	Disseminate research information to raise awareness, build their capacity to engage

PRIORITIES FOR THE REGION

Stakeholders	Stakeholder Needs (SN)	Organisational (EATGN) Needs (Org)	How (what actions) do we align SN and Org Needs?
ECA, UN, IMF, WB, ACBF (Africa Capacity Building Foundation)	Reports, raw data and institutional capacities and consultant	Research data, resource people, access to global tax justice spaces to network and learn	EATGN to use their information to domesticate research, collaborate with them to participate in global
PWYP (Private Sector)	Revenue tracking on extractives, ethical reporting, resource mobilization, front groups that influence policy consultancy	Shadow reporting, whistle blowing	Capacity building, map the trainees, collaborative regional specific work
OECD, Stakeholders	Interested in shaping fair international tax regimes	Access to data, monitor the tax efficacy,	Integrate EATGN positions, become implementing partners
Academia, Universities	Research, Publications, evidence for advocacy	Research components on tax issues, publications, advocacy on tax issues	Joint research, partner to educate students on tax justice, co-host debates, clubs, and conferences
ICJ and media platforms	Publication and Public Awareness	Publication and Public Awareness	Foster media partnerships in all our activities; active on using social media with ICJ
Bi-lateral donors e.g. DFID, EU, USAID, Swiss Cooperation, NORAD, BMGF, JICA, EAC, ATAF, TRADEMARK, OXFAM, DIAKONIA, ACTIONAID, Christian Aid, OSIEA/OSF, Africa Capacity Building Foundation (ACBF), GIZ	Sector specific tax justice and governance concerns like health, education, trade, gender,	Research studies, publications, tax advocacy, fundraising	Develop proposals, organise visits, prepare contact lists, seek technical and financial partnerships, collaborate on network's capacity building opportunities

## 6. INSTITUTIONAL DIRECTION

### 6.1 Institutionalizing of EATGN

EATGN is currently being hosted by TJNA. Given the length of time the organisation has operated, the steering committee members felt that it was time to foster organizational independence, stability, and the permanent legitimacy to operate. To this end EATGN proposes in this strategic period to:

#### In terms of institutional characteristics

- a. Fully register EATGN as an independent legal entity able to operate in all the countries in the region, to give it the required legitimacy.
- b. Establish itself more visibly in the region as a strong tax justice network e.g. through the landmark work it will conduct
- c. Formalize its internal processes and procedures including revamping the board to be able to operate optimally and so that it can fulfil its mandate effectively. This will be done mainly through the development of operational manuals

#### In terms of intervention characteristics

- a. Set up EATGN as a coordination entity and a facilitator of processes rather than a direct implementer of tax justice work that could be done by members in their specific countries thus offering technical support to individual organizations and at national coalition levels
- b. Grow the membership of the network through the engagement of more stakeholders in member states
- c. Engage national coalitions to make a strategic commitment about how they plug in to this strategic plan for EATGN and its members to meet each other's interests
- d. Jointly influence tax justice issues at the EAC level  
To work at adequately resourcing the network activities (through various activities such as fundraising, membership fees, research information/material, adequate staff etc).
- f. To streamline processes and procedures that allow for systematic implementation of network activities, effective communication and good coordination with members from both the EATGN side but also from the national coalitions and individual organizations

The regional coordinator for example could have periodically rotate within the region, hosted by the steering committee members / organizations to allow the coordinator to have easy access to the network members and gain familiarity with country contexts. This would also help EATGN to strengthen individual country activities, which in turn would facilitate public participation and ownership initiatives thus strengthening the citizen orientation/focus of EATGN.

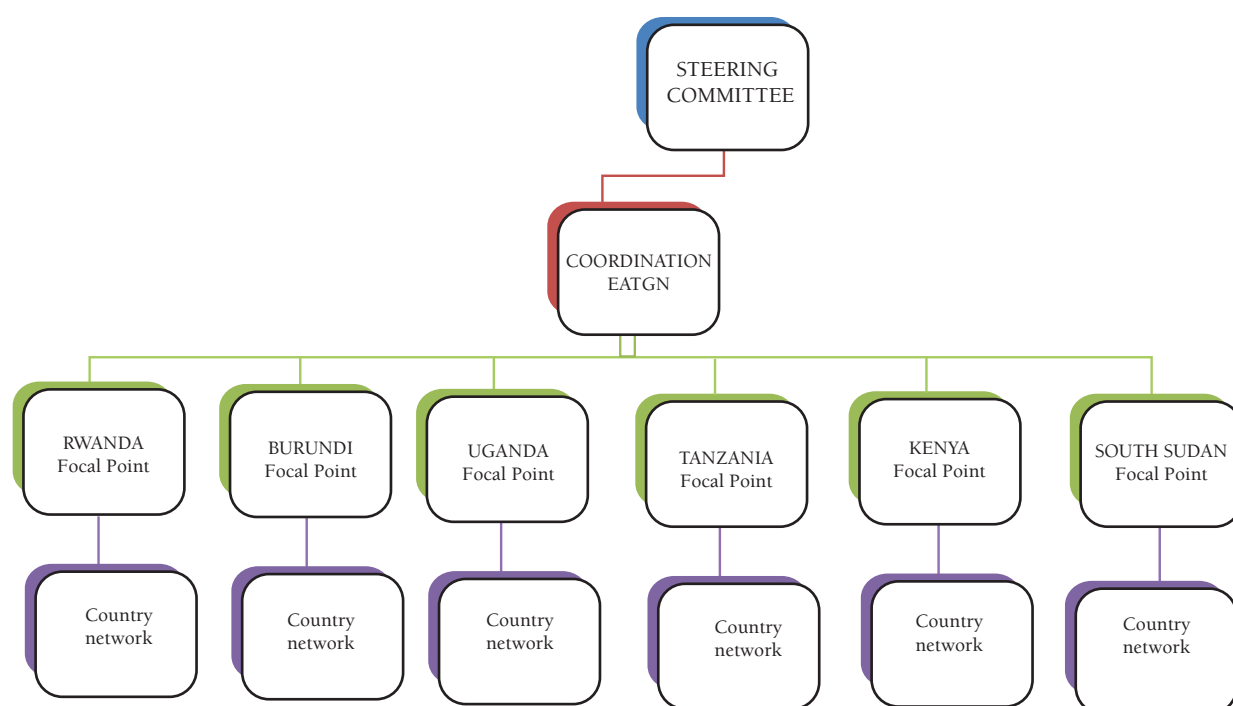
#### In terms of the institutionalization process

- a. The need for a sense of cohesion among EATGN members cannot be under-estimated due to the regional nature of the network otherwise the incongruence will cause members not to feel a sense of shared connection that motivates them to work together. EATGN will therefore have to find unifying factors including shared values such as collective learning in its sense of purpose and direction.
- b. Regular periodic events that enable EATGN to reinvigorate itself and keep itself relevant while growing the commitment of members to have a vibrant network



## 6.2 EATGN's Organizational Structure

EATGN is a group of legally independent organizations that uses various methods of coordinating and controlling their interaction to operate as a larger entity. EATGN acknowledges that it combines various aspects of networking in its collaboration – differing tax justice issues; varying competencies from the different organizations such as research, capacity building, community mobilizing etc; different types of stakeholders from different fields; with the aim of influencing different spaces e.g. national, regional, continental, global etc. Networks require organizational cooperation, trust, voluntarism, empowerment, innovation, organizational flexibility, and adaptability, which EATGN, through its structure and operations will have to foster. EATGN therefore envisions its organizational structure as follows.



## 6.3 Financing of EATGN's Work

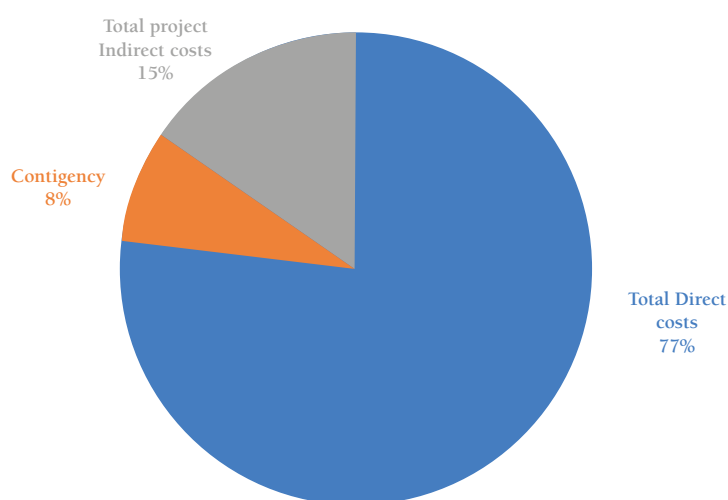
EATGN's activities have so far been funded by traditional bilateral organizations. EATGN plans to continue fostering these relationships to gain more trust and strengthen these partnerships.

In this strategic plan, EATGN also plans on engaging in uncharted areas of research in the region such as the area of taxation in the digital era. This will open the possibility of non-traditional partnerships, such as those with private tech companies, which has been an unexplored area of partnership before. Additionally, the proposed areas of possible engagement might open collaborations with government entities such as the revenue authorities who in the past may have been entities EATGN lobbies more than an entity to directly work with e.g. in joint research, within an equal partnership to advance both institutional goals. However, caution must be taken in these partnerships to ensure that EATGN still maintains its independence.

There are opportunities for EATGN to increase its funding chances by jointly fundraising for national and regional activities with its members. EATGN could also fundraise and sub-grant to the members to achieve its regional goals through national chapters.

Given the donor trends, the network needs to begin a process of establishing financial sustainability of the network in the long-term which entails building streams of income to support its work outside donor funding. To this end, EATGN should come up with a resource mobilization and sustainability plan for the strategic period of 2019 -2023. In order to deliver on the five-year strategic goals identified in this plan, EATGN will need substantial human, financial and material resources. With regard to financial resources necessary, a total budget of USD 6.9 Million is estimated for the implementation of the strategy with the projected funds expected to be sourced primarily from donors.

### RATIOS FOR EATGN BUDGET 2019-2023



Funds from donors are currently the most important source of revenue for EATGN. As the network takes shape, EATGN is seeking to diversify its funding base to include donors such as e.g. Department for International Development (DFID), European Union (EU), United States Agency for International Development (USAID), Swiss Cooperation, Norwegian Agency for Development Cooperation (NORAD), Bill & Melinda Gates Foundation (BMGF), Japan International Cooperation Agency (JICA), The East African Community (EAC), African Tax Administration Forum (ATAF), Trademark East Africa, Oxfam, Diakonia, Action Aid, Christian Aid, Open Society Foundation (OSF), Africa Capacity Building Foundation (ACBF), and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). EATGN will continue to seek new donors, however, this will be taken forward carefully due to the need for due diligence when entering new funding relationships.

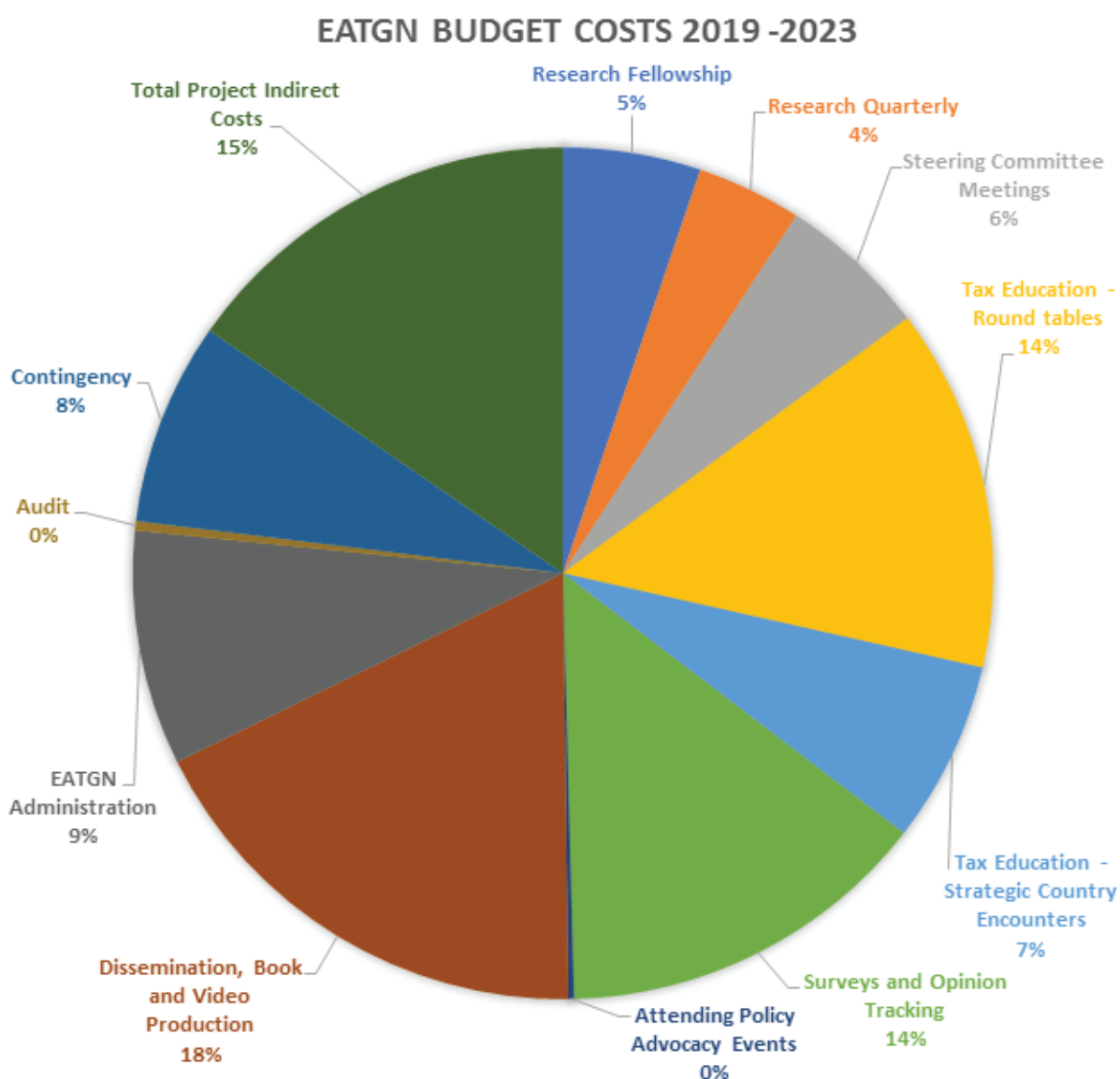
It is acknowledged that the key input for generating financial resources is staff time. Staff need to be enabled to develop quality proposals for potential funders, to collect membership fees, to conceptualise attractive (revenue generating) events, to mobilise volunteers and develop and manage agreements with hosted organisations. Key indicators for measuring progress on resources mobilisation efforts will be:

- Number of proposals submitted, and number of proposals funded;
- Number of members registered, trained, supported and amount of subscription fees paid up;
- Number of fee-paying activities or events organised, and amount generated in fees.

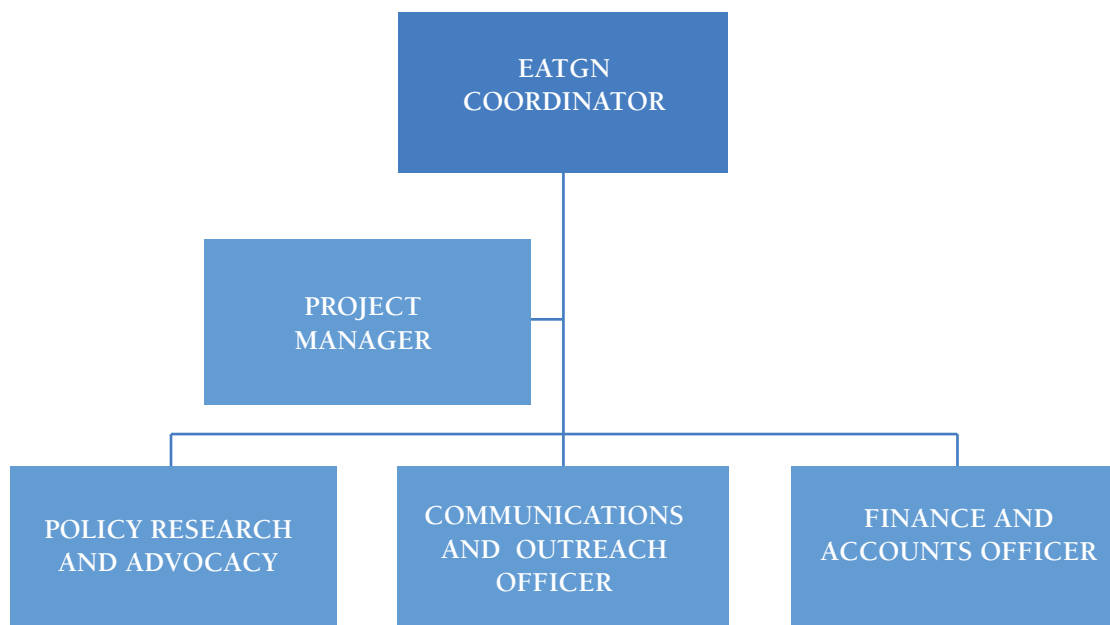
In addition to financial resources needed, substantial human resources are required for the implementation of this strategy. These can be grouped in the following categories:

- Strategic direction and leadership - vision development, political philosophy, and operational oversight;
- Planning – Translating vision into plan, implementation coordination, monitoring and evaluation, resourcing;
- Policy influencing – awareness raising, lobbying policy makers, generating knowledge;
- Developing a broad constituency of activists – knowledge dissemination, building and sustaining, partnership, recruitment and retaining activists;
- Building a stronger network – improving systems and processes, administration, finance, monitoring, evaluation and learning, communication.

The diagram below highlights the ratio of resource utilisation needed to implement EATGNs needs highlighted previously.



EATGN is aware that a mix of talent is necessary along all these key areas to fulfil the required tasks of the network during this next period. A full organogram to be initially implemented over the next 5 years is provided below.



EATGN is thankful for the support of our partners the Tax Justice Network Africa (TJNA), and the Open Society Initiative for Eastern Africa (OSIEA)



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