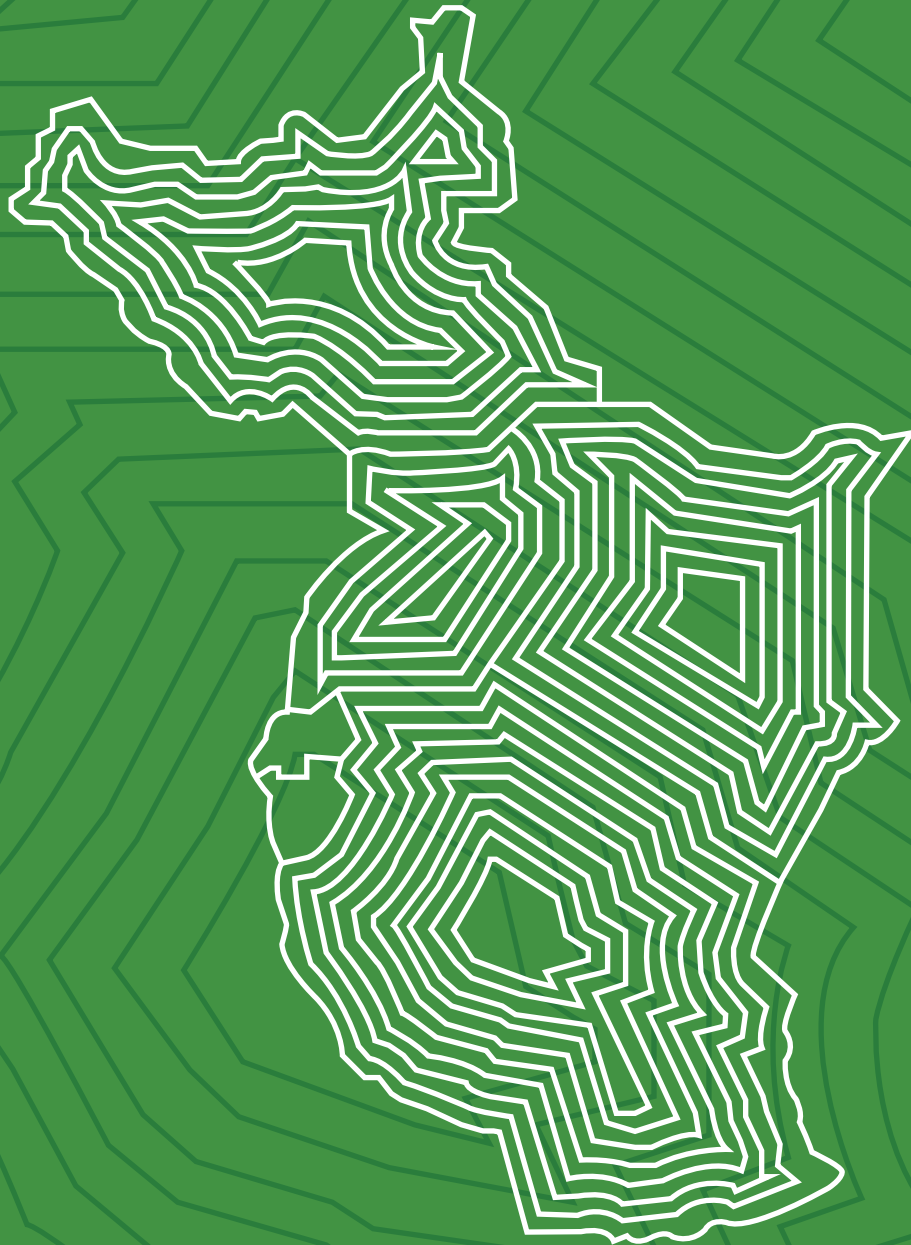


THINKING FOR THE FUTURE

EAST AFRICA TAX STRATEGIC PLANNING

WORKSHOP REPORT



**August 28th to 30th, 2018, Lukenya Getaway,
Machakos, Kenya**



East Africa Tax and
Governance Network

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ABOUT EATGN

The East African Tax and Governance Network (EATGN) was founded in 2009 in Nairobi, Kenya, as a membership organisation 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 organisations across the East Africa Community (EAC) specialising in taxation, 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.

The network is working to establish strong and sustainable national tax justice platforms in the EAC by implementing a five-year strategic plan 2019-2023. This will be done through pursuit of substantial growth in research - to fill in the identified knowledge gaps, conduct evidence-based programming and facilitate policy dialogue. It also intendeds to achieve this through building its technical expertise and through the strengthening of its current partnerships while fostering new strategic linkages.

To implement its activities over the next five years, EATGN works through a steering committee and country focal point organisations to find clarity, build concise momentum, develop agenda and work towards a common East African tax strategy for its membership in relation to current regional tax debates and policy-making processes.

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Figure 1: EATGN Participants 28-30 August 2018, Lukenya, Machakos, Kenya

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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 came 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 Definitions, agendas and priorities

Definitions

EATGNs work is about tax work, which is often mistaken for budget work i.e. expenditure cycle or budget allocations but in essence, tax justice begins with how much is being collected, and where the money is being collected from. These divergent directions need to be brought together to form a loop that allows for a clearer understanding of tax collection, evasion and monetary expenditure. EATGN does tax work because of the existing challenges on how to tackle inequality. Tax inequality has in this period become more comprehensible due to the manifestations of inequality within the existing revenue regime i.e. the cycle of tax collection, allocation and expenditure. Among a myriad of manifestations of tax injustice in existence, Illicit Financial Flows (IFFs) and Tax Evasion are among the issues EATGN hopes to tackle in the coming years. In viewing policy spaces, it was therefore vital to: examine who were in these spaces; and recognise their differing capacities by examining how well equipped they were to handle these and how they were going about this.

National Tax Agendas

There is a great need for members of the EATGN to examine their national tax agendas. These cases are important because they inform strategy. The EATGN Steering Committee for instance took note of the fact that that Uganda and Tanzania network were strong, the Rwanda network was coming up, the Burundi network was starting operation but in terms of getting their voice in the EAC the Kenyan voice needed to be greatly strengthened.

Institutionalisation

EATGN was at the time of this meeting, a small organisation that was housed at TJNA, with only one member of staff – the Coordinator and a supportive Steering Committee, one from each of the countries represented. The desire and demand for growth goes beyond its membership. For instance, the East African Civil Society Organisations Forum (EACSOFF) is examining what the role of tax advocacy is within its structures. Organisations like TJNA are also asking who is filling this space in East Africa and working to change policy in the region. EATGN hopes to fill this gap, to be the premier organisation that talks about tax issues with confidence and therefore be able to change the EAC for the better.

1.3 Methodology

To facilitate the navigation of the next five years, EATGN convened various steering committee meetings and facilitated a three-day strategic planning workshop between 28th August to 30th August 2018 in Lukenya Getaway, Athi River. The meeting hosted twenty-two participants from Burundi, Rwanda, Tanzania, Uganda and Kenya, convened by the network's focal organisations in these countries, namely: International Institute of Legislative Affairs (IILA) , Governance for Africa (GFA), Action-Aid Tanzania (AA-TZ), Centre d'Appui aux Initiatives Locales de Développement et d'Assistance Vulnérables (CIDEP), Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI), Tax Justice Network Africa (TJNA) and the EATGN Secretariat.

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 in order 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, aided this discussion.

1.4 Objective of the 2019 – 2023 strategic plan

In order 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, the strategic planning process answered the following strategic questions.



Figure 2: Objectives of the 2019-2023

¹Replacing the Kenya Debt Relief Network (KENDREN) on the steering committee on the strength of institutional memory of the EATGN having been one of its longest members.

1.5 Facilitators



Figure 3: Katindi Sivi Njonjo

MS. KATINDI SIVI NJONJO – was the lead facilitator for the scenarios building workshop. She is currently the founder and lead consultant at LongView Consult, started in 2014 and which works on strategic futures in Africa. LongView's core business is to help governments, organisations and individuals to strategically prepare for an uncertain and rapidly changing world by understanding the past and exploring the future to shape their present strategy. She has a background in research, policy analysis, and strategic foresight. She is currently a Doctoral candidate studying Strategic Leadership (Strategic Foresight concentration) and has a master's degree in organizational development. Ms. Katindi is one among only six top female futurists in Africa. Website: www.longviewconsult.com



Figure 4: Jared Maranga

JARED MARANGA – Is the policy lead in charge of the Tax and Investments Programme at TJNA effective August 2016. He has vast experience on tax and investment advisories including domestic tax, international tax and transfer pricing advisories. He is a Certified Public Accountant (CPA –K) and a certified Monitoring and Evaluation Professional. He holds a Bachelor of Arts in Economics and Statistics from Kenyatta University and a master's in economics (International Trade and Finance) from Kenyatta University. Prior to joining TJNA Jared was a tax manager with Ernst & Young (EY) specialising in International Taxes and Transfer Pricing. In his career at Ernst & Young Jared has had the opportunity to interact and work with tax policies from several countries. Website: www.taxjusticeafrica.net



Figure 5: Leonard Wanyama

LEONARD WANYAMA – Is the coordinator of the East Africa Tax and Governance Network (EATGN). Prior to this Leonard worked as a magazine columnist and writer for the Nairobi Law Monthly and Nairobi Business Monthly, respectively; and as a part time lecturer of international relations at Technical University of Kenya (TUK) and Riara University respectively. Mr. Wanyama was project officer at the Society for International Development (SID) for Eastern Africa, in Kenya. Wanyama is a holder of a BA in social sciences, political science and economics from the Catholic University of Eastern Africa (CUEA) in Nairobi; and a BA (Hons) plus Master of Arts in International Relations from the University of the Witwatersrand, Johannesburg.

1.7 Programme

PERIOD	AGENDA	ACTIVITIES
DAY 1	Clarifying purpose of meeting	<ul style="list-style-type: none"> • Purpose of the workshop was to develop a strategic plan for EATGN. • Many networks are characteristically dormant and not as strategic as intended • The process needed to get the network to strategically think differently without replicating the work of its membership and determine ways to be functional as a network. • There was need to determine the independence of EATGN from TJNA. • Discussed the tax justice agenda in EAC countries
DAY 1	Mapping where we are and where have come from	<ul style="list-style-type: none"> • Determined trends to aid the understanding of the external environment. • Gained hindsight and insight from the trends of key learnings on tax justice matters,
DAY 2	Mapping where we should be going	<ul style="list-style-type: none"> • Identified critical uncertainties as things that affect our work but are so subtle that they are almost always missed. For instance, planning as though resources are going to be endless and then the donor platform changes. • Identified critical uncertainties as things that affect our work but are so subtle that they are almost always missed. For instance, planning as though resources are going to be endless and then the donor platform changes. • Examined the assumptions made over EATGN to create water tight strategies. • Examined possible pathways into the future by examining possible impacts of the changes experienced and then seeking strategic options for the network. • Determined the organizations Theory of Change - basically how we work to be able to grow, and to realise impact.
DAY 3	Mapping how to go where we want / ought to be	<ul style="list-style-type: none"> • Determined if EATGNs vision, mission goals and objectives, as well as theory of change were still relevant and practical. • Determined the culture congruence of the network, given the diversity of members • Undertake a stakeholder analysis to unpack strategic partners in their work • Institutionalization: Examining methodologies that would work for the institutionalisation of EATGN including housing and funding. These needed to guarantee stability for the organisation

2. DAY ONE: MAPPING THE PAST AND THE PRESENT

Mapping the past and present external environment was done through presentations, group work and plenary sessions, using various tools such as: PowerPoint presentations, PESTEL – a Political, Economic, Social, Technological, Environmental and Legal analysis; and SWOT - Strengths, Weaknesses, Opportunities, and Threats analysis, to establish the current and relevant trends that helped determine possible future implications for EATGN.

2.1 Presentations on trends

2.1.1 Tax justice trends in the region and their implications by Jared Maranga

Why we pay taxes and what the role of taxation is

- We pay tax, so government gets **revenue** from it.
- To finance our services – **redistribution** to finance these e.g. infrastructure, education, water, access to security etc.
- **Repricing** – using it as a tool to make the society's access to social services easily or restrict the use of services that are deemed to be harmful to society.

Understanding this is crucial to developing programs because it allows us to consider whether to champion for or against a tax regime. It also aids the understanding of having that regime in place. As an example, participants gave varying answers when asked whether governments should increase or decrease taxation on kerosene?

- I would decrease as it is used by the poor. It will reduce inequality. I would increase taxes for those who are richer.
- I would look at the negative impact of kerosene on its users and on the environment and therefore tax it higher, but then provide an alternative incentive on a product like solar and gas to encourage more use of safer energy sources for domestic purposes.

There are several policy issues to be considered from these perspectives. This is because there are many diverse schools of thought that emanate from taxation. In this case, one could recommend waiving taxes on liquid petroleum gas to encourage its use as a safer option to Kerosene. On the other hand, an increase in tax levied on kerosene may lead them to use coal which is equally dangerous.

The other roles of taxation

The next role of taxation is **representation**. Political commitments that politicians made while campaigning for office usually implied higher taxation to fund their implementation. Taxation is a social contract between the people and the government. It helps generate revenue for the government, helps the government provide various services and resources, it makes access to various commodities either easy or strenuous with the objective of social impact in mind, and it gives opportunity for political representation in the various developmental avenues.

What then is tax justice?

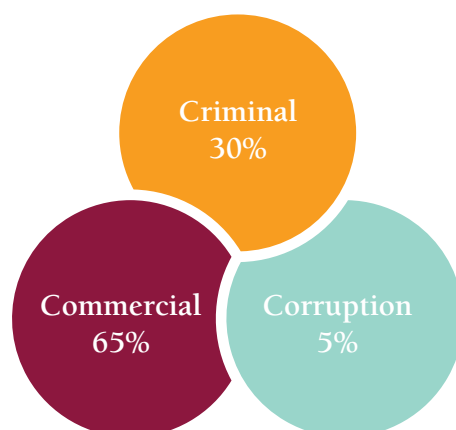
A participants' view:

- It is wealth, or the revenue from taxes, that is available to reduce inequalities among the people in a given environment.
- It is the proper usage of tax collected for development programmes, in service provision e.g. education, health, etc. This introduces the aspect of collection and use.
- Tax justice is a situation where the way resources are collected, allocated and utilized work well for the people.
- It is a paradox because, tax is imposed and the people that pay it do not negotiate. Justice on the other hand is like a scale where what one gives determines what they get back. For there to be tax justice there must be an empowered citizenry that will demand for a service as value for money. To achieve it therefore, there must be processes that empower the citizen, meaning it must be happening in a democratic society, where there are citizens that elect the government and then demand of the government to provide them with services.
- The government putting up a mechanism or process of collecting tax equally. Here there is no evasion of taxes, everyone pays taxes. The participant gave an example of how in Rwanda people complain of high tax but the rates are similar to those in other countries. Items cost more in Rwanda than in other East African countries presumably due to high taxation. She suggested that a tax harmonization in the region and a need to see how the governments can enforce this is vital.
- There was need to examine the Rwanda situation and consider the fact that being a landlocked country, the goods sold in this country could not go at the same prices as those said in the port cities in the region.
- In defining both tax justice and injustice it was crucial to consider the individual tax payer and deal with the inequalities.

Illicit Financial Flows (IFFs)

Illicit financial flows (IFFs) is the movement of illegally earned, transferred, and/or utilized money or capital across an international border plus immoral transfers which though they may be legal cause significant damage to the economies of countries thereby hindering their development. According to the High-Level Panel on Illicit Financial Flows report, most of the IFFs are from commercial activities (65%), 30% from criminal activities and 5% from corrupt practices. Rwanda was considered to be the least corrupt in terms of money in the EAC region but reported different manifestations like nepotism, sexual harassment and favours in private companies. Other countries in the region reported rising or constant levels of corruption from previous years. EATGN needs to consider engaging in advocacy against corruption as a tax injustice phenomenon.

Figure 6: Sources of Illicit financial flows



Commercial Aspects - Various commercial aspects such as capital flight by multinational corporations, e.g. an importer using trade mis-invoicing to evade customs duties, VAT, or income taxes impact on how much countries are able to collect. If our regional countries were not able to tax, or retain the taxes, this would lead to poor levels of education, poor levels of health, poor access to water, etc.

Criminal Activities - Such as a drug cartel using trade-based money laundering techniques to mix legal money from the sale of used cars with illegal money from drug sales;

Corruption - When tax resources get lost or grossly misused e.g. when a corrupt public official using an anonymous company to transfer dirty money to a bank account in a Western county denies tax payers resources for essential resources.

These issues are therefore so interlinked that one could not be done without the other. Therefore, one must always consider the role of the following:

Factors affecting tax justice matters

- Population levels in East Africa.

There are approximately 160 million people in the region. This should help manage expectations of the tax justice environment in the next five years. The mean age according to the statistics is 17-18. Given the bulging of youth populations and those in the reproductive age, the region will experience increased, implying more pressure on existing resources. The high dependency ratio, which is made even higher by 0-17-year olds, implies that every working person has at least nine people depending on them and their tax covers those nine people. This is a contributing factor to high taxation, which could motivate people to evade taxes.

Table 1: Regional demographics

Indicator	Burundi	Kenya	Rwanda	Tanzania	Uganda
Population (in millions)	10.5	45.5	12.1	50.8	38.8
Dependency ration (65+) per 100 people aged 15-64 Indicator	85.3	75.4	74.1	85.9	96.6
Median age (years)	17.6	19	18.4	17.6	15.9
Urban populations (%)	11.8	25.2	20	28.1	16.8

Governments need to plan for how to provide social services for these increasing number of people, something the EATGN plan could consider addressing. There was need to move away from one form of tax i.e. pay as you earn (P.A.Y.E) and try to diversify our tax bases. This gives us a clear picture of the kind of expectations we will have in terms of the taxation cycle.

- Social sectors

Health - Longer life expectancy implied more productivity whereas shorter ones e.g. due to ill health, implies a strain on the available social amenities. If governments collected enough, allocated transparently and efficiently to the various health facilities and in addressing the various elements of health systems such as doctors and nurses training, then life expectancy would probably improve.

Education - The data also indicated that the region had low levels of education. For example, 20 % of youth in the region were illiterate; less than 20% had the right schooling foundation due to low pre-primary enrolment; more than half of the students did not complete primary education; less than one quarter of pupils attended secondary school and even worse less than 10% enrolled for tertiary education. These challenges hinder young people from accessing well-paying jobs with salaries that can sustain a descent livelihood. More young people earning descent wages would mean a boost in taxes collected and other developments that contribute to people's well-being.

Table 2: Education trends

Eastern and Southern Africa	Male	Female
Youth literacy rates	Male	Female
Gross enrolment rate in pre-primary	Male	Female
Primary net attendance	Male	Female
Survival rate to last primary grade - Percentage	Male	Female
Out of school rate for children of primary school going age	Male	Female
Secondary net attendance	Male	Female
Gross enrolment rate in tertiary education	Male	Female

Source: UNICEF Global dataset

Key message:

Addressing social factors and their interconnections to tax justice is worth noting.

Comments, queries and responses

Q: Non-tax revenues impact on how people benefit from the services that the government offers. Can non-tax revenues be a consideration?

A: Government has various sources of revenue including aid and donations which form the total revenue basket. What needs to be examined is aspects of fair and just distribution.

Q: How does the debt issue, in particular Chinese commercial debt, impact on tax justice.

A: The tax base is like to remain the same mainly due to factors like unemployment, and a slow growth of people in the tax bracket. A growing government expenditure partly due to misappropriation, increasing wage bill and unsustainable debt only slim the resources available for social services. The debt issue will definitely distort the tax system and is an important issue to address in the strategy.

Q: How do we deal with the burden on future generation?

A: A vicious cycle is already being created because of the inability to invest in sustainable social amenities affect their quality of life in future. Additionally, the unsustainable debt is a burden being passed on to them which are questions of tax injustices that need to be factored into the strategic plan.

Q: Citizens pay their taxes but multi-nationals who get tax rebates and other incentives to establish business in the region are notorious for tax evasion. How can we harmonize policies so that we can have a level playing field in East Africa?

A: This is an act of tax inequality that can only be addressed if regional governments harmonize policies and have clear implementation strategies.

Q: How much money is lost in the region due to unfair tax practices?

A: Political interference and discretionary powers granted to cabinet ministers lead to unfair tax distribution. For a fair society we need to get fair representation and fair administration of the available resources. We need to advocate for a balanced application of the various laws, which would lead to fair distribution.

Q: What new non-traditional spaces exist for our tax justice engagement in the region? For example, the proposed social media taxation in Uganda would affect young people active on social media who do not earn. The law is not really about revenue collection but works to stifle a constitutional right to free expression and flow of information.

A: It is paramount for the network to plug in to on-going conversations such as the Presidents big four agenda in Kenya that sets the government priorities for relevance. Working on other unexplored areas such as the digital economy would also be strategic for the network in order to be a pace setter in these conversations. The network would also get opportunities to build capacities for others in these unexplored areas.

2.1.2 Trends in the Civil Society Sector by Katindi Sivi Njonjo

Intolerant political environment

Discussion on tax in/justice is a governance related issue. New legal and regulatory laws are being introduced in individual countries in the region to cap foreign funding, undermine self-regulation, and impose excessive national executive control. These changes are punitive to the sector and have on occasion led to harassment of CSOs by the government with some being deregistered, further shrinking the civic space. EATGN needs to figure out ways of navigating a constricting political terrain.

Donor financing

According to 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 largely in the South. 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.

- i) A new focus in the Overseas Development Assistance (ODA) post 2015 proposes to move from halving poverty (under MDG's) to ending poverty in all its forms everywhere (under SDGs) which means that Least Developed Countries (LDC's), especially politically fragile and environmentally vulnerable ones, will get a higher preference than other categories such as Low Medium Income Countries (LMIC's) like Kenya, further shrinking available resources to Kenyan based organizations.
- ii) To move from providing direct support to 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 CSOs.
- iii) To move from the separation of sustainability and development agenda to a unified and universal post-2015 sustainable development agenda means that to be eligible, projects and programmes need to demonstrate linkages and alignment with Sustainable Development Goals. There is also an emergence of in-country multi-donor funding mechanisms which gives preference to funding consortia of CSOs and favours the funding of fewer organisations.

As shown in figure 4, funding between 2013 and 2015 in Burundi dropped by 25% due to the political stalemate in the country; in Kenya funding dropped by 19% mainly due to the elevation of the country's status from a low-income country to a low-medium income country and in Tanzania it dropped by 17% due to an increasing economic growth in the country and rising status from poverty. In Rwanda, funding increased partly due to the perception of good governance in the country; while in Uganda, funding increased by 4% partly due to the fact that the country has one of the youngest populations in the world. Individual country organizations in EATGN need to take note of these trends as they will likely affect future funding.

Figure 7: ODA trends – Three paradigm shifts expected to shape ODA allocations post-2015

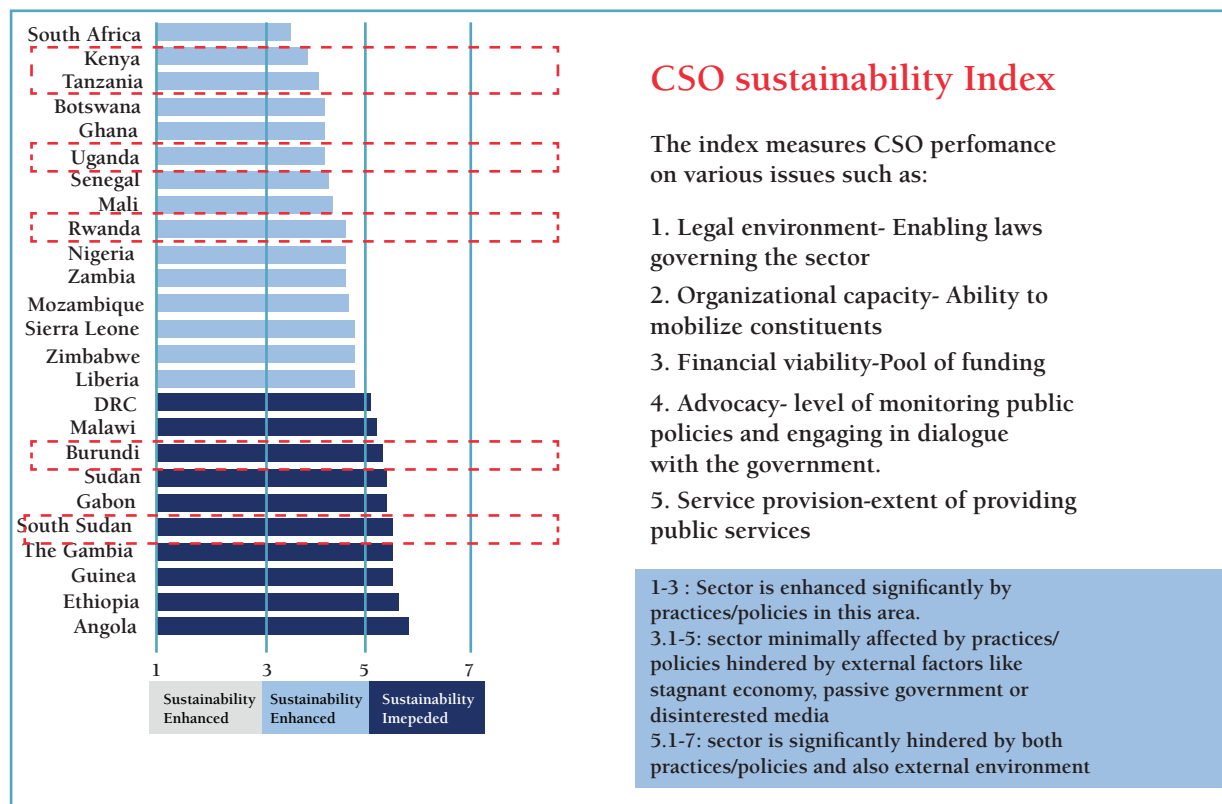
Country	Pop (Millions) UNDP	Poverty rates (2005-2013)	Share of ODA to Africa 2010-2015	ODA in (USD millions 2003)	ODA in (USD millions 2015)	Net devel assistance (% of GNI in 2013)
Tanzania	50.8	65.6%	5.4%	3442	2844	7.9
Uganda	38.8	69.9%	3.2%	1709	1783	7
Rwanda	10.8	60%	2%	1099	1186	
Burundi	96.5	87.3%	1%	559	415	8.1
S, Sudan	11.7	91.1%	2.1%	1406	1813	13.4
Kenya	45.5	47.8%	4.8%	3324	2692	5.9

Source: UN, Development Initiatives and UKaid

CSO sustainability

There has been a consistent monitoring on the performance of CSO's in Africa. As shown in figure 4. Kenya, Tanzania, Uganda and Rwanda have the most mature CSO's with varying levels of performance on issues such as: legal environment i.e. the enabling laws governing the sector; organizational capacity i.e. the ability to mobilize constituents; financial viability i.e. the pool of funding; advocacy i.e. the level of monitoring public policies and engaging in dialogue with the government; service provision i.e. the extent of providing public services; and infrastructure i.e. information and technical assistance; as well as public image i.e. the public outlook of CSO's. Figure 4 is indicative of a need to further strengthen the CSO's in Burundi. This was confirmed in the meeting as an impending need for the Burundi chapter, something to factor into the EATGN strategy.

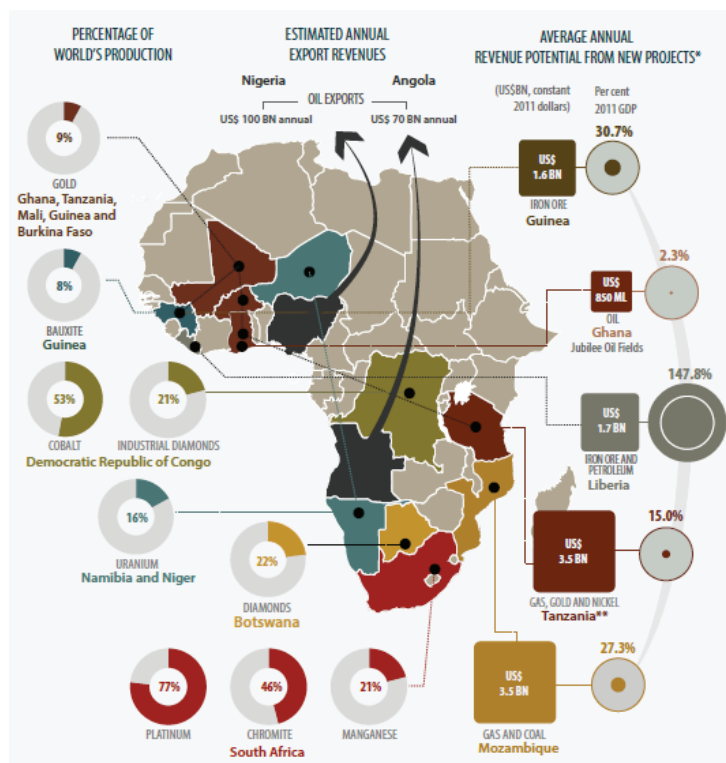
Figure 8: CSO Sustainability Index



2.1.3 Corruption and Illicit Financial Flows in the extractive sector by Leonard Wanyama

The Extractives Landscape in Africa

Figure 9: Mapping Africa's natural resource wealth



Source: Africa Progress Panel (2013) - Equity in Extractives

For East Africa extractives have become the next big thing. African countries recorded impressive growth rates between 2002-2008 and 2011-2014. At the height of these trends, six of the world's 10 fastest economies were African. Most of these were commodity dependent economies such as Angola and Ghana, although other factors such as macroeconomic stability, improving business environments and greater connectivity facilitated non-commodity growth in countries such as Ethiopia and Rwanda.

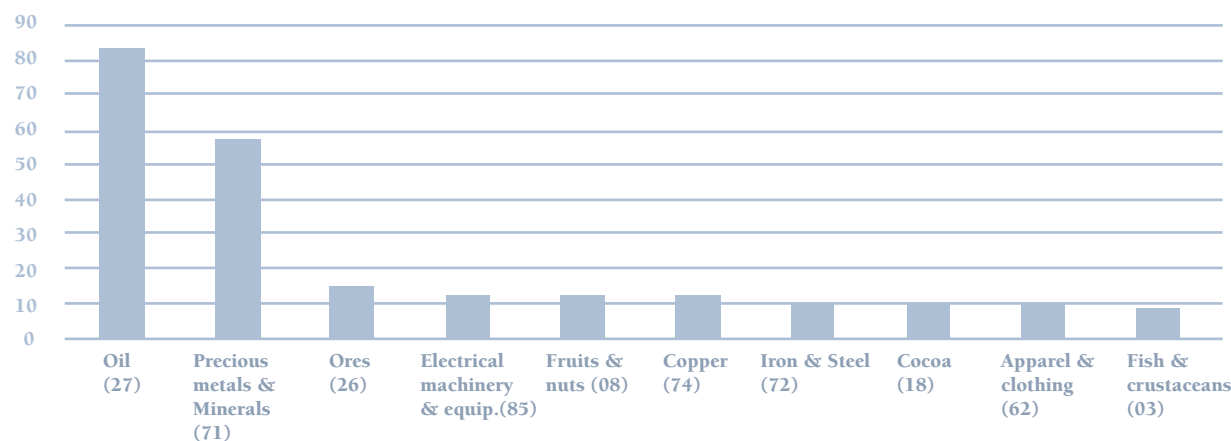
The remarkable economic growth across Africa fuelled the upbeat narrative of an “Africa Rising”. Confidence was boosted by the continent's immense human and material assets. There is a demand for the less costly mineral resources due to extractives. Indeed, the continent ranks first or second in global reserves of bauxite, chromite, cobalt, industrial diamond, manganese, phosphate rock, platinum-group metals, soda ash, vermiculite and zirconium. Africa sits on 30 per cent of the world's natural resources, and with two-thirds of coltan deposits (from which electronic microchips are made).

According to the ‘Africa Progress Panel (2013) – Equity in Extractives’ the diversion of revenues and other losses associated with commercial malpractice are endemic across resource-rich countries. It is impossible to place a figure on the scale of the revenue losses, for good reason: the practices involved are illegal or in the grey area between legality and criminality. This has because of weak national governance and opacity. Leading to illicit financing. What is clear is that the sums involved are often very large in relation to national budgets. Weak national governance creates an enabling environment for graft. But the opaque practices of some foreign companies and the extensive use of offshore companies actively facilitate and support the illicit diversion of public wealth into private bank accounts.

Illicit financial flows

There are ten sectors with the most illicit flows of financial resources as Oil, Precious metals and minerals, Ores, Electrical Machinery and Equipment, Fruits and Nuts, Copper, Iron and Sheet, Cocoa, Apparels and Clothing and Fish and Crustaceans. This is not only in terms of natural resources but also just sectors generally. Even with fish there is some IFF. The genesis of the piracy in Somalia was because they started out as the Somali Coast Guard to stop people from continuing to take away their fish.

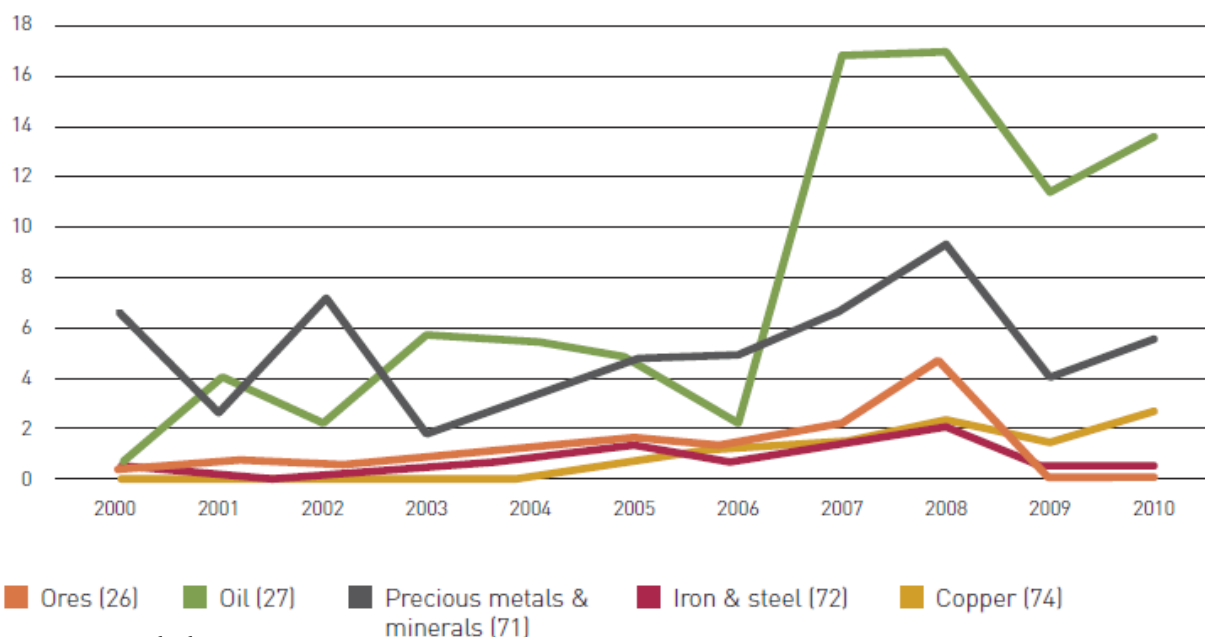
Figure 10: Top 10 Sectors by Illicit financial flows in Africa



Source: ECA calculations

According to the HLP Report the trend of IFFs in the extractive industries, including mining, has been growing exponentially, peaking in 2008, especially for oil, when world prices were highest. But 2009 was marked by a reduction in illicit flows compared with 2008, mainly due to the financial and economic crisis. Demand for these products declined, as did world prices. IFFs gradually picked up again in 2010, with notable increases in the oil, precious metals and minerals, copper and cocoa sectors. The highest affected are the natural resources.

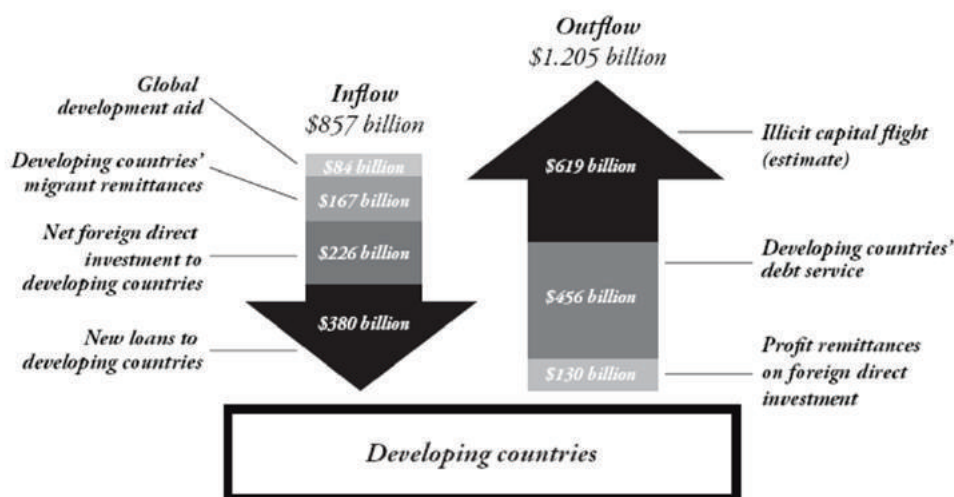
Figure 11: Illicit financial flows from Africa in some extractives sector



Source: ECA calculations

The costs are in billions of dollars through trade mispricing. In the year 2000 there was not as much oil as there is now, but when the exploration begun there was more IFF because there is a lot of money pumped into this sector. The truth is that the governments do not get their money's worth because they give out incentives including double taxation agreements. With oil alone, a lot of money has been lost that will never be recovered. This is even before the extraction of oil – the situation will become more critical when they hit first oil. This is an estimation of what is lost both legally and illegally.

Figure 12: Capital flight



Source: Eurodad factsheet

As shown in figure 8, capital inflow into Africa total USD 857b though aid is USD 84b; remittances are USD 167b; FDI's are USD 226b; and new loans to developing countries is USD 380b. The outflows from Africa are much more (totalling USD 1.205 trillion) and include IFF's at USD 619; debt service are USD 456; and profit remittances on FDI are USD 1.3b.

The Way Forward

Global level strategies

Illicit financial flows should include aggressive tax avoidance. Tax avoidance is legal but counter-development. However, how the issue should be tackled is the key question. People with businesses will obviously look for opportunities to pay less tax. However, active avoidance of tax was counter-development. Countries should therefore set up programs to deal with the issue.

SDG indicator 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime. Tanzania was already reclaiming stolen assets while Kenya had also started its anti-corruption drive to bring back money from Swiss accounts. Mauritius has also agreed to bring back money.

- a. *Inclusion of aggressive tax avoidance under IFF instead of BEPS* will shift the burden of responsibility – developed countries that have a role in facilitating aggressive tax avoidance will be obliged to help African countries to tackle
- b. *International tax cooperation* - an intergovernmental UN tax body with universal membership and a mandate to combat IFFs, including abusive tax avoidance.

Continental Level strategies

Broadening Tax base: Tax policy and legislative loopholes need reforms and strong regulatory framework built to tackle harmful tax exemptions and tax dodging. To do so:

- a. Capacity building strategies should look beyond the revenues authorities to include ministries of finance, parliamentarians and relevant other bodies;
- b. Mineral-based industrialization and diversification; and
- c. Political will for change and building institutions.

Implementation of the recommendations of the High Panel on Illicit Financial Flows: HLP report's recommendations should be implemented and anti-IFF strategies should be geared towards increased transparency especially with country by country reporting, automatic exchange of information between countries and publicly available registry beneficial ownership. Examples like Ghana and South Africa in establishing beneficial ownership legislation should be encouraged.

Roll out and implementation of African Mining Vision and African Mining Governance Framework: The extractive industry, which is a key part of the commercial sector, is the biggest contributor to IFFs, the Panel emphasised. It was precisely to address these issues that, after decades of responding to externally driven transparency agenda, African governments embraced the Africa Mining Vision (AMV) in 2009 as the continent's overriding framework for mineral sector governance. The AMV's ultimate strategic goal is to use Africa's mineral resources to underpin broad-based socio-economic development of the continent.

2.2. Group work to determine future implications of trends

2.2.1 Group work

PESTEL Analysis

A PESTEL analysis is a framework or tool used to analyse and monitor the macro-environmental factor (external environment) that have an impact on organization. It involves looking at the past and evaluating what had happened there to determine its effect on the future.

- Political factors such as government policy, governance issues, elections etc;
- Economic factors such as economic growth, interest rates, poverty, inflation, inequality etc;
- Social factors such as the population type, population growth, population composition, age structure, people's health, level of education, attitude etc;
- Technological inventions;
- Environmental factors such as drought, scarcity of raw materials, pollution, etc;
- Legal factors which include national, regional and international laws and rights

The reason why this is important is because the future is going to have to face the consequences of the decisions that were made in the past.

Table 3: PESTEL ANALYSIS - Group feedback

ANALYSIS	70s	80s	90s	00s
Political	<ul style="list-style-type: none"> EAC I Rebellions, colonial hangover, civil wars 	<ul style="list-style-type: none"> Instability Rwanda 	<ul style="list-style-type: none"> Constitutionalism Revolutions In Rwanda and Burundi 	<ul style="list-style-type: none"> EAC, Geo-Politics, Change/Reforms/Nation States Building, Rwanda, Burundi, Uganda
Economic	<ul style="list-style-type: none"> Structural Breakdowns, DTAs 	<ul style="list-style-type: none"> Structural Adjustment Programs 	<ul style="list-style-type: none"> Privatisation emerging in Tanzania and Kenya 	<ul style="list-style-type: none"> Industrialisation Investment promotion in EAC, Global Finance crisis
Societal	<ul style="list-style-type: none"> Ethnic Cleansing in Rwanda 	<ul style="list-style-type: none"> Epidemics, Ethnic Cleansing in Rwanda 	<ul style="list-style-type: none"> Renegotiation and Fast-tracking of EAC, free movement of goods and services Refugee crisis and hosting 	<ul style="list-style-type: none"> Emergence of new State of South Sudan Music Industry, Entertainment
Technological	<ul style="list-style-type: none"> Banking Sector 	<ul style="list-style-type: none"> Banking Sector Coffee 	<ul style="list-style-type: none"> Digital Era 	<ul style="list-style-type: none"> Social Media MMTS/E-commerce
Environmental	-	<ul style="list-style-type: none"> Deforestation, killing of wildlife, politicians. 	<ul style="list-style-type: none"> EIA Dumping Gender 	<ul style="list-style-type: none"> Climate Change
Others	<ul style="list-style-type: none"> Military Governments, Accountability Breakdown 	-	<ul style="list-style-type: none"> Policy Reform Gender 	<ul style="list-style-type: none"> Environmental Laws Tax harmonization

SWOT Analysis

A SWOT Analysis is a useful technique for understanding your Strengths, Weaknesses, Opportunities and Strengths (SWOT) of an organisation, and for identifying both the opportunities open to you and the threats the organization faces. By doing a SWOT analysis for general tax justice work and not for EATGN, the group was able to consider the opportunities that lie in doing tax justice work and the threats they need to look out for. The analysis was achieved by answering the following questions.

Table 4: SWOT

<p>Strengths (Internal factor/positive influence)</p> <ul style="list-style-type: none"> What are we as an organisation best at What intellectual property do we own that can help us with this objective? What specific skills does the current workforce have that can contribute to this objective? What financial resources do we have for reaching this objective? What connections and alliances do we have? What is our bargaining power with both suppliers and intermediaries? 	<p>Weakness (internal factor/Negative Influence)</p> <ul style="list-style-type: none"> What are you worst at doing Is our intellectual property outdated? What training does our workforce lack? What is our financial position? What connections and alliances should we have, but don't?
<p>Opportunities (External factor/Positive influence)</p> <ul style="list-style-type: none"> What changes in the external environment can we exploit? What weaknesses in our competitors can we use to our advantage? What new technology might become available to us? What new markets might be opening to us? 	<p>Threats (External factors/Negative Influence)</p> <ul style="list-style-type: none"> What might our competitors be able to do to hurt us? What new legislation might damage our interests? What social changes might threaten us? How will the economic cycle affect us?

Table 5: SWOT ANALYSIS - Feedback with regards to tax inequality

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Existing legal formal policy framework that influences the work we are doing • Community involvement that we work with 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Limited Capacities • Some partners do not really understand the work we are doing • Weak coordination – certain things happen without other partners knowing about it • No political will
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Existing legal formal policy framework • Government Support • Discussion – ongoing- around EAC integration that could benefit us with different global agendas 	<p>THREATS</p> <ul style="list-style-type: none"> • Laws that limit involvement in tax discussions U K- Public Benefits Organisation Act • Donor driven • Political influence and dynamics – U, B

Feedback

- Legal – Developments regionally that have impacted tax justice e.g. UNCTAD that have given space to this work. The establishment of the AU and establishment of several unions under it
- Technology – coordinating advocacy activities through WhatsApp
- Common markets, tax reform conversations in the region, handling terrorism, signing of agreements to cater for IFF's
- Involvement of women in tax justice work

Comment, Queries and Responses

There was a concern that CSOs may, by undertaking public social services, - including tax maybe trying to replace government - to do work that government had been resourced to do.

Figure 13: Participants clustering ideas



Table 6: Clusters of tax justice concerns

Political	Social	Economic	Others
<ul style="list-style-type: none"> • Debt and intergenerational responsibilities e.g. the Chinese and their monies • Tax international corporation and partnerships (PPP, IFFs and governance broadly on tax matters, • The Extractives will inform the integration process, it will also talk to the corporative management of this, e.g. the African mining vision that was shared, the knowledge sharing, how do we deal with issues of pollution, Poverty because extractives is affecting our economy. • The Digital Economy – looking at emerging tax areas e.g. social media, crypto currencies how do we manage these and speak to these, • Within the EAC, the whole space of politics, political will, governance and the civic space within the EAC • ODA, the changing donor priorities 	<ul style="list-style-type: none"> • Sectorial thinking about tax- o issues such as environment, education and health • Opaque practices, transparency in taxation and country to country reporting • Sustainability of CSOs beyond availability of funds e.g. at OXFAM were are thinking of how we can be working with non-traditional partners and moving to that space of providing support to government instead of being the actual service providers ourselves, <p>Accountability to our communities –Kenyan CSO are struggling to work effectively with communities because of negative perceptions.</p> <p>Involvement of women and children in tax.</p> <p>Capacity of CSOs to engage in tax justice, this is an issue of gaps in our capacity, gaps in funding and our ability to be everywhere at once.</p>	<ul style="list-style-type: none"> • Extractives • Taxation revenue collection and foreign – are we benefitting from the process? • Regional Tax Harmonization – we are looking of issues around ending harmful tax incentives, double taxing and aggressive tax evasion, • IFFs – corruption activities, criminal activities and corruption • Widening the tax base – which other taxes can we advocate for which will not harm the poor not only focusing on the traditional ones. Can we have options • E-commerce, online business, data base how can these be taxed? • Linkages of our work from national, regional and global levels 	<ul style="list-style-type: none"> • Social service delivery especially health and education, • Gender as a key aspect that we need to focus on • Citizen engagement and participation in tax • Equity of the taxes and the moral practices (we were not able to understand how moral tax could be. It was raised by many members – three or four. A lot of tax experts in the context of CSOs use tax morality in the place of tax justice.) When therefore they are talking about Tax immorality, they are say that we need to think about the ethical issues relating to aggressive tax avoidance or tax evasion. Morals mean many things – some say they pay tax because it is a religious duty. • Resource mobilisation and allocation within CSOs

3. DAY TWO: MAPPING WHERE EATGN SHOULD GO

3.1 Plenary to identify uncertainties and key assumptions

3.1.1 Identifying critical uncertainties and assumptions for the future

Uncertainties are things that we cannot tell or if we do they are almost like an intelligent guess. They are usually about the future. They are things you don't know, but they could happen. Assumptions are perceptions based on culture or history that are held unquestioningly as the truth but when further interrogated, may need to change to serve our interests. Scenarios building is about creating possible situations that could happen. Strategic planning can consider possible future situations and factor them into the planning process. Uganda introducing a social media tax, it is possible that in the next two or three years, Tanzania or Kenya could introduce the same. If this happened, how would EATGN strategically respond?

3.1.2 Examples of unforeseen outcomes that had great impact on organizations

Akamba Bus Company in Kenya was a successful regional bus company transporting people and cargo. The development of mobile money transfers significantly changed the culture of long-distance travel and significantly reduced number of customers. In two years, the courier services offered by the bus dropped from 90% to 0% due to mobile money. Other companies like Eldoret Express at the time invested heavily in bigger more luxurious busses only to suffer the same fate.

Action Aid did a study on taxation in Rwanda but had not involved the relevant ministries. The launch was cancelled hours before the program was about to begin.

Brexit has created challenges around customs, cross border trade and bilateral harmonies. This has made African heads of states begin to rethink diplomacy, loyalties and how they relate with the European Union. The issue is affecting regional integration and a new trend, that of localization and protectionism is emerging. What does that trend mean for EATGN that is fundamentally predicated on regional integration? How does EATGN members balance regional and their national interests?

3.2 Group work to determine threats & possible strategies

3.2.1 Group 1: Political Decision, Regional Issues and Social Issues

Table 7: Uncertainties, threats and possible navigation strategies of political, regional and social issues

Strategic Concern	Key Uncertainties	Threats to the Region	Possible Navigation Strategies
Political Decisions, and Regional Issues	<ul style="list-style-type: none"> • High Unemployment (In Uganda, Kenya, Burundi, Rwanda, Tanzania and South Sudan) • Increased Foreign Investment • Oppressive Political Regimes 	<ul style="list-style-type: none"> • Leading to low wages for citizenry, poor service delivery, tax incentives and people investing in entertainment (Burundi) • Leading to low wages for citizenry, poor service delivery, tax incentives and people investing in entertainment (Burundi) • Leading to increased tax incentives to multinational, Change in domestic tax policies (Kenya), Execution of double taxation agreements to the region • Leading to race to the bottom. • Unfair tax laws and policies (Uganda, South Sudan) • Constitutional Amendments • Tax on Social Media and Mobile Money (Kenya, Tanzania) • Increase in organised crime i.e. IFFs 	<ul style="list-style-type: none"> • Increasing Citizen's engagement, study and review tax incentives in the region • Do Advocacy Campaigns around harmful tax practices • Increased tax-payers voices. • Intensive research, campaigns.
Social Concerns	<ul style="list-style-type: none"> • Religion and Cultural Values • EAC, Political & Economic Integration • Corruption 	<ul style="list-style-type: none"> • Groups that are opposed to Tax Justice work, Radicalisation, Liberal thinking, groups that support Tax Justice work. • Sectoral tax engagement • Tax avoidance and evasion by the people, emergence of militia groups, increased Illicit Financial Flows 	<ul style="list-style-type: none"> • Role of faith based and cultural institutions, Community engagement on tax justice, Community scorecards. • EATGN will engage in Tax Justice issues at regional level, Establishment of relationships with EAC & EALA • Research about IFFs and their impact

Figure 14: Uncertainties, threats and possible navigation strategies of political, regional and social issues



Feedback

- Increased tax incentives for multinationals takes away our resources in the region.
- Corruption as a driver – resource embezzlement in the region denied people essential services. Politicians are liable for misuse of public resources, they go unpunished and yet they do not pay taxes.

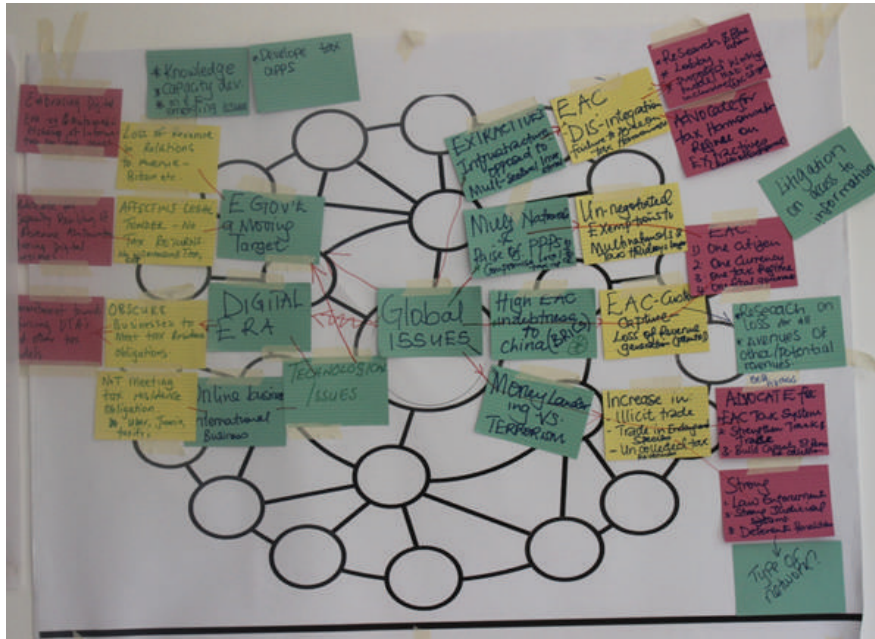
3.2.2 Group 2: Technology and Global Issues

Table 8: Uncertainties, threats and possible navigation strategies of global and technological issues

Strategic Concern	Key Uncertainties	Threats to the Region	Possible Navigation Strategies
Global Issues	<ul style="list-style-type: none"> • Extractives – Infrastructure as opposed to Multi-sectoral Investments • Multinationals’ raise of Public Private Partnerships and compromise of local tax rights 	<ul style="list-style-type: none"> • Could lead to EAC disintegration due to failure to agree on tax harmonisation • Un-negotiated exemptions to multinationals and longer Tax Holidays. 	<ul style="list-style-type: none"> • Research and education • Lobby • Proposed working model that is inclusive (EAC centred)

Strategic Concern	Key Uncertainties	Threats to the Region	Possible Navigation Strategies
Global Issues	<ul style="list-style-type: none"> • High EAC indebtedness to China (BRICS) • Money laundering vs Terrorism 	<ul style="list-style-type: none"> • EAC Customs capture and potential loss of revenue • Increase in illicit trade, trade in endangered species and uncollected tax revenues 	<ul style="list-style-type: none"> • EAC to try to negotiate for [One citizen, One Currency, One tax regime, one fiscal government], Litigation on access to information. • Research on loss of all • Potential avenues for other revenue • Advocate for: <ul style="list-style-type: none"> • EAC Tax Systems • Strengthen Track and Trade • Build capacity of revenue collection • Strong law enforcement • Strong Judicial systems • Deterrent penalties
•Technological Issues	<ul style="list-style-type: none"> •E-Government – a moving target •Digital Era • Online business/ International business 	<ul style="list-style-type: none"> • Meeting Legal Tender – not tax returns, no withholding tax • Loss of revenue in relation to revenue e.g. Bitcoin etc. •Obscure businesses to meet Tax Residence Obligations • Not meeting tax residence obligation, UBER, Jumia, Taxify 	<ul style="list-style-type: none"> • Knowledge and capacity development • Monitoring and Evaluation of emerging issues • Develop Tax Apps • Advocate for capacity building of Revenue Authorities taxing digital regimes • Embracing digital era e.g. automatic exchange of information on tax issues • Commitment towards enforcing DTAs and other tax models • Commitment towards enforcing DTAs and other tax model

Figure 15: Uncertainties, threats and possible navigation strategies of global and technological issues



Feedback

Is better to have tax harmonization or dis-harmonization? Harmonisation was believed to be beneficial for tobacco and extractives. Tax harmonisation needs to be issue and sector specific. This would increase the occasion of industries exploiting countries and by extension lead to a reduction of bad practises.

Will having one currency lead to Tax Harmonisation? When we talk about tax harmonization we need to realise that each country has its own economies. Therefore, it is important to have each country to impute at their rate which should not be too varied so that a company favours one country for investment over this than another.

Other reactions

Research and Publications - If you were to create a publication, you can have an application or structure where you collect data that is only published after research. It could it was important to examine potential partner interests with regard to their potential projects for their interests as partners only fund those whose projects are strategically matched to their own interests.

Poor/Lack of Access to Information - With excessive tax holidays and arbitrary licensing, there has been no information shared on the amount of money collected. Lack or poor access to information, like exists in Burundi, is also a challenge.

Strategic Positioning - The network's focus should be in doing things that are not being done by others, specifically its members.

High EA indebtedness to China - brought out two main schools of thought - 'You are not credible if you are not in debt' and 'A beggar is not a chooser.' Some argued that debt was the only route to development especially if the region had indeed exhausted all avenues of domestic resource mobilisation.

A research needed to be done to determine if the consequences of debt, especially to China, were wholly negative. However, some felt that governments in the region borrowed without caring perhaps because of short-termism. There was need to find ways of holding them to account. Media was suggested as an option toward evoking citizen action. Language use was crucial here because it needed to be clearly articulated that the citizenry required of their government's sustainable debt and delivery of services.

Global issues - Money laundering which has been seen to generate terrorism. For example. Boko Haram, Lord's Resistance Movement (LRM) this will definitely increase illicit trade, and tax. We can advocate for harmonising tax.

Technology and the Cashless Economy - The government of Rwanda was currently encouraging a cashless economy. In Uganda for example, it is rare to find a place where you can use cards. This increases tax evasion. Uganda however responded that they were now increasingly embracing the use of cards. Also, that one may use mobile money, they too were drawing away from cash economy and embracing the digital age. Technological issues are supposed to assist tax filling but sometimes works against this.

DTAs, host country versus country of origin transactions - UBER can be one of this. Immediately you use this tax are paid to Netherlands.

3.3 Groupwork to identify strategic options for EATGN

Prioritization Possible Program Areas identify what is/can be uniquely done by national members and what the network can do based on conversations so far.

Guiding principles of prioritisation

1. What has the highest levels of critical uncertainties and will drive the greatest/ most impactful future change
2. Recognize discontinuities or disruptive events that could have catastrophic effects in the future (making it a most important issue)
3. What enables creative, broader, and deep insights that can identify a wider range of opportunities and options to be harnessed to create new competitive advantages
4. How can we approach the issues from unexplored angles /perspectives?

In fulfilling this exercise, the group was to combine thematic areas that would give EATGN and their own organisations the uniqueness or strategic advantages that would emphasise their relevance as an organisation. They were to look at the issue from unexplored angles and perspectives, because this had the potential of adding five to ten years of programming without their having to change anything. A good example would be perhaps the issue of Technology and Taxation. There are vast resources available for technology which the network can easily tap into. Participants were to eliminate anything being done by other actors.

3.3.1 Group 1: Sustainable Debt And Tax Management

Table 9: Group 1 proposed EATGN strategies

Issue	Sub-issue	Focus	Level of action
Fiscal governance	<ul style="list-style-type: none"> • Widening of the tax base • Tax collections – tax incentives, tax administration • Tax revenue allocation and spending – equity, transparency and accountability • Tax/revenue monitoring – access to information, budget analysis 	<ul style="list-style-type: none"> • Sector approach • Policy approach • Future approach 	<ul style="list-style-type: none"> • National • Research and information gathering • Advocacy • Develop key messages • Regional • Engagement with eaca • Dissemination of findings

Issue	Sub-issue	Focus	Level of action
Policy impact assessments	<ul style="list-style-type: none"> • An analysis of debt vs DRM • Analysis on debt and impact on future generations 		
Technology and taxation	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Tax Remittances • Tax Communication / Information • Compliance to Tax • Tax filing of returns, beneficial ownership, existence of subsidiaries, Company reporting 	<ul style="list-style-type: none"> • National • Advocate for adoption • Research • Advocacy/ Awareness • Skills sharing • Reginal • Advocate for E-Technology Model (Rwanda is a model) • Digital Migration

3.3.2. Group 2: Tax Awareness, Administration and Domestic Revenue Mobilisation

Table 10: Group 2 Proposed EATGN strategies

National	Regional
<ul style="list-style-type: none"> • Building Citizen demand on Tax Matters • Information generation on tax and debt (impact, opaqueness, agreements/protocols, generational equity) • Tax Systems and Effectiveness • Institutions, policies, laws, mechanisms, national and regional) • Illicit Financial Flaws • Tax, Governance and Accountability 	<ul style="list-style-type: none"> • Tax and Community Engagement building citizens demands on tax matters • Information generation (research) • Tax laws and policies • EAC • Tax Collection • Effectiveness • Accountability and Transparency

Feedback on EATGN's strategies

Participants were advised to keep strategies at a high level to allow strategic positioning and negotiations with partners. At implementation, the group would develop workplans and a robust implementation plan.

Q: There are some countries that while they are in the EAC are yet to sort out their own issues and have not developed their systems e.g. South Sudan. How can they be helped to improve or develop tax systems?

A: Remittances that come to the country could be one way in which South Sudan partners can start engaging from a tax justice perspective.

3.4 A review of EATGN's past performance

Participants anonymously gave their responses to the following issues.

1. What worked for you as a member of EATGN?
2. What did not work out for EATGN?
3. What can EATGN consider going forward?

3.4.1 Feedback on EATGN's review

Table 11: EATGN review feedback

What worked for EATGN?	What did not work for EATGN?	What can EATGN consider going forward?
<ul style="list-style-type: none"> • Strong Knowledge and Training opportunities. EATGN helped in capacity building of some members 	<ul style="list-style-type: none"> • It has been event oriented not programme oriented • Few joint advocacy initiatives with members 	<ul style="list-style-type: none"> • Registration of EATGN • Revamp the Board and involve new members
<ul style="list-style-type: none"> • Networking with Members from other countries • A bit of information sharing through chapter focal points • Joint proposals to policy institutions • Having shared thematic focus 	<ul style="list-style-type: none"> • Insufficient finances to implement planned activities and to support all national members at national level • No joint resource mobilization efforts • No swift uptake of thematic issues affecting Tax • Communication is not consistent • Coordination with Chapters is poor • Insufficient advocacy of issues • Workshop for the community 	<ul style="list-style-type: none"> • Ask for/ require membership fees to make the network keep running without foreign donations • Staff the EATGN office • Avoid as much as possible being the implementer • The NWI should focus on coordination and capacity building • Grow the membership • Engage more stakeholders in member states • Engage policy members at EAC level (identify key partners) • Engage national coalitions to jointly influence issues affecting EAC • EATGN to give technical support and engage in capacity building to national members • Research and regional conferences at the regional level • Have a financial stability plan and a fundraising Strategy • Engage in joint fundraising with members and to endeavour to implement projects through members • Need for more visibility of EATGN • Fund small projects/grassroots projects in member states • Be more innovative and creative and propose projects that are not being done by others • Better coordination and communication with members in the network • Provide updates to the members • Start immediate national activities • Avoid ad hoc planning and implementation of activities

Q: Our activities have been donor funded. What comparative strategy can we have that we can have with people like Google that can open doors?

A: This will be addressed in stakeholder mapping

Q: Is it possible for EATGN to access public funding? If we get funding from the government – are we not going to be pushed to align with their agenda?

A: the network or members can think of innovative ways to partner with government e.g. host venues in government buildings to save on hotel costs. The partnerships have to be clearly defined so that the network still has room to independently contribute to tax justice matters.

Q: In 2000 when we joined we talked about a fundraising strategy. Can we develop one?

A: Yes, this is part of the recommendation

Q: Why can we not have EATGN in every country?

A: At national levels we have the organisations forming the network called EATGN doing tax justice work. It is an idea worth thinking through

Q: What country is the most successful in the network?

A: Rwanda has a vibrant network. The focal organization is strong, and this helps with communication and coordination. Formal agreements with the country chapter (among network organizations) is also key for commitment. Some network member countries like Burundi need support.

4. DAY THREE: MAPPING HOW TO GO WHERE WE WANT TO BE/ OUGHT TO BE

4.1 Interrogate relevance of current strategic direction

4.1.1 EATGN vision statement

The original vision: A just, transparent and citizen driven tax system that promotes equality and participation and accountability in East Africa.

The steering committee: A just, 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 them involved in tax systems.

Group 1: *An Equitable, Transparent, Accountable and Inclusive Citizen-Driven Tax System in East Africa.*

Group 2: *A just, Transparent, Accountable and Citizen-Driven Tax System in East Africa*

Consensus vision statement

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

4.1.2 EATGN mission

The original mission: To establish a vibrant tax justice movement across the Eastern African region that mobilizes citizen participation in influencing policy and practice for a just and equitable society.

Steering committee proposal: To mobilize citizens to advocate for equitable tax policies and practices through capacity building, research and campaigning.

The focus here was mainly on how to change policy and practise. This is what was felt to be the main avenue to drive the EATGN into the future.

Group 1: *To Build Capacity, Empower and Mobilize Citizens to Advocate for Fair Tax Policies and Practices*

Group 2: *To Empower Citizens to Advocate for Equitable Tax Policies Through Capacity Building, Research and Stakeholder Engagement.*

Consensus mission statement

“To establish a vibrant tax justice, movement across the Eastern African region that mobilises citizen participation to advocate for equitable tax policies and practices”

4.1.3 EATGN goals and objectives

Table 12: EATGNs proposed goals and objectives

Group 1	Group 2
<ul style="list-style-type: none"> • Build Capacity and Empower Citizens on Fair Tax Systems and Policies • To Generate Credible Excellence to Influence Tax Policies • To Mobilize Citizens to Advocate and Campaign for Tax Justice • To Strengthen the Capacity and Coordination of National Tax Justice Coalitions 	<ul style="list-style-type: none"> • Strategic Objectives: • To Engage the EAC on Tax Laws and Policies Within the Region • To Mobilize Citizens Participation in Tax Related Issues in the EAC Region • To Strengthen Tax Justice Networks and Actors • To Strengthen the Capacity of Stakeholders to Advocate for Just, Transparent and Accountable Tax Systems • To Carry Out Issue-Based Research and Information Dissemination. • To Mobilize Resources for Network Activities

4.1.4 Values

Table 13: EATGN's proposed values

Group 1	Group 2	Consensus
<ul style="list-style-type: none"> • Diversity • Commitment • Professionalism 	<ul style="list-style-type: none"> • Diversity • Professionalism • Equity 	<ul style="list-style-type: none"> • Diversity • Professionalism • Equity and fairness
<ul style="list-style-type: none"> • Transparency and Accountability • Sensitivity • Participation • Innovation 	<ul style="list-style-type: none"> • Transparency and Accountability • Participation • Innovation • Networking and Alliance Building • Inclusivity 	<ul style="list-style-type: none"> • Transparency and Accountability • Participation • Innovation

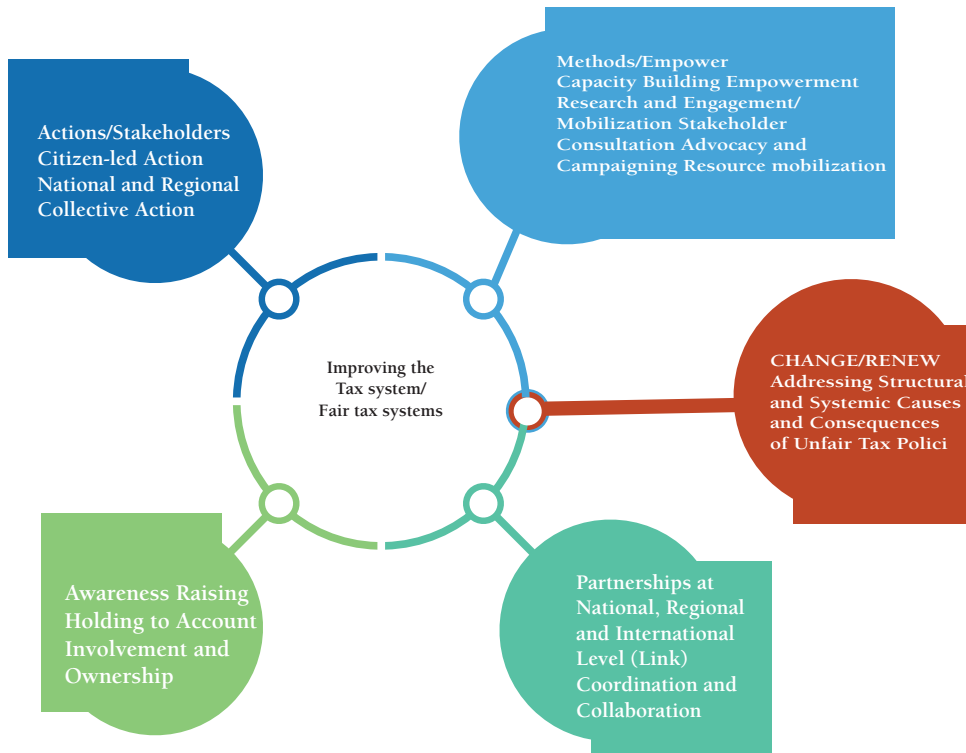
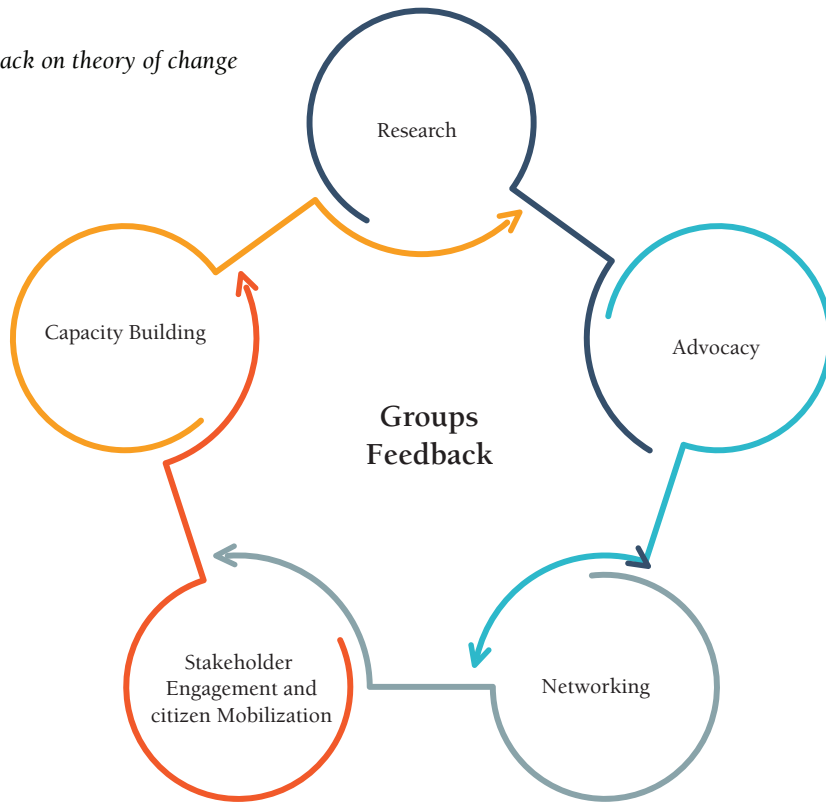
4.1.5 EATGN's theory of change

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

In mapping possible pathways for EATGN, participants answered the following questions.

- What will be your key emphasis?
- What are the linkages we make and what are our pathways?
- What methods will EATGN use to apply its work?
- What will be the specific aims of intervention?
- Goods and services produced?
- What change does your organization make?
- What changes with EATGN help make for its beneficiaries and service users?
- What happens because of our activities?

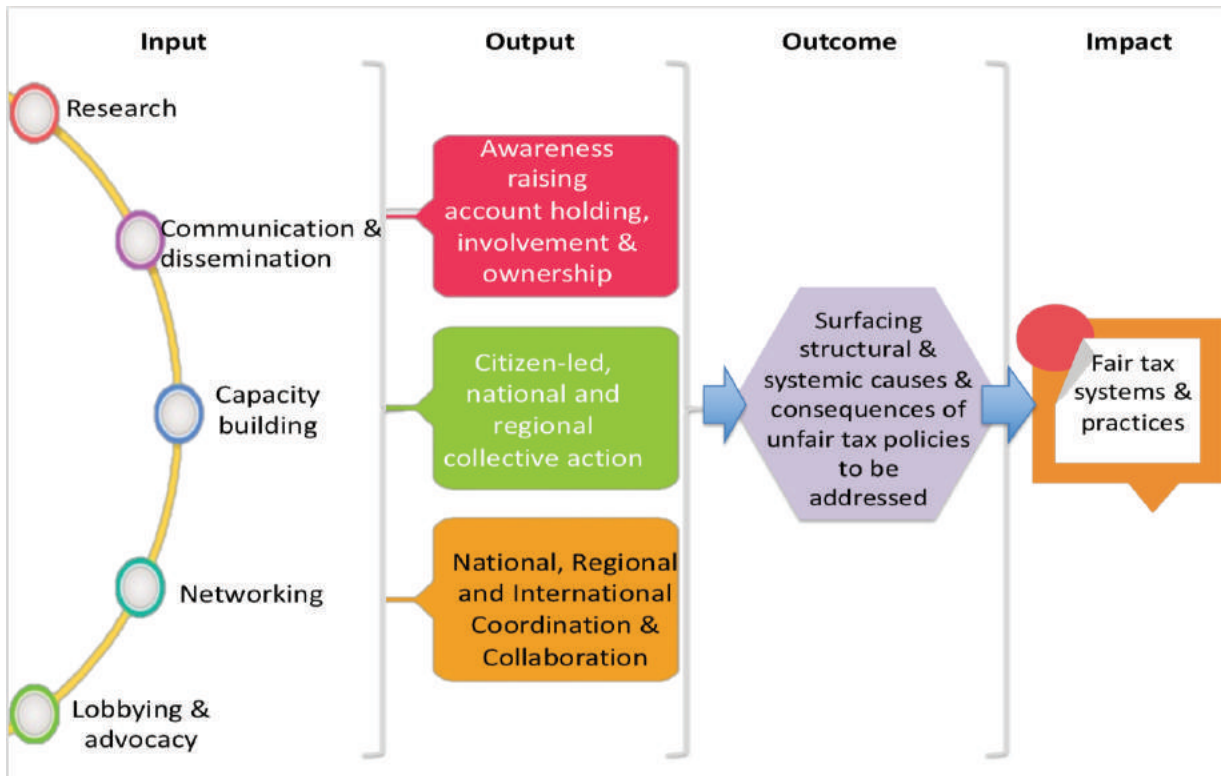
Group feedback on theory of change



Consensus

It is envisaged that, using research, communicating/disseminating research findings, building capacity of country networks to grasp tax and tax justice matters, networking in-country and in the region as well as lobbying and advocating researched based issues, will enable EATGN raise citizen awareness, encourage citizen involvement and ownership of the issues, as they coordinate and collaborate to have citizen-led collective action that will surface structural and systemic causes or consequences of unfair tax policies to be addressed by relevant stakeholders, mostly the governments, in order to achieve fair systems and tax practices as shown below.

Figure 16: EATGN Theory of Change

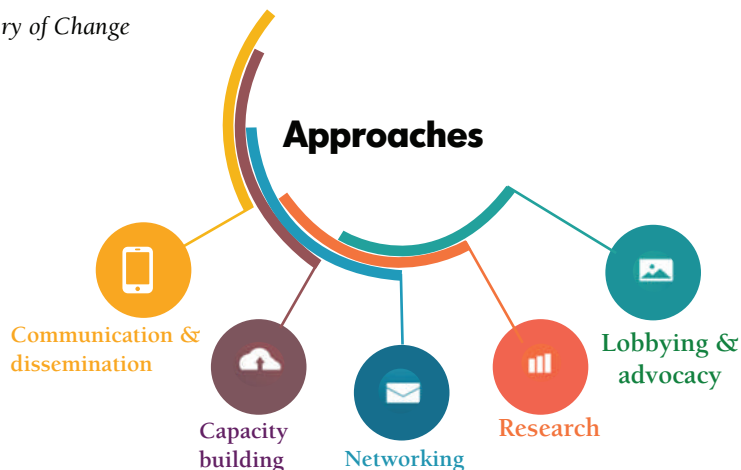


However, as EATGN continues to grow and as evidence develops, the organization will continue to refine its theory of change to represent its growing understanding of what works to attain fair tax systems and practices.

4.1.6 EATGN approaches

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

Figure 16: EATGN Theory of Change



Research – EATGN will build a 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.

4.2 EATGN's 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.

Table 14: EATGN proposed programme direction

ORIGINAL	PROPOSED	Consensus
<ol style="list-style-type: none"> 1. Research in five thematic areas: Governance, Taxation, Policy, Regional Integration among others 2. Advocacy and Lobbying 3. Networking 4. Capacity Building 5. Communications and Information dissemination through various publications. 	<ol style="list-style-type: none"> 1. Tax issues 2. Trade and Regional Integration 3. Fiscal governance, budget and debt monitoring 4. Network strengthening 5. Cross cutting issues: Gender, Youth and Human Rights. 	<ol style="list-style-type: none"> 1. Tax and Trade 2. Tax and Regional Integration 3. Tax and fiscal governance <ol style="list-style-type: none"> (a) Tax revenue (b) Tax budgets (c) Tax and debt monitoring 4. Tax and network strengthening 5. Tax and Cross cutting issues <ol style="list-style-type: none"> (a) Tax and Gender (b) Tax and Youth (c) Tax and Human Rights

Feedback from the coordinator

I: What did not work-The communication

R: Communication started out well on this, but it has dropped with time. It's been a one man's turf and he had to prioritize what was crucial for the network to function. Having an assistant is a high priority.

I: Membership

R: it is more efficient to work through focal points. There were sometimes tensions brought about by the fact that EATGN is working under TJNA and may conflict with what was priority for EATGN.

I: Need for visibility

R: Very dear to EATGN. People wanted to know what the network was involved in and had achieved. Twitter and Facebook accounts need to be consistently updated to generate enough interest and regular participation of members.

Q: Do you feel overwhelmed in your work? Do you need people behind to you assist?

A: There has been a thinning of staff even in TJNA as people have moved on to other things. There is real need for help

Q: Where do you feel powerful and where do you feel you need more support? In terms of organisation and membership? Where are your strong points/edge?

A: Research and policy advocacy is pretty much set but there is need to occupy other relevant spaces. For country/national chapter, there is need to be clear that we are working through the focal points for order.

Q: What is the coordinator's responsibility towards the focal points and theirs to the coordinator?

A: I receive guidance from the Steering Committee

Q: How do we make all chapters work well?

A: It is based on people's levels of commitment. Address the issue that will bring people together and keep them together. It could be in form of directly meeting stakeholder needs.

Q: In implementing your work what worked, what did not and how would you like the members to support you?

A: Information. The coordinator needs to know what country chapters are doing. It will help populate the social media. Building communication to be a two-way process.

4.3 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:

Table 16: EATGN stakeholder mapping and analysis

Stakeholders	Stakeholder Needs (SN)	Organisational (EATGN) Needs (ORG)	How (what actions) do we align SN and Org Needs?
APNIFT, 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

THINKING FOR THE FUTURE

Stakeholders	Stakeholder Needs (sn)	Organisational (EATGN) Needs (Org)	How (what actions) do we align SN and Org Needs?
Tax justice institutions at various levels (TJNA, ICD, ATAF, GAJJ, 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
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 events, explore funding opportunities, do joint work
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	Publications 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, TRADE-MARK, OXFAM, DIAKONIA, ACTION-AID, 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

Feedback

Q: What is the trend of our relationship with stakeholders? What is missing?

A: Members are not going to be active in the network unless their interest is in it. There existed a gap in their knowledge of tax. Which donor could they partner with towards capacity building? If EATGN were to mobilize donor resources, they needed to understand their politics. They fund their own interests. Members of EATGN's Steering Committee were encouraged to commit to supporting the network in some way. It was prudent for the membership to each contribute a small fee towards running the Secretariat. There should be investment made towards regional studies that also involve parliamentarians.

Q: Are there specific consultants that you use whose contacts can be shared with members of the network?

A: Prof Atiya Waris from Strathmore university, Dr Miriam Omollo (trade and local government issues) depending on what is needed. EATGN secretariat was happy to give a list. There is a need to continually map out any call for proposals. For instance, the European Union is also putting out a call about Governance and Creating Space in around October. Participants the Coordinator to share this with the network as they come in

4.4 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 into this strategic plan for EATGN and its members to meet each other's interests
- d. Jointly influence tax justice issues at the EAC level
- e. 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 the 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 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

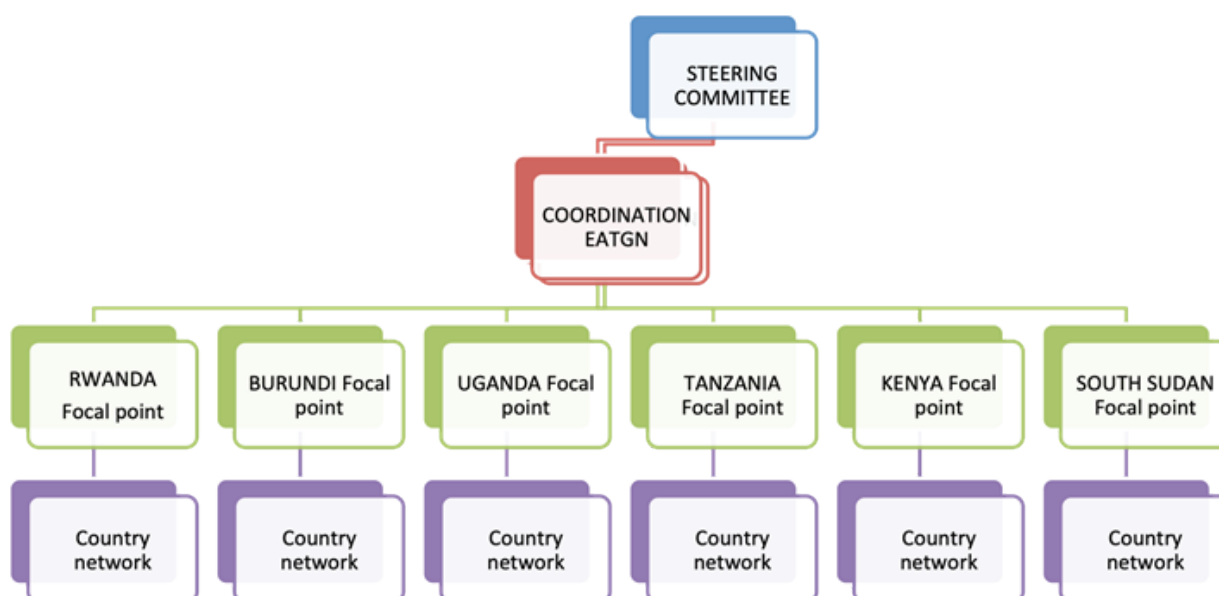
- a. The need for a sense of cohesion among EATGN members cannot be overstated due to the regional nature of the network otherwise the incongruence will cause members not to feel a sense of shared connection that motivates them to work together. EATGN will, therefore, have to find unifying factors including shared values such as

- 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

4.5 EATGN's organizational structure

EATGN is a group of legally independent organizations that use 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.

Figure 18: EATGN Organisational structure



4.6 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.

Donor funding is 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), Trade-mark East Africa, Oxfam, Diakonia, Action Aid, Christian Aid, Open Society Foundation (OSF), Africa Capacity Building Foundation (ACBF), 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 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.

EATGN is aware that a mix of talent is necessary along all these key areas to fulfil all of the required tasks of the network during this next period.

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