



High-level Political Forum

From the ECOSOC Financing for Development Forum to the General Assembly High-level Dialogue on Financing for development

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Statement by Minister of International Development
Mr. Dag-Inge Ulstein

Chair,

Reducing poverty and inequality is the key objective of Norway's development policy. My road map as Minister of International Development is Agenda 2030 and the Sustainable Development Goals. Although there has been much progress, we are not on track when it comes to financing our joint ambition.

A well-functioning tax system can help to alleviate poverty and inequality in two ways. First, through the way tax is collected, and the composition of the tax base. Second, through the effect of public expenditure at different levels.

When it comes to tax policy and administration, there is considerable room for improvement in most developing countries. According to various sources, including the IMF, tax collection could be increased by 3-5 % of GDP in many countries.

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Let me give you three examples of how Norway's tax-related development policy works in practice – bilaterally, multilaterally, and in cooperation with civil society. The point I want to convey is that no single methodology will provide the silver bullet. Only through a variety of actions can we make progress together.

Let me start with two examples of our bilateral engagement. Firstly, the national tax authorities in Zambia report that their cooperation with the Norwegian Tax Administration has helped them to reassess taxes and to increase tax collection by around USD 80.6 million during the period 2011 to 2016. The total cost of this project was around USD 8.4 million, which means that the cost-benefit ratio was an impressive 1:10.

Similarly, the Norwegian Tax Administration supported the tax authorities in Tanzania to clear a large backlog of tax audits in the mining sector from 2012 to 2015, at a cost of around USD 1.1 million. The result was a number of improvements, with one company paying an estimated USD 127 million in additional taxes following reassessment. In other words, the cost-benefit ratio was at least 1:100. At the multilateral level, Norway – in cooperation with Nigeria and other partners – has championed UN resolutions on illicit financial flows and asset recovery.

It has been further strengthened by Norway's promotion of resolutions on grand scale corruption under UNCAC ["UNKAK"] in Vienna. These resolutions link the anti-money laundering agenda with the efforts to fight other criminal activity. Norway has also supported efforts in Africa, under the leadership of the Mbeki Panel and facilitated by the United Nations Economic Commission for Africa (UNECA).

The third area I would like to mention is our cooperation with civil society. Civil society organisations play a vital role in securing transparency and scrutiny of contracts, tax regimes, company payments to governments, and the wider social and environmental responsibility of the business sector.

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More attention must be given to fragile states and low-income countries in sub-Saharan Africa. Norwegian tax experts are often not the best equipped to work directly in these contexts. We are therefore developing a portfolio of key multilateral partners such as the World Bank, the IMF and the UN.

In the Addis Tax Initiative, Norway made a commitment to double our tax-related development assistance from 2015 to 2020. We are now on track to over-achieve this goal a full year ahead of time. We urge all other signatories to intensify their efforts to fulfil their commitments in this area. I would also like to challenge the tax and development community to come up with the facts we need to formulate new political commitments on domestic resource mobilisation that will enable us to reach our goals by 2030. Norway is ready to champion this effort.

Thank you.

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