The importance of inclusion, transparency and consultation in revenue mobilization

Minister Diaby, Chair Patriota, Moderator, Excellencies, Ladies and Gentlemen.

Taxation speaks to some of the most fundamental relationships between government and the rest of society: the elite, the private sector, including the international private sector, and most of all the people as a whole. Taxation is a key component of the social contract.

Although in this discussion we have mostly considered the technical elements of revenue generation, the social and political aspects are equally important. Taxation is one of the most unpopular things that a government can do, and history teaches us that it deserves to be handled with care. As a result it is critical, particularly in societies emerging from conflict, where the social fabric is weak, where the authority of the state may be uneven, and which may be affected by unresolved social divisions, that issues of state income generation are addressed transparently and with broad consultation. People have to be reassured that the process of raising government revenue, and managing and spending it, is a fair one. This is the case for all areas of government revenue raising, including more focused activity relating to large national and international companies and natural resources contracts, as well as broadly based taxes on consumption, income and assets.
It is vital to demonstrate that government revenue raising processes are equitable and that
government spending is seen to be fair and to the benefit of all of society. As is clear from the
experience of countries on the agenda of Peacebuilding Commission, in societies chronically
impacted by conflict, all significant economic and social activity must be viewed through a
peacebuilding lens - how do these actions contribute to rebuilding the fabric of society as a whole?

We have been asked to make specific policy recommendations. From a policy perspective, we
believe that it is important that standards, guidelines, instruments of engagement and mandates relating to state
revenue generation in conflict affected societies should include and emphasize issues of transparency and inclusion,
including open and widespread prior consultation with civil society to generate broad consensus.

Above all, taxation and state revenue generation is a matter of trust, and although the technical
aspects are important we must always remember that revenue mobilization is as much a political and
social phenomenon as a technical one

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