



Strengthening Tax-Accountability Links: Fiscal Transparency and Taxpayer Engagement in Ghana and Sierra Leone

Summary of ICTD Working Paper 114 by Vanessa van den Boogaard, Wilson Prichard, Rachel Beach, and Fariya Mohiuddin

Improving connections between taxation and accountability

Taxation is high on the international development agenda, largely due to growing evidence that it can not only provide sustainable development funding, but also contribute to expanded responsiveness and accountability in government. This is because: (i) when forced to pay taxes citizens are more likely to feel ownership of government revenues, and demand benefits in return, while (ii) governments needing tax revenues are more likely to make concessions to taxpayers to encourage quasi-voluntary tax compliance.

Recent research shows that taxation *can* lead to expanded responsiveness and accountability, but this is *not* guaranteed. Improvements in accountability and responsiveness from taxation depend on the political and economic contexts, as well as the policies and strategies adopted by governments and civil society actors. Without consistent focus on creating an enabling environment for tax bargaining, taxation can be little more than forceful extraction from often low-income taxpayers.

Existing evidence suggests three key factors that improve tax-accountability links: 1) improved public awareness, transparency, and taxpayer services; 2) a robust and engaged civil society; and 3) forums for taxpayer-government engagement.¹ Yet, while these goals are increasingly accepted, there is less understanding of how to achieve them. This study asks, **what specific interventions and strategies can governments, civil society, and development practitioners adopt to strengthen links between taxation, responsiveness and accountability?**

Relying on data from taxpayer surveys, focus group discussions, and interviews with key stakeholders in Ghana and Sierra Leone, we consider two types of initiatives.

1. **Efforts to enhance transparency:** under what circumstances are these most likely to be successful in informing, empowering and engaging taxpayers?
2. **Attempts to spur popular engagement:** what types of initiatives most effectively enable and motivate citizens to engage with and make demands on the state around taxation?

Key findings

Enhancing fiscal transparency

Successful transparency initiatives must provide the right types of information, using channels that reach the target population in engaging and meaningful ways. Despite the nominal expansion of transparency and taxpayer education programmes this is rarely achieved in practice. Governments and donors should focus on two key questions to promote meaningful transparency tailored to citizens' needs.

1. *What types of information are most useful?*

Information provided must address taxpayers' key concerns and provide a basis for active engagement. At present, most taxpayer education programmes focus on compliance. Our research suggests that helping taxpayers to navigate the tax system and address problems would be much more effective. Primarily, taxpayers want to know what taxes are due, at what rate, and on what basis. To foster greater accountability, this information must be paired with information about how much revenue is

¹ Prichard, W. (2015) *Taxation, Responsiveness, and Accountability in Sub-Saharan Africa: The Dynamics of Tax Bargaining*, Cambridge: Cambridge University Press

collected and how it is spent on local services. Expenditure information would particularly benefit from being simplified and made more comprehensible as taxpayers may struggle to interpret large, abstract figures or to relate highly aggregated data to local outcomes. Special attention should be paid to supporting engagement by traditionally marginalised groups.

2. How can information best reach citizens?

Even where information is meaningful to taxpayers, major challenges remain in ensuring that it actually reaches them. Tax and budget information is often posted at government offices, making access costly and intimidating and requiring significant levels of education. Instead, interactive forms of transparency which allow taxpayers to ask questions and engage with government directly enable engagement. In Ghana and Sierra Leone, taxpayers valued communication via radio and TV call-in programmes. These are low cost, have broad reach and allow taxpayers to access information and engage directly while retaining anonymity.

Strengthening taxpayer engagement

For policy changes and transparency to translate into meaningful action, governments and donors must support taxpayers' efforts to engage. Taxpayers face substantial barriers, often lacking the necessary information; viewing engagement as relatively futile; and feeling hesitant about raising issues, fearing reprisals. Three key lessons emerge.

1. Supporting safe, secure, and sincere forums for engagement

To be effective, citizens need to perceive forums to be safe and secure, with government actors sincere and responsive. Citizens must also perceive forums to be meaningful, with the possibility of resulting in genuine policy reform. Too often, forums are viewed either as threatening or as pro forma exercises. Modest, incremental shifts in tone and content could make forums more welcoming, accessible, and responsive, including presenting information in accessible terms for less educated audiences; demonstrating concrete responses to concerns; and including credible civil society allies. Forums that allow for anonymity and

interaction, including radio or TV call-in shows, are particularly appreciated by taxpayers.

2. Working with trusted community allies

Working with allies including traditional authorities and religious or community leaders can overcome barriers related to lack of information, lack of perceived security and feeling engagement is futile. Engagement efforts will be most successful when tailored to local concerns and priorities.

3. Civil society as translators, enablers, and trainers

Civil society actors' most effective role will usually be as translators, enablers, and trainers. First, they can make tax information intelligible and communicating it through accessible channels (sometimes literally translating it into local languages). Second, they can facilitate engagement forums and working with taxpayers to develop collective demands. Third, they can provide training to enable broader engagement and shift power dynamics by helping taxpayers to understand revenue and spending issues and their legal rights.

Going forward

Expanded taxation will only be of public benefit if accompanied by processes of accountability and bargaining ensuring reciprocity. Supporting fiscal transparency and taxpayer engagement are important for strengthening tax-accountability links, though significant challenges, including funding constraints and political resistance, remain.

Donors and government could alleviate some of these problems in the short term, but the longer-term goal should be to demonstrate the value in these initiatives – building public trust and encouraging greater tax compliance – to governments.

The need to demonstrate the benefits of greater accountability demands further research. The recommendations here reflect a combination of theory, taxpayers' experiences, and examples of successful tax bargaining. Scope remains for detailed efforts to trace the impact of such initiatives on concrete outcomes and use this to inform further learning. This is potentially ripe terrain for collaboration between civil society, governments, and researchers.

Further reading

Citation: van den Boogaard, V; Prichard, P; Beach, R. and Mohiuddin, F. (2020) *Strengthening Tax-Accountability Links: Fiscal Transparency and Taxpayer Engagement in Ghana and Sierra Leone*, ICTD Working Paper 114, Brighton, IDS.

Credits

Vanessa van den Boogaard is a Research Fellow at the ICTD and leads the research programme on tax and civil society and co-leads the programme on tax and informality.

Wilson Prichard is the CEO of the ICTD, an Associate Professor at the University of Toronto, and a Research Fellow at the Institute of Development Studies.

Rachel Beach is a tax and public sector consultant with experience working with the governments of Jordan, Ethiopia, Djibouti, Pakistan, Haiti, Benin and Togo.

Fariya Mohiuddin is a Senior Program Officer at the International Budget Partnership, shaping the new Tax Equity Initiative..

The ICTD is funded with UK aid from the UK Government and by the Bill & Melinda Gates Foundation; however, the views expressed herein do not necessarily reflect the UK Government's official policies, nor those of the Bill & Melinda Gates Foundation. Readers are encouraged to quote and reproduce material from the series. In return, ICTD requests due acknowledgment and quotes to be referenced as above.



ICTD is based at the Institute of Development Studies, Brighton BN1 9RE UK.