

LINE OF ACTION



PUBLIC FINANCE: Tax collection and the expenditure quality



Democratic Governance

The “Public Finance” Line of Action contributed to the mobilisation and effective and efficient use of resources, particularly through initiatives such as “raise more, spend better”. This means strengthening and improving the tax systems in the countries of the region, so that the domestic resources available to states can be expanded; and, on the other hand, improving the efficiency and quality of public spending. To do this, EUROsocial+ supported institutional strengthening, and contributed with regulatory developments and with the adoption of instruments implementing fiscal policies and by accompanying budget reforms.

See
results

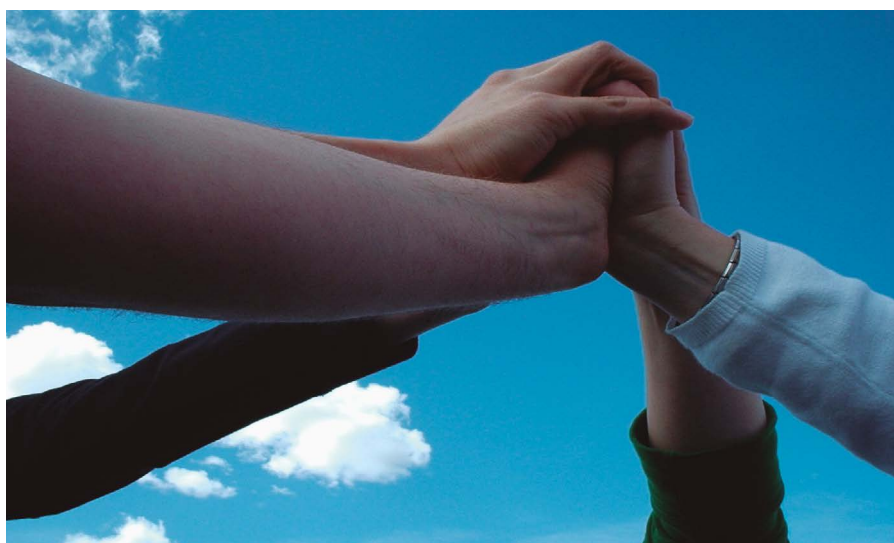


WHICH AREAS WAS INVOLVED?

The main objective of the “Public Finance” Line is to promote the redistributive functions of the public sector in Latin America and the implementation of public policies that contribute to social cohesion in the region. We worked in two areas of action:

- i) tax systems and public taxation (income);
- ii) public budgets (expense).

On the one hand, **with the tax area**, issues are addressed related to strengthening and modernising of public tax collection systems, in order to expand the volume of resources available to the states. Specifically, efforts were focused on two lines of work: a) promoting voluntary compliance with tax obligations, on the understanding that citizen commitment is

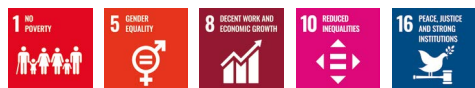


a fundamental factor in the viability and sustainability of tax systems. This line was worked on in Uruguay, Argentina, Costa Rica, Honduras and Cuba; b) the fight

against tax fraud, evasion and avoidance, we accompanied initiatives aimed at this in Chile, Costa Rica, Bolivia, Paraguay, Panamá and Colombia; this line also works to



WHICH SDG DOES IT INVOLVE?

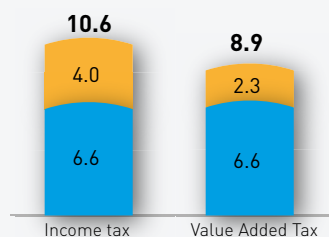


EUROPEAN CONSENSUS

“Raise more, spend better” initiative • Addressing of tax fraud, tax evasion and illicit financial flows • Emphasis on the efficiency, effectiveness and equity of tax systems and financing of social protection.

improved international taxation, especially by supporting the implementation of the BEPS (erosion of the tax base and transfer of profits) package in the OECD/G20 countries, and supporting the meetings held by the Inter-American Centre for Tax Administrations' (CIAT) International Taxation Network.

Latin America (16 countries): tax breach of income tax and value added tax, 2017 (in percentage of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC)

On the other hand, three lines of work were prioritized in the **budgetary area** focusing on improving the efficiency and

quality of spending and promoting the social nature of public budgets: a) support for results-based budgeting, in order to tighten the link between the financing for programmes or public interventions and the result obtained in improving citizens' quality of life in all Central American countries, the Dominican Republic, Peru and Argentina, among others; b) budgeting with a gender approach, seeking to reinforce equality and participation by women in all public policies in countries such as Argentina, Uruguay and Brazil, among others; c) carrying out Spending Reviews and monitoring the implementation of their recommendations with the objective of evaluating the real impact of budgets on citizens through programmes with a high social impact and potential to reduce gender gaps in countries including Paraguay, Argentina, and Mexico (Guanajuato).

To carry out these tasks, EUROsociAL+ worked with the **tax administrations and the Ministries of Taxation, Finance and Economy** in the different countries, guiding the actions towards specific regulatory, institutional or procedural results. It also collaborates intensively with relevant **international organisations** such as the Inter-American Centre for Tax Administrations (CIAT), the Inter-American Development Bank (IDB),

NETWORKS / ALLIANCES

- International Taxation Network at the Inter-American Centre for Tax Administrations (CIAT).
- Results-based Budgeting Network at the Inter-American Development Bank (IDB).
- Integration System of the Council of Finance Ministers of Central America, Panama and the Dominican Republic (SICA-COSEFIN)
- Economic Commission for Latin America and the Caribbean (ECLAC)
- Organisation for Economic Co-operation and Development (OECD)

the Economic Commission for Latin America and the Caribbean (ECLAC), the Organisation for Economic Cooperation and Development (OECD) and the Council of Finance Ministers of Central America, Panama and the Dominican Republic (COSEFIN), which provide their technical expertise and institutional collaboration networks consolidated over years of experience in the region.

In the line of **public budgets**, an effort has been made to mainstream the gender approach in all its actions, in a comprehensive way. This implies incorporating it throughout the entire action, from its negotiation, design, execution and evaluation. In order to achieve this, specific methodologies have been designed, both in terms of spending review and budgeting by results, which allow the inclusion of results, indicators and sources of information, thus ensuring that the gender component is included in all actions.

Synergies and complementarities were made by the **taxation** line with the "Territorial Development" Line of Action, also with the Democratic Governance Policy Area, in order to meet various demands related to "Territorial Taxes" and "Fiscal Decentralisation". On the other hand, it is closely coordinating with the EUROsociAL+ Gender Equality Policies Area to incorporate the gender approach in all actions on public income as an essential analysis tool to contribute to social cohesion and to the reduction of inequality gaps in Latin American countries.

Publications



Spending review of the Educational Infrastructure Program in the State of Guanajuato

Spending Review: Program to improve productivity of agricultural production systems in Paraguay

Budgeting for results with a gender perspective: the cases of Argentina, Brazil and Guanajuato

Presupuesto por resultados en Centro América, Panamá y República Dominicana

The redistributive impact of Latin American tax systems and their comparison with the European Union and the OECD

Expenditure reviews with a gender perspective: an approach from international comparative experience

Rapporteur report for the 2nd Meeting of the EUROsociAL+ Programme: Thematic Seminar "Equity and fiscal sustainability of pension systems in Latin America" (pages 53 - 57)

Future planet: Will it be different this time?

Integration of the social cohesion approach and the reduction in inequalities in EU budget support programmes

Study on stakeholders and good practice in managing public finances in the EU



Conclusions of the Webinar Cycle
"Tax Policies in the framework of the Covid-19 crisis. Dialogue between Latin America and the European Union"