

## 1. INTRODUCTION

Taxation is a critical part of fiscal policy, which enables the provision of basic services (e.g., health, education, water and sanitation, infrastructure) and contributes to the over

Source:XP xoldbidvrbujpot!cbt fe!po!Xpsre!Cbo l!ebub!po!uby!sf wf ov f!)&!pg!HEQ\*!b t!pg!42!Nbz!3135/!

Note:XDpvousjft!bsf!hspvq fe!jol!bddpsebod f! xju i!u i f!dvssfou![VODUBE!dmb t jkdbujpo](#)

laundering, and illicit financial flows while generating revenues and building confidence in tax systems<sup>7</sup>

Any required reforms should be inclusive, letting every nation

that contribute to holistic development, aligning with the economic, social, and cultural goals stipulated by the [Covenant on Economic, Social, and Cultural Rights \(ICESCR\)](#)

enhancing domestic resource mobilization, aligned with the [Treaty of Experts on International Cooperation in Tax Matters](#)

8

tic, sustainable development perspective.

[Taxation Framework \(STF\)](#),

and specific SDG targets. It identifies avenues within tax policies and administration to advance SDGs effectively, drawing

STF enables countries to identify additional measures for SDG achievement. Through self-evaluation, countries gauge their progress in leveraging tax policies for SDGs, leveraging

In an era marked by food, fuel, debt, and climate challenges, countries face contending fiscal consolidation and ration

development. To guide these efforts, ESCWA pioneered the Integrated Budget Intelligence Toolkit (iBIT), an internationally endorsed standard for budget efficiency and credibility.

strained fiscal space. By offering fiscal insights into spending decisions, procurement, and asset management, the iBIT unravels SDG synergies, assesses financing gaps, and

---

<sup>7</sup> See General Assembly resolutions 78/140 of December 2023, on promotion of international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development, and



them from financing their own development and how a UN  
Framework Cm

F m r t m t

**Tax and reduced inequalities**

Effective and efficient tax systems are crucial for advancing

excise taxes on tobacco, alcohol and sugar-sweetened

port the achievement of the sustainable development goals,

**Gender dynamics in fiscal and tax policy**

## 5. POLICY RECOMMENDATIONS

global challenges and financing the Sustainable Development Goals (SDGs). To achieve this, developing countries

and efficient tax systems based on the discussions in this policy brief, including:

- **Progressive taxation:** Favour progressive taxation over regressive tax schemes, so that individuals and corpora

- **Efficient and transparent tax administration:** the reduction of tax evasion, avoidance, corruption, and illicit financial flows. These efforts protect fiscal space

- **Impact assessment:**

consider various simulation scenarios and distributional impacts



es, such as education, health, water, sanitation, food security, and climate mitigation and adaptation. This comes at a cost, however, as it increases government expenditures and contributes to SDG financing while reducing

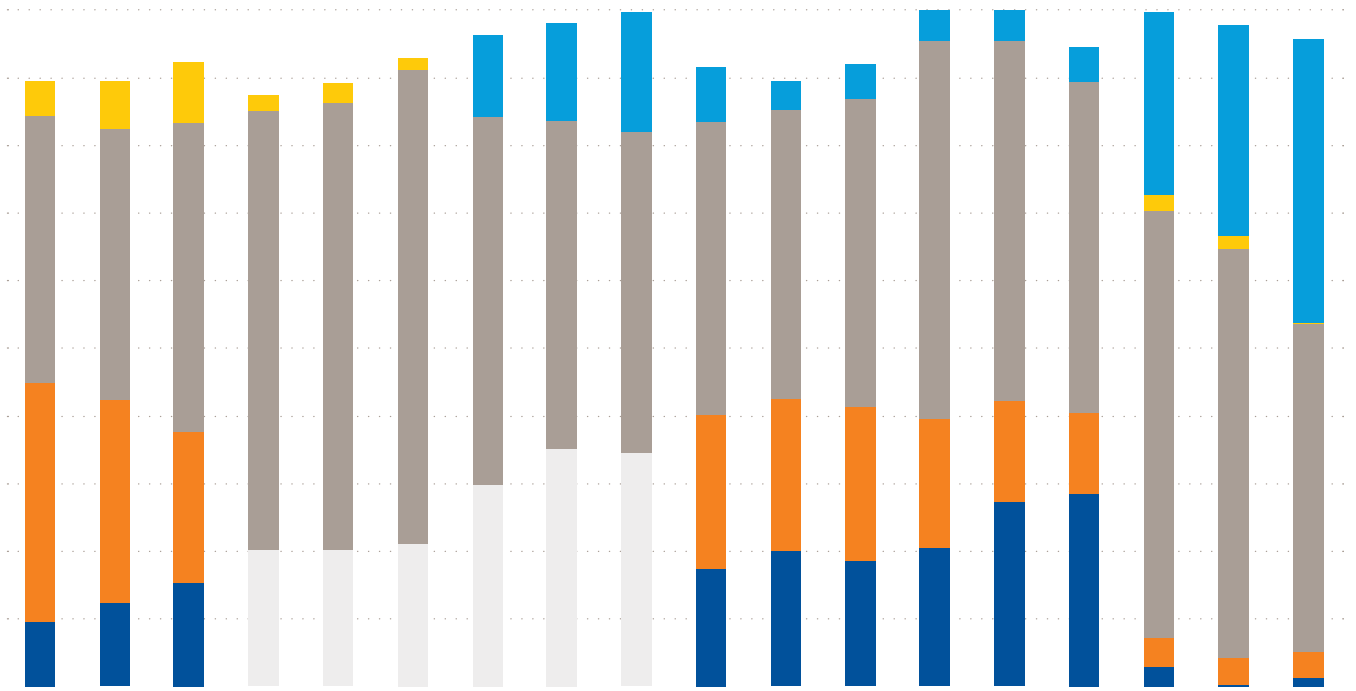
- **Sustainable taxation for climate action:** Taxation systems with environmentally sustainable outcomes, and
- **Gender considerations:** Taxation systems and gender responsive budgeting, in addition to the design of tax policies and fiscal systems.
- **Optimize tax incentives:** Focus on incentives that promote sustainable development.

In addition, despite increasing their VAT rates, Lebanon and

efficiency, which measures the effectiveness of tax administration, varies across Arab countries and is generally lower than the global benchmark, such as the OECD average. Factors affecting VAT efficiency include policy choices like reduced rates and exemptions, tax administration and tax payer compliance. To improve VAT efficiency and increase tax revenue mobilization, measures such as rationalizing exemptions, strengthening tax administration, and enforcing tax

FIGURE A.3  
Composition of tax revenues in MICs (per cent share)

Percentage Of GDP



Source: XFTD XB!t ubggldbrdvibujpo!cbt fe!po!obujpob!ebub!boe!NG!

Note: XGps!Uvoj tjb!s fwfov ft!gsp n!hppe t!boe!t fswjdf t!luby!jodive f!WBU!dpot v n qujpo!evujf t!boe!pu i fsljoejsfdulubyt t/