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# Prosperity Collaborative

*Transforming developing country tax and fiscal systems with innovative data science*





# Prosperity Collaborative at a Glance

*Our purpose is to help transform tax and fiscal systems in developing countries through greater adoption of innovative technology and capacity building.*

The World Bank, MIT, EY, New America, and the Boston Global Forum Michael Dukakis Institute for Leadership recently formed a new collaboration, called the *Prosperity Collaborative* (“Collaborative”), focused on creating better tax systems through innovative technology. Our work focus on building and deploying new technology for tax and fiscal institutions, improving local capacity, and promoting open source and transparent technology governance models.

We came together out of recognition and alignment around a few core observations:

- **Improving institutions can lead to improving societies.** Revenues in 39 of the world’s 75 poorest countries are inadequate to finance basic state functions, let alone the additional investment needed in physical infrastructure, education, health and social protection to meet the UN’s Sustainable Development Goals. Research shows that when tax receipts rise above 15% of GDP, governments can more sustainably fund their work, which in turn may lead to more rapid economic growth and investment.
- **Innovative technology has the power to transform tax and fiscal systems.** Advances in technology have the potential transform these systems by: (i) improving **trust** between taxpayers and government through creating more efficient and transparent digital tax systems; (ii) improving **efficiency and overall capacity** within governments through the use of technology to digitize and automate processes, as a part of the concept of AI-Government; and (iii) increasing overall tax **compliance** through both broadening the tax base by making it easier for taxpayers to pay taxes as well as through identifying and eliminating sources of persistent fraud.
- **A multi-stakeholder approach is needed to maximize our collective impact.** No single institution has the capabilities and legitimacy to develop and implement innovative technologies on a wide scale. A multi-stakeholder collaboration can overcome these hurdles by leveraging our individual strengths.

Our work will focus in three core areas:

- **Developing new technologies.** We partner with local countries and our network of stakeholders to build and deploy technology that solves needs commonly shared across tax administrations.
- **Improving local capacity.** We engage directly with local countries to configure solutions to their specific needs as well as coordinate training and other resource development efforts.
- **Promoting open source technology governance models.** We advocate for transparent governance models and will release software via open source or equivalent models to facilitate local country configuration, increase interoperability and lower implementation costs, and encourage collaboration.

The following document describes the *Collaborative’s* operating principles and the specific set of activities we will undertake in furtherance of our purpose.

# Operating Principles

*Our operating principles guide our priorities and delineate our work.*

- ① Our collective **purpose** is to help transform tax and fiscal systems in developing countries through greater adoption of innovative technology and building local capacity.
- ② We **focus** on disruptive technologies that maximize potential impact across multiple countries and can be implemented widely, with speed and at minimal cost in such areas as artificial intelligence, blockchain, and data systems.
- ③ We believe that **open-source** and transparent software governance models are preferable because they promote flexibility, interoperability, and collaboration, and enable rapid technology adoption at scale.
- ④ We promote thought leadership and the creation of **new technology standards** to facilitate greater adoption of innovative technologies within tax administrations.
- ⑤ We bring an inclusive, **multi-stakeholder** approach to our work to solve for common needs across countries and to maximize overall impact and benefit across our partners.
- ⑥ We are as **members** committed to acting with integrity. We are inclusive and seek out other organizations to join us in expanding our coalition across industries and continents.
- ⑦ We are committed to **results** and will regularly evaluate programs for impact, with a distinct focus on three-year periods of operation.

# Workstreams and Deliverables

## STREAM 1 | Develop and promote a new generation of digital public goods

Identify gaps in tax and fiscal administration adoption of technology solutions and opportunities for transformation, and bring together a diverse stakeholder group to fund, build, and deploy innovative open-source technology solutions that respond to the needs of multiple governments in developing countries.

1. **Conduct a survey of technology solutions, country needs, and gaps.** The survey will focus on tax administrations': (i) adoption of technology across multiple areas including but not limited to digital payment, digital identity, and data interoperability, as well as advanced technologies such as artificial intelligence ("AI"), blockchain, and data systems; (ii) experiences with designing and implementing such solutions; (iii) inventory of solutions developed in-house; (iv) needs not currently met by commercial off-the-shelf software; and (v) data governance, including policies on data privacy, access to information, use of data for research purpose, and open source software. The study will be undertaken in developing countries, emerging markets, and advanced economies.

2. **Develop the market for a new class of digital public goods.** The forum will provide a "marketplace" for developing country and emerging market governments, foundations, other investors, and members of the *Collaborative* to learn about and access a network of digital public goods for investment. The Forum will use the market survey as the point of departure and develop the appropriate mechanisms for advising countries in prioritizing needs, securing commitments from client governments, and managing governance risks (e.g., regarding software maintenance, information security controls, and vendor lock-in.) The Collaborative will choose one or more high impact technology areas and design and execute a comprehensive process to bring them to market. This work will include identifying and bringing in the right stakeholder groups; designing a product strategy that solves common needs across a number of countries; developing and operationalizing a technology governance model that prioritizes open-source software license models and transparency; identifying and pursuing funding sources; and overseeing the development and implementation of the technology. This forum will be introduced, recognized and supported by AI World Society Innovation Network (AIWS.net)

## STREAM 2 | Establish a network of change agents to advance technology adoption

Create a network of experts and champions (i.e., “change agents”) at the managerial / technical and political levels that can champion the adoption of innovative technologies in government, in particular those involving the Ministries of Finance and Tax Administrations. The network is over time expected to support the second work stream, namely the prioritization, design, and adoption of digital public goods.

3. **Create a Management of Tax and Technology training program.** Establish a network of capable champions of technology transformation in tax administrations. The training will be case based, focusing on practical applications of data analytics, artificial intelligence, blockchain, open source solutions, and other technologies; opportunities and challenges in the integration of innovative technologies into production environments; legal, ethical, procurement, security risks, and safeguards pertaining to their use; and governance of disruptive technologies. The training program will draw upon world class lecturers from the *Collaborative*, academia more broadly, governments, and the private sector. The class will be designed and overseen by a committee, with responsibility for course management delegated to VIA University. Participant trainers will be appointed by the relevant government bodies.

4. **Coordinate a Lecture Series on Technology, Governance, and Fiscal Policy.** The lecture series will focus on current topics at the intersection of technology, business strategy / process, and law, as well as technology governance and principles development within the realm of advanced technology. The purpose is to shape decision making in governments by: (i) facilitating knowledge sharing regarding the evaluation and use of innovative technologies; (ii) showcasing proven and experimental solutions; (iii) creating awareness of risk and key success factors in the design, procurement, and implementation of innovative software solutions; and (iv) sharing good practices and soft standards for their governance. This work will be coordinated by a committee and each session will be managed by a member of the *Collaborative*.

5. **Exercise thought leadership on new technology governance models.** Author and publish thought papers discussing: (i) new technology innovations that have the potential to disrupt tax administration; (ii) case studies describing countries or areas where technology adoption has improved aspects of tax administration; and (iii) new technology governance models that promote flexibility, transparency, interoperability, and collaboration, e.g., in the form of new technology standards.