

Highlights of the discussion

The Role of Communication in Governance and Reform

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This brown bag is part of a how-to series that the DER Project Communication group regularly conducts for operations staff. Project leaders share practical strategies on how communication was effectively designed and used to engage stakeholders, change behavior, and mitigate risks - for better project results.

Speaker:

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The Tax Reform Environment in the Maldives

- The government faced intense pressure to raise revenue due to:
 - increased expenditures complicated by the country's archipelagic geography and exposure to climate change risks
 - high cost of delivering public services
- Until the enactment of the Tax Administration Act in March 2010, the country had no modern, comprehensive taxation system
- When the Maldives Inland Revenue Authority (MIRA) started operations in August 2010, reforms in taxation sped up. By October 2011, the Tourism General Service Tax, General Service Tax and Business Profit Tax started being implemented

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- As a result, tax revenue as percentage of GDP doubled from 11 percent in 2009 to 20 percent in 2013
- The success factors can be attributed to the leadership of the Commissioner General of Taxation, MIRA's young and motivated staff; ADB's technical assistance and the communication and awareness raising campaign on tax reform

The Communication Campaign to Raise Awareness and Change Behaviors

- MIRA anticipated resistance from public and private stakeholders to paying new taxes and deemed it necessary to have a communication and awareness raising campaign to educate and convince the public about the necessity of tax reform
- MIRA allotted government budget for the behavior change communication campaign and implemented activities themselves
 - Consultants hired through ADB's TAs provided technical advice and support
- Communication considerations:
 - The Maldives' population (as of 2014) was 342,000. Latest census showed that Maldives has a young population (51 percent below 25 years old (Population and Housing Census, 2006)
 - Internet analysis from a 2011 CDTA (MAL Developing the Revenue Administration Management Information System) showed that Maldives has the highest internet penetration (27.2 percent as of July 2011) in South Asia in terms of percentage of internet users in the population
 - Inter-island travel is difficult and expensive due to archipelagic geography of the country
 - There is demand from the young population for more and better public services but the cost of delivering them to the people is expensive – government needs to raise revenue to achieve this
- The treatment and communication approaches included:
 - *Building the trust of public and private stakeholders* through:
 - consultations and roadshows in Dhiveli and English focusing on the message that the new taxes will generate revenue to expand and improve service delivery
 - engagements with private sector groups included industry-specific consultations with the national chamber of commerce, banking and other legal and accounting associations, and business owners
 - promoting the improved capacity and service-orientation of MIRA to provide better services and the use of information and communication technologies (ICT) for more efficient registration and payment of taxes
 - *Treating taxpayers as customers with emphasis on more efficient services* – through:
 - the installation and promotion of ICTs allowing taxpayers to transact and inquire online more efficiently
 - updated website showed comprehensive information on the new business taxes
 - capacity building for MIRA staff and auditors, tax appeal tribunals, etc. to strengthen their service orientation and quickly respond to customer queries and provide assistance

- *Informing taxpayers on benefits of taxation in contrast to emphasizing compliance and enforcement of tax policies* through:
 - promotion in traditional media (i.e., newspapers, tv and radio) and social media (i.e., Facebook, Twitter, Instagram)
 - roadshows that include interactive activities (i.e., face painting, football, etc.)

Lessons

- The behavior change communication strategies used by the MAL Enhancing Tax Administration Capacity (2013-2016) produced a positive effect on the government's tax and governance reforms
 - MIRA's experience showed that affirmative framing of messages (i.e., new taxes can help satisfy demand for better service delivery) is more effective than using "fear appeal" for tax compliance
- The more difficult the reforms, the more important the need for communication
 - Policy and system reforms on sensitive areas such as taxation can be easily derailed if stakeholders don't know about them, raise issues or oppose changes because of lack of information or trust in institution implementing reforms
 - Reforms need not only be well-designed but should integrate a communication strategy to accelerate reform adoption and acceptance
 - Unless new processes, policies or systems are promoted and accepted by stakeholders, reforms may be ineffective or short-lived
- Buy-in of governments necessary
 - The Maldives taxation reform is successful because of the leadership and vision of government leaders who initiated the communication campaign
 - Many governments in Asia face resistance to change even within their ranks. Communication strategies need to factor in promotion and behavior change approaches for internal audiences
- Appropriate media channels vary depending on the needs of the country
 - A good communication strategy should be based on a good analysis of the stakeholders (i.e., issues and behavioral barriers, interests, media behavior) and a thorough understanding of the country's communication environment
- It is important to strike a balance between raising awareness about reforms, changing perceptions and behavior with building government's capacity to provide good services
 - Even the best communication strategies will not be successful if there are no quality services, systems and policies in place to better serve taxpayers and facilitate their tax payments
 - At the same time, the most efficient services, systems and policies may face opposition, will not be used and may not be sustained if people are not informed of the changes and the benefits of reform or do not trust the institutions implementing reforms