



## ■ In Profile – Toril-Iren Pedersen, Norad

### Toril-Iren Pedersen



Toril-Iren Pedersen is the Policy Director for Tax for Development at the Norwegian Agency for Development Cooperation (Norad). She holds a master's degree in Human Geography, having specialized in development geography, from the University of Oslo. Prior to joining Norad she worked for thirteen years inside the UN system, focusing on a range of governance and public management issues including support to local governments, expenditure and revenue management, land governance and gender in public administrations. Her experience spans several agencies: UNDP, UN-Habitat, UNFPA and UNICEF with extensive experience from country-level programming in Uganda, Rwanda, Kenya, Somalia to global and regional programs.

---

### Interview with Toril-Iren Pedersen, DeLoG's Focal Point at Norad

Dear **Toril**,

Thank you for taking the time to answer our questions today and for providing our readers with an insight into Norad's work.

- 1. As DeLoG's current Focal Point at the Norwegian Agency for Development Cooperation (Norad), we would appreciate if you could tell us a little bit more about your current work at Norad and how you got involved with Norad in the first place?**

Thank you for this invitation. I'm currently the Policy Director in the Tax for Development team at Norad. Before joining Norad in 2018 I worked for the UN throughout most of the 2000s. The last project I worked on was the UN Somalia Joint Program for Local Governance, where we had some engagement with DeLoG as well as my earlier work with UN-Habitat.

I started working at Norad in 2018 and in 2019 we finalized a strategy for Norad's Tax for Development portfolio which articulates how we intend to support increased domestic revenue mobilization for the SDGs in developing countries by supporting initiatives focused on increasing revenue and strengthening the social contract. We manage a relatively large portfolio of agreements with multilateral, government agencies, civil society and research organizations.

Local tax is an underrepresented area within tax related development aid, but well documented in the research, which is why we also focus on local tax issues.



In our strategy we have described tax as a key governance issue that implicates multiple levels of government (depending on the country). Tax for Development as a program want to lift up so-called “low hanging fruits” for improved domestic revenue and social contracts and consider local tax and fees to have meaningful potential.

Beyond that, the program is framed around two main result areas i) country level support for improved capacity and better systems and ii) facilitating dialogue and inclusive processes at that tackle the structural constraints to domestic resource mobilisation in developing countries. We are committed to supporting an ecosystem approach to reform of tax system, that entails that civil society, administrations, and policy makers all have the capacity to engage.

## **2. Following up on your work at Norad in the field of decentralisation and local governance: What role does decentralisation and local governance play in the overall Agenda of Norad?**

Norad does not have a specific program on decentralisation, but decentralisation and the role of local governments are a feature of many of the programs and organisations that we support. We support decentralisation and local governance programs on Public Financial Management, but also through sector specific programs such as Health where localising responses to health challenges has been identified as an important to the response.

Within Tax for Development, it is an emerging issue. Research has identified local taxes and fees including property tax and land-based taxes as having significant potential for increasing revenue, improving funding for services and strengthening the social contract. Norad’s new strategy emphasises the need for knowledge-based development cooperation. So, when the issue of subnational public resource mobilization was identified as relevant in the research, we started to pursue dialogue with our partners on how to advance the agenda and to continue to facilitate learning.

## **3. COVID-19 has forced local governments around the world to step up and find new solutions to provide services to their citizens, while experiencing revenue cuts at the same time. In your perspective: What are the biggest challenges posed by COVID-19 for subnational Domestic Revenue Mobilisation (DRM)? Does the crisis also present new opportunities with regards to tax systems and DRM at the local level?**

It is clear that the crisis has done incredible damage to the economy and is continuing its devastating effects for the most vulnerable populations. With all economic indicators moving in the wrong direction, it is important that the measures taken by government protects the most vulnerable population. Businesses have failed, remittances have decreased, tax revenues have failed while the need for social protection and services have skyrocketed. The need for financing for development is evident. Building back systems that can help communities regain the progress that has been lost in terms of alleviating poverty and many of the other SDGs.

We have seen that trust between citizens and government has played a significant role in terms of pandemic response. Where trust is higher, the compliance with measures have also been better. This is a strong case for continuing to build good governance systems for improving resilience of communities.

Rebuilding does present an opportunity to build back better in terms of introducing more progressive taxes and having more transparency in the revenue and budgeting processes.



**4. Two pillars of the Tax for Development section are international partnerships and knowledge sharing, which are also among the strategic priorities of Norad's strategy towards 2030. What role can DeLoG play as a network of DLG Practitioners, especially regarding the strengthening of subnational DRM and taxes?**

I think one of the most important things DeLoG and DLG practitioner can do is to contribute to break down some of the silos between DLG and the tax communities. Much better results can be achieved with more integrated approaches. We need to have more multi-government level approaches to domestic public revenue generation and local government practitioners should be able to connect work on municipal finance etc to national revenue processes.

We already see that there is progress on subnational TADAT and subnational PEFA but moving from diagnostics to implementation of multilevel government responses in terms of how to plan for revenue, budget and administer is challenging but important.

Many local government leaders are reluctant to introduce taxes and fear resistance from the population. It is easier to go for private sector partnerships and innovations. DeLoG and DLG practitioners could play an important role advocating for subnational public revenue generation as an important part of building sustainable public government and services. The tool for participatory processes that build inclusion are already there in the DLG communities.

**5. Norad is active in many fragile countries. How do fragility and the efficiency of local tax systems affect each other? How has COVID-19 affected fragile contexts in terms of local revenue mobilisation? If possible, please provide us with a concrete example.**

Norway is committed to reaching more fragile states with tax related development aid. The challenges in fragile and conflict affected countries are complex, but we believe that an important part of stabilization and early development initiative should be building social contracts and delivering public services. State legitimacy is achieved by providing services and responding to needs. Many fragile countries have a fragmented state structure and the local governments are often the only public officials people meet. In Somalia through the local governance program we heard a woman say: „I can throw a stone at the mayor's office, but I can't throw a stone at the presidential palace. “

The Tax for Development team supports UN-Habitat and the Global Land tool Network to work on advancing property and land-based taxation in Somalia and Afghanistan, and hope that this can be extended to more countries in the future. One of the challenges facing this work is balancing tenure security in areas with low levels of formality with a formal taxation system. However, the programme is moving along, and I am confident that there will be good results to show soon.

COVID-19 has made it difficult for face-to-face engagement, which is a critical part of building trust in context already pre-pandemic was characterised by low levels of trust. Needs have also changed as a result of the pandemic, and programs need to be able to pivot and respond to urgent needs. In the rebuilding, I believe we need to focus even more on building trust through revenue systems built on transparency and accountability.



In addition to regular governance challenges, the number of non-governmental service providers, which in many cases are necessary, also pose a challenge. When the population has parallel service providers, the incentive for paying taxes and fees is under threat and therefore the state legitimacy is also threatened.

**6. From your perspective, are there other specific topics you would like to see discussed within DeLoG? This year's Annual Meeting of DeLoG will take place in September. Do you have specific topics that you would like to see addressed in this year's Annual Meeting?**

I would love to see more focus on multi-level government strategies and coordination of revenue planning. Where do we see good examples of moving beyond single government-tier planning when it comes to public revenue? I am sure there are good examples from other sectors where we can learn from others. And I'm sure we have a lot to learn.

**7. Before we close, is there anything else you would like to add?**

The pandemic has fostered new partnerships that I hope we can build on going forward. We need new ways of thinking around building accountable governance systems as part of the recovery. Bringing the tax and DLG communities together at the conceptual level and thereafter moving the discussion to the local level is something that I would really like to see in the near future.