

**OUTCOME STATEMENT**  
**WATAF 1<sup>st</sup> REGIONAL DIALOGUE**  
**UNDER THE THEME**  
**SETTING THE AGENDA FOR EFFECTIVE DOMESTIC REVENUE**  
**MOBILIZATION IN WEST AFRICA**  
**18-19 SEPTEMBER 2019**

## **INTRODUCTION**

1. From across the West African Region mainly from Ministries of Finance and Tax Administrations of 15 ECOWAS member countries, Development Partners, Civil Society Organizations, Regional Parliamentarians, the academia and tax practitioners met in Bijilo, The Gambia, from 18 – 19 September, to attend the High Level Policy Dialogue on Domestic Revenue Mobilization (DRM). The convening was intended to jointly develop a DRM strategy framework for West Africa while drawing reference to DRM in the African Union Agenda 2063 under Aspiration 7 and Sustainable Development Goals (SDGs) 17. The attendees clearly underlined the desire to leverage shared experiences to have a DRM strategy that is home-grown. In this respect, the meeting discussed various aspects and options relevant for DRM. Other pertinent issues of DRM discussed at the dialogues included the roles of the legislature and private sector; addressing wealth inequality; and, critical steps required to develop a model DRM strategy which may be rolled out in ECOWAS countries. Participants were actively engaged in this historic event and resolved to build on their synergies to jointly design a DRM strategy.
2. The meeting was hosted by WATAF in collaboration with the Gambia Revenue Authority (GRA) with support from OSIWA and Ford Foundation.
3. The opening ceremony was presided over by Honorable Mambury Njie, Minister of Finance and Economic Affairs of The Gambia. In his opening remarks, Mr. Babatunde Oladapo, WATAF Executive Secretary, commended the Gambian Authorities for hosting the meeting, the second time since 2011. He recognized and appreciated the very highest-level participation from the Government of Gambia with six former and current Cabinet members present. He stated that the historic gathering afforded WATAF member countries opportunity to fashion a DRM strategy that would contribute to a greater revenue effort and reduce debt and aid dependence in the sub-region.
4. In his opening remarks, Mr. Ahmed Ezzo-Wavana Adoyi of OTR, Togo, WATAF Chairman, lauded GRA for hosting the event. He emphasized the need for African countries particularly WATAF members, to adapt to the fast changing environment of tax policy changes with the right tools. The GRA Commissioner General, Yankuba Darboe, welcomed delegates and invitees. He recognized the need for Africa to drive its development and called for continued inward searching with concerted effort on the continent to utilize internal capacities. He said “Africa needs to carry its own cross in mobilizing domestic revenue.

5. The President of the West Africa Union of Tax Institutes, Gladys .O. Simplicie explained the significance of tax practitioners and professional institutes in the process of developing a DRM strategy. She recommended the need to begin to shift from direct to indirect taxes and ended her remarks by applauding members of ECOWAS and national parliaments for being part of the dialogue.
6. In the keynote address, the Gambian Minister of Finance expressed pleasure in the presence of the visitors, surveyed the international policy agenda behind DRM strategy and touted its usefulness for raising domestic financing. He urged attendees to take the time off their busy schedules to sample the tourist attractions of the ‘Smiling Coast of West Africa’. He wished the meeting fruitful deliberations and officially declared open the High-Level Policy Dialogue on DRM.

## **OUTCOMES & RESOLUTIONS**

7. Following the opening and deliberations of the HLPD under the theme: Setting the Agenda for Effective Domestic Revenue Mobilization in West Africa, Outcomes and Resolutions are highlighted in the following paragraphs:
8. Whereas the West African Region is facing development financing challenges, aid dependency and debt servicing, and most West African countries continue to lag behind in the implementation and achievement of the Sustainable Development Goals (SDGs), the delegates at the HLPD now therefore endorsed the development of a Regional Framework for Domestic Revenue Mobilization (DRM) in West Africa. The framework will serve as a tool and model document for domesticating DRM strategy in the West African region. It will draw from the conditions and experiences of countries in the region while allowing each member to customize the DRM strategy.
9. Whereas comprehensive regional integration plays an essential role in boosting trade and internal resources mobilization, harmonization and integration within West Africa remain slow and a factor in limiting the Region’s capacity to mobilize resources. The delegates at the HLPD now therefore, harped on the need for ECOWAS to harmonize polices on taxation regimes drawing inspiration from the East African Communities (EAC). Policy harmonization and coherence must go beyond the free movement of persons and Common External Tariff to include legal infrastructure on domestic taxation, tax rates and tax exemptions, budget and fiscal frameworks as well as fiscal monitoring and evaluation, for optimal revenue mobilization.
10. Whereas taxation is based on law and remains a social contract between citizens and their governments, the HLPD recognized the sanctity of the role of policy makers to lead while the legislature pass the bills and have oversight of implementation by the executive. Against this backdrop, the HLPD now therefore calls for more robust and strengthened parliamentary engagements to improve laws and policies thereby providing enabling tools to foster expansion of the tax bases and plug revenue leakages. Additionally, delegates recognized the oversight role of legislative arm of

government as essential to transparency, accountability and probity in the management of the public purse. Furthermore, delegates recommend that a successful DRM framework must include strengthening legislative processes for supporting taxation. A more active legislative focus on revenue mobilization should involve passing simplified and enforceable tax laws. Improving legislative capacity through a joint regional tax policy and tax administration engagement has been stressed. WATAF and ECOWAS were encouraged to coordinate regular reviews of the performance of legislatures in the sub-region with specific reference to tax policy formulation and administration.

11. Whereas tax administration and policy formulation involve concerted use of capacity across institutions, lack of building on institution synergies and collaboration is recognized as unutilized opportunity within the West African region. To ensure increased participation, avoid duplication, promote coordination and collaboration, participants now therefore recognize the need to forge closer ties among tax practitioners and institutions like the West African Union of Tax Institutes, unions of tax institutes and chartered accountants, among other practitioners. Pooling technical resources is expected to help amass the requisite expertise to fill capacity gaps in tax policies and administration such as taxing the digital economy and international taxation associated with transfer pricing, base erosion, profit shifting and double taxation agreements.
12. Whereas the HLPD identified tax administrations' challenges as low institutional and human capacities; structural positioning, legal and policy constraints and, mostly low technological use and limited operational resources, the participants now therefore recognized the consideration of addressing regional tax administration capacities as a major component in a regional DRM strategy. The delegates recommended the establishment of the West Africa Tax Administration Institute.
13. Participants recommended rationalizing tax handles and legislations as means of improving revenue administration. Towards this ends, participants identified low hanging fruits such as looking at transfer mispricing in mining, mining contracts, royalty vis-à-vis corporate tax, capital gains - changes in ownership, tobacco and alcohol, exemptions, implementing Value Added Tax (VAT), wealth tax, property taxes, turning government organizations into better tax citizens, reducing long delays in remitting to the tax authority of taxes collected, increasing enforcement and addressing taxpayers delay in provision of information to tax authorities.
14. Whereas tax avoidance is rife among High Networth Individuals (HNWIs), participants recognized significant low-income distribution thereby contributing to exacerbating inequality. OXFAM findings in the Commitment to Reducing Inequality (CRI) Index for West Africa states that 'today the wealthiest 1% of West Africans own more than everyone else in the region combined'. However, these unequal wealth distributions are accompanied by tax dodging and evasion. Now and therefore, participants recognized the need for compact policy and tax enforcement of recalcitrant HNWIs. Participants recommend naming and shaming, recovering of tax debts and punishment as ways of deterring such revenue leakages. Other remedies

points to the use of technology and inculcating lessons from success stories across West Africa such as the Ghanaian experience.

15. Whereas participants recognized private sector as the main source of revenue, participants took into account the perspectives of the private sector that their level of compliance is inhibited by the lack of transparency, complicated tax systems, huge cost of compliance, ineffective dispute resolution systems, lack of trust between tax administrations and taxpayers, and collusion between tax collectors and taxpayers, participants now therefore, recommended a DRM framework which entailed modernization of tax administrations to reduce transactions costs, improve compliance, increase transparency and risk mitigation. Participants also, considered specific actions for better service delivery hinged on improving the effectiveness and efficiency of revenue collection including enhanced dispute resolution and taxpayer education, it is recommended that these actions must be accompanied by prudent and responsive public expenditures to encourage voluntary compliance by the private sector.
16. Whereas the need for data becomes paramount for designing a framework for effective DRM in West Africa. Participants now therefore appreciate the vision of WATAF to publish a premier Shifting Tax Bases in West Africa and 2019 Tax Outlook Report, which further informs members and stakeholders as well as upscale discussions on taxation in the region with the requisite data and evidence. Participants charged WATAF to get the final study distributed and an action matrix developed from the recommendations.
17. Whereas funding for designing a Regional DRM is indispensable, participants now therefore call on the WATAF General Assembly and Governing Council to consider increase funding as important factor to draft a framework. To this recognition, funding needs to be mobilized through joint effort involving donors to draft the framework. In this direction, WATAF recognizes existing partnership with existing global stakeholders including OSIWA, Ford Foundation and the Addis Tax Initiative. This structure facilitates access to partners to enhance domestic revenue mobilization and promote fairness, efficiency and effectiveness of the tax system.
18. Whereas DRM is a global imperative, domesticating a DRM strategy at local level for member countries is a major success path for increasing DRM. Participants therefore call on Member countries to make further contributions to the realization of a shared DRM framework and subsequently, adopt it for customization. In this respect, Members are inspired by Liberia's DRM and find it as a significant input into developing a shared DRM framework.

With the energy and level of engagement in the room, these outcomes from the HLPD are submitted for the approval of the General Assembly to allow next steps to be taken in meeting the revenue mobilization aspiration of the region starting with a DRM strategy.