

CONCEPT NOTE

6th WATAF HIGH-LEVEL POLICY DIALOGUE: *IMPROVING TAX SYSTEMS TO PROMOTE ECONOMIC GROWTH AND SOCIAL DEVELOPMENT IN AFRICA*

RATIONALE

The Africa of 2063 is envisioned under the aspiration of “*a prosperous Africa based on inclusive growth and sustainable development,*” an affluent continent where the citizens have a high standard of living, are well educated with a skilled labour force, transformed economies, productive agriculture and healthy ecosystems, with well-preserved environment and a continent resilient to climate change¹. This vision reverberates with the United Nations’ first Sustainable Development Goal (SDG 1) which aims to eradicate extreme poverty in all its forms, everywhere by 2030². Ending poverty must be synchronised with strategies that ramp up health and education, reduce inequality, and spur economic growth while also tackling climate change and preserving our environment for the future through effective Domestic Revenue Mobilisation (DRM).

The average tax-to-GDP ratio for 33 African countries (including West African nations) was 16.5% between 2010 and 2021³, which is notably below par with the OECD average of 34.3% and the Latin American and Caribbean (LAC) average of 23.1%⁴. That lacklustre ratio over a decade pungently indicates that institutions in charge of DRM need more attention.

¹ AU. (2015). *Agenda 2063 - The Africa we want*. Addis Ababa: African Union.

² [Sustainable Development Goal 1 - Wikipedia](#)

³ <https://www.oecd.org/tax/tax-policy/revenue-statistics-in-africa-2617653x.htm>

⁴ <https://taxfoundation.org/blog/africa-tax-revenue-oecd-report-2020/>

The West African Tax Administration Forum's (WATAF) annual High-Level Policy Dialogue (HLPD) provides the opportunity to debate, but also find solutions to the multifaceted challenges encountered by West African Revenue Authorities. The sixth edition of the WATAF HLPD promises to live up to its billing as highly esteemed experts and participants from the ECOWAS Commission, Ministries of Finance, Parliamentarians, Board Members and Officials of Tax Administrations, Academia, Tax Training Centres, Research Institutes, Civil Society Organisations (CSOs), Development Partners, Donor Agencies, Tax Intermediaries/Consultants, Financial Institutions, International Non-Governmental Organisations (INGOs), Corporate Organisations, and other stakeholders, will provide thought-provoking insights on the theme ***'Improving Tax Systems to Promote Economic Growth and Social Development in Africa'***, on September 11-13, 2024, in Bissau, Guinea Bissau.

The discourse at this year's HLPD will focus on the nucleus of revenue authorities, from the management aspect and human resources to core functions. Additionally, discussions will dovetail into a thorough examination of the internal audit and anti-corruption measures, and governance-related processes of tax administrations. Also, a look will be taken at the unfolding developments in the realm of international taxation with the intent of coming up with strategies to strengthen the existing collaboration among regional tax organisations, all with a view to supporting business growth and greater public service delivery.

EXPECTED OUTCOMES

Fundamentally, the desired outcomes of this HLPD on ***Improving Tax Systems to Promote Economic Growth and Social Development in Africa*** include the following:

1. to underline the pivotal role of knowledge as a strategic asset, and advocate for the adoption of knowledge management practices to adapt to technological and societal shifts within revenue authorities;
2. to highlight the vital role of integrity and ethics in tax administrations;

3. to spotlight tax administration's historical evolution and present operational intricacies, stressing the importance of balancing taxpayer needs, government mandates, and efficient tax enforcement;
4. to provide solutions to internal and external challenges confronting tax administrations, i.e., economic fluctuations, security risks, political instabilities, shortage of technical manpower, board member composition, interferences, etc.;
5. to highlight the importance of domestic revenue mobilisation, particularly through tax system reforms, in achieving the Sustainable Development Goals;
6. to emphasise the importance of collaboration between tax administrations, both bilaterally and through international organisations.

PROGRAMME FLOW

Panel 1: Strengthening the tax system through the management of tax knowledge.

To evolve successfully in today's economy, organisations have to treat the knowledge that contributes to their core competencies just as they would any other strategic, irreplaceable asset. Knowledge management is a multidisciplinary profession that is fundamentally about managing intellectual assets in a way that provides the organisation with a competitive advantage.

It has been observed that little attention is given to knowledge management in accounting and finance circles, but the platforms of discussion rarely pay specific attention to knowledge management issues in tax administrations. The exodus of professional talents is an eloquent manifestation of the low level of investment in knowledge management in West African tax administrations.

The first panel will break the ice by providing answers to some leading questions, such as: (i) How could processes and structure, along with intellectual capital intertwine to leverage organisational learning in tax administration? (ii) How to institutionalise an approach towards data, information, and knowledge to fill the intra-organisational and

inter-organisational skill gaps in tax administrations? (iii) How is the existing organisation knowledge formulated in norms, values, rules, procedures, and systems to influence the behaviour of individuals in tax administrations? (iv) How can tax training centres, human resource management, and IT departments cooperate to shape sustainable knowledge management processes in tax administrations?

Moderator: Ms. Belema Obuoforibo: Director, IBFD Knowledge Centre; Chair, CSAT and Executive Board Member, IBFD

Paper Presenter: Dr. Mugambi Mwirigi; Commissioner, Kenya School of Revenue Administration, Kenya.

Panellists:

- HMRC - TBD
- Mr. Theo Adegor, Acting Director, Career and Skill Development Department, Federal Inland Revenue Service, Nigeria.
- Representative – DGI, Guinea Bissau
- Ms. Aziglossou Abravi Dzidua, Human Resources Director, OTR - TBD

Panel 2: Improving tax systems through ethics: A Balancing Act between Fairness and Revenue Collection.

A typical tax administration milieu mainly comprises three main actors: (1) the state, which needs tax revenues to finance its expenditures; (2) the taxpayers, who want to be protected by a sound and transparent legal system; and (3) the tax officials, who want to receive fair pay, good labour conditions, and development opportunities.

This playing field is an area where lack of integrity, non-compliance, and corruption can easily occur when appropriate safeguards are absent or lax in capacity to curtail the abuse of the enormous power bestowed on tax administrations and their officials by the tax laws. On the other hand, the general public demands and expects from tax officials, fairness, impartiality, and professionalism in the discharge of their official responsibilities. To maintain the public's confidence in the fairness of the tax system and its administration, tax officials need to demonstrate the highest standards of integrity in their dealings with citizens and the business community.

Ethics are the keystones of integrity and it is obvious that corruption distorts integrity. In recognition of this, Directive C/DIR.7/07/23 on Model Code of Ethics and Conduct for Tax Administrations of ECOWAS Member States was adopted during the ninetieth ordinary session of the Council of Ministers in Bissau, on 7 July 2023 with a three (3) years countdown, from 1 August, 2023, for Member States to develop and maintain a comprehensive and sustainable integrity policy and practice within their revenue authority.

This session will contribute to the debate on ethics in the tax administration landscape by exploring the following questions: (i) How does a low level of integrity in a tax administration affect the trust and respect tax payers have for the tax administration? (ii) What should be the focus of the tax administration integrity programme? (iii) What components should a successful integrity programme for tax administration contain?

Moderator: Mr. Marcio Verdi, Executive Secretary, Inter-American Centre of Tax Administrations (CIAT)

Paper Presenter: Mr. Kwesi Obeng (OXFAM) - TBD

Panellists:

- Mr. James Dorbor Jallah, CG Liberia Revenue Authority
- Mr. Salifou Tiemtore, Director, Customs and Domestic Taxes Department, ECOWAS TBD
- Ms. Chenai Mukumba, Executive Director, Tax Justice Network Africa (TJNA)
- Representative - Uganda Revenue Authority - TBD

Panel 3: Taxpayer Service and Education: Bridging knowledge and Service

Delivery Gaps in Tax Administrations.

The core tasks of tax administration are centred on the implementation and enforcement of tax legislation and regulations. These activities include identification and registration of taxpayers, processing of tax returns and third-party information, examination of the completeness and correctness of tax returns, assessment of tax obligations, enforced collection of taxes, and provision of services to taxpayers.

Tax system is a process with a here-and-now or ‘synchronic’ dimension. This includes the doing or enacting of the process in ‘real time’, involving such practical and material aspects as paying the agreed amount of tax at the right time, or the mechanics of the way that the process of compliance operates⁵ through disruptive technologies. The tax administration’s relationship with taxpayers must be laid down in a system of rights and obligations.

This panel will contribute to filling the gaps in: (i) How should tax administration processes be designed in a taxpayer-friendly manner? (ii) How should tax administrations provide information, assistance, and guidance to taxpayers? (iii) How should service provision be tailor-made based on proper information on the needs of different groups and segments of taxpayers and the specific needs of individual taxpayers? (iv) How are developments in tax legislation in the West African countries captured by taxpayers and incorporated into their tax knowledge?

Moderator: Mr. Uffe Viera, DG, Directorate General of Direção Geral de Contribuições e Impostos – DGCI, Guinea Bissau

Paper Presenter: Mr. Edward Kieswetter, Commissioner, South Africa Revenue Service (SARS) - TBD

Panellists:

- Mr Sebastine Odimma, Head, Tax Controversy, A.P. Moller-MAERSK Africa
- Ms Lisa Helena , Director Geral das Contribuições e Impostos Praia, Cap Vert.
- Mr. Taiwo Oyedele, Chairman, Presidential Fiscal Policy and Tax Reforms Committee, Nigeria - TBD
- Representative - Sweden Tax Agency -TBD
- Mr. Avinash Grootens, BLYCE

⁵ Braithwaite, J. (2003a) ‘Large Business and the Compliance Model’, in V. Braithwaite (ed.), Taxing Democracy: Understanding Tax Avoidance and Evasion, Aldershot, Hants: Ashgate.
——(2003b) ‘Meta risk management and responsive regulation for tax system integrity’, Law & Policy 25(1).

Panel 4: Building a Sustainable Governance Structure to Enhance Tax Administration Performance: Experience Sharing.

Tax administrations face significant perennial challenges in ensuring the health of the tax system. These take two broad forms: (1) internal challenges from within tax administrations themselves; and (2) external challenges that emanate from tax administration operating environments. Revenue authorities are operating in an increasingly complex external environment. Key challenges include slowing economic growth, structural shifts in the economy, security issues, etc., all of which present heightened risks of lost revenue from non-compliance by taxpayers.

Further challenges include political instabilities and regional institution crisis, which are critical junctures that Peters et al. (2005)⁶ describe as infrequent events and considered by Capoccia & Kelemen (2007)⁷ as 'brief phases of institutional flux ... during which more dramatic change is possible' as being experienced in some parts of West Africa. There is no ambiguity that the recent turmoil across West African countries is affecting DRM. In cooperation with international organisations, WATAF tries to close the gap that still exists in the analytical literature on the scope and practices of tax issues and inappropriate tax practices in member states. With specific publications on topics of particular relevance for development cooperation, WATAF contributes to the international discussion on tax reform and best practices through research projects.

In line with the topic of this fourth panel, WATAF will highlight the major findings of one of its research projects. The central aim of the study: "Evidence on Tax Effects of Political Institutions" is to seek insights into how governance influence taxation in West African countries.

To deepen the debate, this panel will focus on: (i) The determinants of governance that influence the dynamics of tax administrations? (ii) How governance disruption hampers tax administration legitimacy (iii) How can we design tax administrations to be more resilient to governance interference, thereby ensuring consistent and efficient

⁶ Peters, B.G., Pierre, J. and King, D.S. (2005) 'The politics of path dependency: Political conflict in historical institutionalism', *The Journal of Politics* 67(4): 1275–300.

⁷ Capoccia, G. and Kelemen, R.D. (2007) 'The study of critical junctures: Theory, narrative and counterfactuals in historical institutionalism', *World Politics* 59: 341–69.

DRM? (iv) The symbiotic relationship between tax administration and security contributes to governance stability.

Moderator: Mr. Yankuba Darboe, Chairman, WATAF and CG, Gambia Revenue Authority

Paper Presenter: Mr. Dotsevi Nyatefe; Manager, Research, WATAF

Panellists:

- Mr Abdoulaye Diagne– DGI, Senegal
- Ms. Memounatou Ibrahima, ECOWAS Parliament (Speaker) - TBD
- Mr. Daniel Nuer, Head, Tax Policy Unit, Ministry of Finance, Ghana.
- Dr. Eric Ogunleye, Director, African Development Institute, AfDB - TBD

Panel 5: Leveraging on a Fit-for-Purpose DRM Framework to Achieve the SDGs

The quest for sustainable development is a global challenge that requires innovative solutions and collective action. One of the critical pathways to achieving the Sustainable Development Goals (SDGs) is through effective Domestic Revenue Mobilisation (DRM). DRM refers to the process by which countries raise and spend their own funds to provide for their citizens and develop sustainably. It is a fundamental pillar for self-reliance and a prerequisite for achieving the ambitious SDGs, especially Goal 17, which focuses on strengthening the means of implementation and revitalising the global partnership for sustainable development.

In the context of developing countries, improving the tax system is a vital component of DRM. A robust tax system not only provides the necessary funds for public services and infrastructure but also ensures equity and fairness in the distribution of resources. However, many developing countries face challenges in mobilising domestic revenues due to narrow tax bases, large informal sectors, and complex political economies that hinder tax reform.

The World Bank Group has recognised the importance of DRM and supports its clients in improving central government DRM. This includes enhancing revenue from taxes such as Value-Added Tax (VAT), direct taxes, excise, customs, and non-tax collections like royalties from extractives. The International Development Association

(IDA) aims to assist countries with tax revenues below 15 percent of GDP to increase their tax-to-GDP ratios by one percentage point over a three-year cycle.

Moreover, the COVID-19 pandemic has exacerbated pre-existing DRM challenges, with revenues dropping significantly in 2020. This has highlighted the urgency for countries to reform their tax systems to support a resilient recovery and inclusive growth. The World Bank suggests that there is scope for raising revenues in the short run by targeting undertaxed bases and increasing the progressivity of the tax system. This approach aligns with the inclusive part of the Bank's DRM strategy, which focuses on more and better revenues.

Aligning tax policies with the SDGs involves identifying areas where current tax policies can be improved to effectively contribute to specific SDG targets. This includes addressing tax evasion and avoidance, broadening the tax base, building a taxpaying culture, and simplifying the tax system. These measures can help remove wasteful exemptions and tax incentives, thereby increasing the efficiency and equity of the tax system.

Moderator: Mr. George Kwatia, President, WAUTI - TBD

Paper Presenter: Ms. Tochukwu Onyemata, Communications and Liaison Manager/
WATAF DRM Coordinator

Panellists:

- Ms. Ania Rajca, Representative of the World Bank Group
- Mr. Ahtesham Khan, Head, Tax for SDGs, UNDP TBD
- Mr. Emeka Nwankwo, Acting, Senior Manager, Domestic Revenue Mobilisation, ATAF
- Madame Talato Eliane - DG, DGI, Burkina Faso

Panel 6: Fostering International Collaboration on Tax for a Better Future.

Tax Administrations need to collaborate with each other both on a bilateral basis and through international organisations. Good cooperation requires trust and understanding based on knowledge about the legislation, the stages of social and economic development of the country and its culture, the strategic objectives, and the

procedures and methods of the other party. Tax Administrations can also learn from each other. Although all Tax Administrations operate in different contexts, characterised by the specific features of the countries in which they operate, they all face similar challenges in achieving their goals. Therefore, active participation in international organisations on tax administration can be very beneficial.

In addition to bilateral contacts between Tax Administrations, there are several tax administration forums in existence today. These forums offer a wealth of experience in dealing with tax administration issues. The combined membership of organisations and/or forums such as ATAIC⁸, ATAF⁹, APEC¹⁰, CATA,¹¹ CIAT¹², COTA¹³, CREDAF¹⁴, FTA¹⁵, IOTA,¹⁶ ITC¹⁷, PITAA¹⁸, SGATAR¹⁹, the South Center, and WATAF²⁰ covers an estimated 185 countries. Some of these organisations are also collaborating in the Network of Tax Organisations (NTO) whose priorities for the period of 2022-2025²¹ are: (1) to facilitate access to a global body of tax administration knowledge by establishing a library of high-quality content for tax knowledge quality assurance; and (2) to develop new knowledge resources for tax administrations by developing programmes on validated member priority topics to meet the evolving needs of members, inter alia.

This panel will drill into the cooperation strands: (i) How can Regional Tax Organisations foster the transfer of best practices to develop member countries employees' professional skills efficiently? (ii) Define the role of Tax Organisations as critical partners in the increasing complexity of knowledge that requires greater specialisation and collaboration in taxation? (iii) Provide clarity on how tax forums can influence the governance model to enhance DRM? (iv) Discuss future direction for tax cooperation.

⁸ ATAIC: Association of Tax Authorities of Islamic Countries

⁹ ATAF : African Tax Administration Forum

¹⁰ APEC: Asia-Pacific Economic Cooperation

¹¹ CATA : Commonwealth Association of Tax Administrators

¹² CIAT: Centro Interamericano de Administraciones Tributarias

¹³ COTA : Caribbean Organisation of Tax Administrators

¹⁴ CREDAF : Cercle de Réflexion et d'Échange des Dirigeants des Administrations Fiscales

¹⁵ FTA : Forum on Tax Administration »

¹⁶ IOATA : Intra-European Organisation of Tax Administrations

¹⁷ ITC: International Tax Compact

¹⁸ PITAA : Pacific Islands Tax Administrators Association

¹⁹ SAGTAAR : Study Group on Asia-Pacific Tax Administration and Research

²⁰ WATAF : West African Tax Administration Forum

²¹ [Network of Tax Organisations | NTO](#)

Moderator: Mr. Babatunde Oladapo, Executive Secretary, WATAF

Paper Presenter: NTO secretariat present on progress made.

Panellists:

- Mr. Logan Wort, Executive Secretary, ATAF
- Ms. Catherine Lemesle, Secretary General, CREDAF
- Mr. Marcio Verdi, Executive Secretary, CIAT
- Ms. Esther Koisin, Executive Director, CATA