



NINETIETH ORDINARY SESSION OF THE COUNCIL OF MINISTERS

Bissau, 6 – 7 July 2023

DIRECTIVE C/DIR.5/07/23 ON THE CREATION OF THE INSTITUTIONAL MECHANISM FOR MONITORING AND EVALUATING THE ECOWAS FISCAL TRANSITION

THE COUNCIL OF MINISTERS,

MINDFUL of Articles 10, 11 and 12 of the ECOWAS Revised Treaty establishing the Council of Ministers and defining its composition and functions;

MINDFUL of Article 40 of the ECOWAS Revised Treaty relating to fiscal charges and internal taxation;

MINDFUL of Directive C/DIR.1/12/13 adopting the ECOWAS tax transition programme;

CONSIDERING that the commitments made by States in the context of poverty reduction strategies with a view to achieving the Millennium Development Goals require increased mobilization of financial resources;

CONSIDERING ALSO that the introduction of taxation that supports economic activity is an imperative for the economic and social development of the Member States;

CONVINCED of the need for further harmonization of tax legislation while improving the coherence of internal taxation systems and the yield of different taxes;

AWARE that the evolution noted in the structure of tax revenues is marked by the decrease in the share of border fees;

NOTING that the financing of economic development and social policies requires the efficient mobilization of domestic resources and in particular fiscal resources;

CONVINCED that domestic taxation should allow for the harmonious mobilization of revenue while promoting the competitiveness of enterprises,

CONVINCED ALSO that it is in the Community's interest to put in place a coherent programme of fiscal and customs reforms to move from import duty to internal taxation, in order to compensate for possible losses of border revenues generated by the opening of the Community market and the conclusion of international trade agreements;

DETERMINED to provide Member States with tools to enhance their performance in mobilizing tax resources with a view to strengthening the measures of the tax transition programme undertaken by Member States;

DESIRING to put in place an institutional framework for the implementation of the Fiscal Transition Programme (TTP) for the benefit of the Member States;

UPON THE RECOMMENDATION of the ECOWAS Ministers of Finance and Budget held at Abidjan, on 26th November 2022;

UPON THE OPINION of the ECOWAS Parliament at its First Ordinary Session held in Abuja, Nigeria from 08th to 26th May 2023.

PRESCRIBES:

CHAPTER I: OBJECTIVE AND DEFINITIONS

ARTICLE 1: OBJECTIVE

This Directive is to create an institutional mechanism for monitoring and evaluating the ECOWAS fiscal transition.

ARTICLE 2: DEFINITIONS

For the purposes of this Directive, the following definitions apply:

"National Economic Policy Committee" means the committee in charge of monitoring convergence in conjunction with the Directorates in charge of Multilateral Surveillance of UEMOA and ECOWAS;

"National Coordination Committee" means the committee in charge of monitoring convergence within ECOWAS in conjunction with the ECOWAS Multilateral Surveillance Directorate;

"Tax Administration" means the structure, institution or body responsible in each Member State of management of the State's taxation;

"Union or UEMOA" means the West African Economic and Monetary Union.

CHAPTER II

INSTITUTIONAL ARRANGEMENTS FOR STEERING AND MONITORING/EVALUATING THE FISCAL TRANSITION PROGRAM

ARTICLE 3: TAX TRANSITION STEERING AND MONITORING SYSTEM

An institutional mechanism is established to pilot, monitor and evaluate the Tax Transition Program, which is titled "Tax Transition Steering and Monitoring System".

ARTICLE 4: COMPOSITION OF THE INSTITUTIONAL ARRANGEMENT FOR STEERING, MONITORING AND EVALUATION OF THE TAX TRANSITION PROGRAMME

The institutional mechanism for steering and monitoring-evaluation of the Tax Transition Programme within ECOWAS is comprised of:

1. The Convergence Council;
2. The Regional Steering Committee of the Tax Transition Programme;
3. The ECOWAS Commission ;
4. The UEMOA Commission ;
5. The UEMOA Statistical Centre (CSTAT);
6. The ECOWAS Directorate of Research and Statistics (DRST);
7. Tax Policy Units;
8. The National Tax Transition Steering Committees (NTCs);
9. ECOWAS National Coordination Committees (NCCs);
10. The UEMOA National Economic Policy Committees (NEPCs).

ARTICLE 5: THE CONVERGENCE COUNCIL

1. It is the supreme body in charge of establishing the tax transition strategy.

2. The Council determines the main orientations and supervises the implementation of the strategy through the steering and monitoring system.
3. The Convergence Council:
 - a. adopts the annual report of the fiscal transition.
 - b. determines the guidelines for the implementation of the program.
 - c. ensures that Member States' commitments in terms of fiscal transition are met and that the recommendations of the Regional Steering Committee that it has approved are implemented in a timely basis;
 - d. ensures that financial and human resources are adequate to meet the System's needs.

ARTICLE 6: TASKS OF THE REGIONAL PROGRAM STEERING COMMITTEE OF THE TAX TRANSITION

1. The main objective of the Regional Program Steering Committee is to coordinate the actors involved in the implementation of the tax transition program.
2. In coordinating national actors, the Committee has the responsibility to:
 - a. summarize the semi-annual/annual reports on the implementation of the National Tax Transition Programs (NTTPs), assorted with relevant recommendations;
 - b. provide technical support to the national steering committees in the planning, programming and budgeting of NTTPs;
 - c. validate the fiscal transition program reviewed every five (5) years by the ECOWAS and UEMOA Departments in charge of fiscal policy;
 - d. develop a five-year regional tax transition plan that consolidates the UEMOA and ECOWAS tax transition programs;
 - e. ensure that national fiscal transition plans are consistent with the regional five-year plan;
 - f. ensure the synthesis of the evaluation reports of the NTPs of the fiscal transition program is done on annual basis.

ARTICLE 7: COMPOSITION AND FUNCTIONS

1. The Regional Steering Committee of the Fiscal Transition Program shall be composed of:
 - a. The Secretariat of the Regional Steering Committee of the Program ensured by the ECOWAS and UEMOA Commissions;
 - b. Representatives of the ECOWAS Commission;
 - c. Representatives of the UEMOA Commission

- d. Representative of the Tax Policy Unit for each member state;
 - e. The Chairperson of the National Steering Committee of the National Tax Transition Program for each Member State;
2. The Regional Steering Committee of the Program shall be chaired by the representative of the Member State chairing the ECOWAS Authority of Heads of State and Government;
 3. The Regional Steering Committee may invite to its sessions any resource person whose competence is deemed necessary.

ARTICLE 8: SESSIONS OF THE REGIONAL STEERING COMMITTEE

1. The Regional Steering Committee of the Program shall hold two sessions each year, upon invitation by the ECOWAS Commission.
2. The Committee may hold extraordinary sessions.

ARTICLE 9: CREATION, COMPOSITION OF THE NATIONAL TAX TRANSITION STEERING COMMITTEE

1. A National Tax Transition Steering Committee shall be created in each Member State.
2. The National Tax Transition Steering Committee is composed of:
 - a. The Chairman of the National Steering Committee of the NTTP;
 - b. The Secretary of the National Steering Committee of the NTTP;
 - c. A representative of the General Tax Directorate;
 - d. A representative of the Head of Customs;
 - e. A representative of the Tax Policy Unit or the Tax Policy Division;
 - f. A representative of the Directorate for Foreign Trade;
 - g. A representative of the Directorate in charge of State Financial Operations;
 - h. A representative of the Directorate for National Statistics;
 - i. A representative of the Directorate for Economic Forecasting;
 - j. A representative of the Directorate for Industry;
 - k. A representative of the NCC or the NEPC;
 - l. Two representatives from the Private sector;
 - m. One representative of Civil Society Organizations;
 - n. A representative of the Economic and Social Committee of the Parliament;
3. The Committee may call upon any other structures for expertise when necessary.
4. The appointment of the members of the National Steering Committee and the definition of the modalities of its functioning are the responsibility of the Minister in charge of

Finance or Budget, who will ensure that the qualifications of the nominees meet the requirements of the posts.

5. The National Committee may include Planning-Programming-Budgeting Experts in its work.

ARTICLE 10: FUNCTIONS OF THE NATIONAL STEERING COMMITTEES

1. The National Committees are to coordinate and oversee the development of the National Tax Transition Programme and shall ensure the following products are available within the required timeframe:
 - a. The National Tax Transition Programmes designed according to Results-Based Management;
 - b. Updated Five Year National Tax Transition Programmes ;
 - c. Prepared Medium-term programme budgets;
 - d. The Annual Work Plan of the National Tax Transition Steering Committee.
2. The National Committees are responsible for monitoring convergence and fiscal transition to:
 - a. Update the summary tables on the TTP criteria and indicators;
 - b. Collect and process data on NTTPs and fill in the indicators and criteria defined jointly by the stakeholders;
 - c. Collect and update statistics to continuously feed the tax transition database;
 - d. Prepare semi-annual and annual monitoring/evaluation reports of the PNTFs, with relevant recommendations to mitigate the risk factors;
 - e. Prepare NTTP Implementation Reports;
 - f. Submit these reports to the Directors in charge of tax policy and transmit these reports to ECOWAS and UEMOA for validation
 - g. Ensure that the recommendations approved by the Council of Ministers have been implemented on time.

ARTICLE 11: NATIONAL STEERING COMMITTEE REPORTS

Each National Steering Committee shall prepare a half-yearly report on fiscal transition to be transmitted to the ECOWAS Commission by the Minister in charge of finance within one month of the end of the half-year.

ARTICLE 12: NATIONAL STEERING COMMITTEE SESSIONS

1. The National Steering Committee shall hold two sessions per year and these sessions are to be convened by the Chairman.

2. The Committee may hold extraordinary sessions.

CHAPTER III OBLIGATIONS OF MEMBER STATES

ARTICLE 13: IMPLEMENTATION MECHANISMS

1. Member States shall adopt the Laws, Regulations, and administrative provisions deemed to comply with this Directive no later than **30 December 2026**.
2. Member States shall communicate to the ECOWAS Commission the measures or provisions adopted to ensure their compliance with this Directive.
3. Member States shall cooperate with the Commission with the view to implementing the steering and monitoring system of the Fiscal Transition Program at the regional level.
4. Member States shall notify the Chairperson of the Commission of any difficulties encountered in the implementation of this Decision, who shall submit a report thereon to the next session of the Council of Ministers, which in turn shall take appropriate measures to ensure the implementation of this Directive.

CHAPTER IV FINAL PROVISIONS

ARTICLE 14: PUBLICATION

1. This **DIRECTIVE C/DIR.5/07/23** shall be published by the ECOWAS Commission in the Official Journal of the Community within thirty (30) days of its signature by the Chairman of the Council of Ministers.
2. It shall also be published by each Member State in its Official Journal within thirty (30) days of its notification by the Commission.

ARTICLE 15: ENTRY INTO FORCE

This **DIRECTIVE C/DIR.5/07/23** shall enter into force upon its publication.

DONE AT BISSAU, ON 7TH JULY 2023


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**H.E. SUZI CARLA BARBOSA
FOR THE COUNCIL
THE CHAIRPERSON**