



Council adopts final text of ATAF Agreement



Participants of the 2nd ATAF Council Meeting, including Council members, representatives of member tax administrations and of development partners.

Nine of the 10 ATAF Council Members have signed a declaration indicating their acceptance of the final texts of the ATAF Agreement and its Rules and Procedures.

The nine signatories, at the second meeting of the ATAF Council, which was held in Tunis on 15 and 16 November, are Botswana, Gabon, Ghana, Kenya, Nigeria, Rwanda,

South Africa and Zimbabwe.

The finalisation of the ATAF founding documents paves the way for individual Council Member countries to proceed with their respective domestic processes of ratification.

The Agreement will enter into force 30 calendar days after at least five of ATAF's 30 members have ratified it, thus establishing ATAF as a legal entity.

The Interim Secretariat is optimistic that at least five countries will ratify the ATAF Agreement by June 2011.

As soon as ATAF becomes a legal entity, it will be in a position to conclude a Host Country Agreement with the Government of the Republic of South Africa, open a bank account, acquire office premises and related equipment, and appoint staff.

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ATAF, African Development Bank further cement ties

ATAF and the African Development Bank committed themselves to intensifying their collaboration by agreeing on a Joint Statement on Cooperation in Tunis, thus further cementing a partnership established even before the launch of ATAF last year.

The framework of ATAF's and the African Development Banks (AfDB's) cooperation



is based on, among other things, the latter's mandate by the G8 countries to increase its support to taxation and domestic resource mobilisation in Africa. In this regard, ATAF will commission a research study and an in-depth analysis of the current state of tax policies and systems in Africa.

The study will enhance the international knowledge base on tax systems in Africa and will give the analytical underpinnings for the necessary improvements in the long term. It will also examine the challenges and provide recommendations for domestic revenue systems in Africa. Furthermore, this study will articulate the links between development strategies, public finance policies in the long run, and the actual evolution of domestic revenue mobilisation in Africa.

The ties between the two organisations are based on their position as fellow African institutions that share a vision to pursue development on the continent,

AfDB 2008 Governance Strategic Direction advocated the role of taxation for financing development, improving governance and

building capable states. Therefore, at the 2008 ATAF founding conference held in Pretoria, South Africa, where ATAF was conceived as a platform for articulating African tax priorities, considering good practices and developing capacity in African tax administrations through peer learning and knowledge sharing, President Kaberuka (Tunis) in his key note speech was pleased to welcome the initiative, whereupon he also invited ATAF to hold a key meeting at the headquarters of the AfDB in Tunis. ATAF's 2nd Council Meeting has thus honoured this prestigious invitation.

In its cooperation with ATAF, the AfDB has thus far co-hosted the 2008 Founding Conference, the 2009 Inaugural Meeting of ATAF, and, most recently, the 2nd ATAF Council Meeting in Tunis with the objective to develop a long-term cooperation between ATAF and the AfDB.

ATAF welcomes the support of the AfDB and the commitment to ensure ATAF's official establishment as a functional and capable institution that represents the tax priorities of African countries with a unified voice.

ATAF set to join International Tax and Development Centre (ICTD) as founding partner

At its 2nd Meeting in Tunis on 15–16 November, the ATAF Council gave approval for the organisation to join the International Tax and Development Centre (ICTD) as one of its founding partners. This comes in response to a letter of invitation from Professor Mick Moore of the Institute of Development Studies at the University of Sussex and the Chief Executive Officer of the ICTD.

The International Tax and Development Centre (ICTD) is a centre focusing on matters of taxation and development from a political economy perspective. The organisation became operational on 1 November 2010 after submitting the winning bid to the UK Department for International Development (DFID) following a tender process.

In line with ATAF's vision to promote efficient and effective tax administration to foster economic growth and improved

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'The International Tax and Development Centre (ICTD) is a centre focusing on matters of taxation and development from a political economy perspective.'

service delivery for people living in Africa, the ICTD's mission statement stipulates that "If governments of poorer countries were to tax better, there would be substantial positive effects on private enterprise, economic growth, the legitimacy and effectiveness of public authority, equity and social cohesion".

It is based upon these similarities of the organisations' objectives that the Council

welcomed the opportunity for ATAF to join the ICTD as a founding member and contribute meaningfully to their joint programmes.

The ICTD's research agenda will include themes such as Understanding Taxation in Developing Countries; Re-thinking Tax Administration and Tax Reform in the context of Political Economy and Post-Conflict Reconstruction; International Dimensions of Taxation and Tax Evasion; and Foreign Aid, Taxation and State-building.

In a recent Strategic Planning Session, one of the focus areas identified by ATAF is for the organisation to bring together international and African tax reform experiences, by translating the discussions in the global tax arena into practical approaches for the development of African Tax Administrations. The ICTD will be an ideal platform to meet this ATAF objective.

Revenue bodies sign bilateral agreements

The second Council meeting of the African Tax Administration Forum (ATAF) held in Tunis last week took ATAF one step closer to being established as a legal entity.

The ATAF Council, which is chaired by SARS Commissioner Oupa Magashula, approved the final texts of the ATAF Agreement and the ATAF Rules of Procedures, in addition to ATAF's Strategic and Financial Plans for 2011-2013.

ATAF members can now take the ATAF Agreement through their domestic processes for ratification. Once it has been ratified by five countries, ATAF can be established as a legal entity. The ratification process at SARS will now get underway.

Besides its usual order of business, ATAF meetings are providing a platform for closer interaction and the sharing of experiences, challenges and solutions by the Heads of its member Administration, who would not normally have the opportunity to engage on a regular basis.

In recognition of the opportunity for engagement, the Heads of the South African Revenue Service, Nigeria's Federal Inland Revenue Service, the Rwanda Revenue Authority and the Zimbabwe Revenue Authority used the occasion of the ATAF meeting to sign bilateral cooperation agreements.

The cooperation agreements seek to establish sustainable longer-term cooperation between the administrations on issues of capacity development, tax administration, exchange of information, technical assistance, training and developing joint approaches on risk profiling, assessment and combating illicit activities through the regular sharing and exchange of ideas, proposals and experiences; the exchange of information on general tax administration and enforcement, and the exchange of experts.

The signing ceremonies took place in the plenary hall of the meeting before the commencement of business on the second day of the Council meeting. Mr Logan Wort, ATAF's Acting Executive Secretary, underscored the importance of ATAF not only as a mechanism for multilateral engagement but also to further bilateral engagement and share best practices.

"We would like to encourage members to build on existing relations between their revenue administrations and to use ATAF meetings to engage bilaterally and identify areas of mutual interest which they can take further."



Commissioner Oupa Magashula of the South African Revenue Service, and Commissioner General, Mary Baine of the Rwandan Revenue Authority, signing a Bilateral Agreement.



Commissioner Oupa Magashula of the South African Revenue Service, and the Executive Chairman of the Federal Inland Revenue Service of Nigeria, Mrs Ifueko Omoigui Okauru, signing a Bilateral Agreement.



Commissioner Oupa Magashula of the South African Revenue Service, and Commissioner General, Gershem Pasi of the Zimbabwe Revenue Authority, signing a Bilateral Agreement.

Exchange of Information workshop a success

The Botswana Unified Revenue Services (BURS) successfully hosted the Exchange of Information (EOI) workshop on behalf of ATAF in Gaborone earlier this month. This workshop forms part of collaborations with the Organisation for Economic Cooperation and Development (OECD), the European Commission (EC), and the Secretariat of the Southern Africa Development Community (SADC).

At the official opening of the event, the Commissioner General of BURS, Freddy Modise, referred to the recent economic meltdown which had its roots in economic abuses across many jurisdictions, perpetrated by a number of multinational corporations. He also said that the crisis could have been averted or minimised if countries had had efficient systems for the exchange of information. The lack of such systems had inadvertently provided the cover for these abuses to thrive

for long periods, to such an extent that they reached the point where they had begun to compromise the very foundations of many of the major economies of the world.

African tax officials in attendance at the workshop were in this, and many other ways, exposed to global best practices and modern trends in the exchange of information. This is in line with ATAF's goal to create greater levels of networking between ATAF member countries and the African continent at large.

The workshop also allowed for attendees to contribute meaningfully to the process of the establishment of an ATAF Working Group, which would be expected to play a pivotal role in the implementation of the envisaged Exchange of Information (EOI) Project. The three-day-long workshop dealt with the complex auditing of multinationals and their subsidiaries, headquartered outside their countries of operation.

Korea to co-host tax conference

The ATAF Council has accepted an invitation for ATAF to co-host a three-day conference on Taxation and Domestic Resource Mobilisation together with the Korean Ministry of Strategy and Finance in Cape Town, South Africa, in the first quarter of 2011.

The invitation to partner in this conference was welcomed by the Council as an indication of ATAF's increasing recognition by development partners as the leading platform for the much-needed improvement in tax policy and administration on the African continent. It is anticipated that the gathering would contribute positively to the expansion of domestic resource mobilisation programmes in Africa.

Other development partners to be invited to the conference are the African Development Bank (AfDB) and the Paris-based Organisation for Economic Cooperation and Development (OECD), who will share their experience and expertise on issues relating to the event's main theme.

The upcoming conference will be targeted at senior government officials in charge of tax policy or tax administration. Current discussions among the parties are also aimed at targeting Africa's regional groupings through similar consultative gatherings in the future, possibly on an annual basis.

The preparations for the conference come in the wake of the meeting of the Heads of State and Government of the Group of Twenty (G-20) in Seoul, Korea, on 11–12 November 2010, where participants continued their discussions on how to deal with the global financial crisis and the ongoing recovery. It was their fifth meeting, yet the first time that G-20 leaders met in a non-G8 country, demonstrating the increased representation of new political and economic actors in international policy coordination and global governance.

The global economic recession brought to a halt one of the longest periods of economic expansion in Africa's history. Initiatives such as the ATAF-Korea conference would therefore need to consider how best to support Africa's recovery and future development by focussing on the mobilisation of domestic resources and increased vigilance against illicit resource flows from the continent.

Farewell to two Commissioner Generals

Two longstanding Commissioner Generals of founding member countries were bid farewell at the council meeting in Tunis. ATAF acknowledged the commitment shown by Botswana's Mr Freddy Modise and Ghana's Major Ablorh-Quarcoo towards the building of an African revenue collection capacity by presenting them with gifts.

Outgoing Commissioner General of the Botswana Unified Revenue Service (BURS) – Mr Freddy Modise – is to retire from January 2011. Major Ablorh-Quarcoo will be replaced by George Blankson, the newly-appointed CG of the Ghana Revenue Authority.

Mr Modise became the BURS's first CG in 2005, following the establishment of the BURS in 2004. Before heading the BURS, he was the Secretary for Financial Affairs in the Ministry of Finance and Development Planning, a position he held for a decade.

Major Ablorh-Quarcoo enlisted in the Ghana Forces as an Officer Cadet and was commissioned Lieutenant in 1975. Thereafter, he trained at the Royal Army Pay Corps (RAPC) Training School in the UK. He completed the examinations of the Chartered Institute of Management Accountants in November and became a full member of the Institute in 1985. He was admitted to the Institute of Chartered Accountants (Ghana) as a member in 1989.



Mr Freddy Modise



Major Daniel Ablorh-Quarcoo

ATAF secures funding for 3-year workplan

ATAF's development partners have committed to funding a significant part of ATAF's three-year programme through a pooled fund. The Netherlands, Ireland, Switzerland, the Department for International Development (DFID) and - the Norwegian Agency for Development Cooperation (NORAD) are the development partners that responded positively to the principles of the Financing Agreement proposed by the Secretariat, and so became development partners of the pooled fund.

ATAF's work plan will be updated annually over a collective two/three-year period stretching from November 2010 up to December 2013. The ATAF Secretariat negotiated the terms for a common Financing Agreement aimed at harmonising the reporting and financial administration of ATAF's three-year programme to be supported by the development partners of the pooled fund.



Acting Executive Secretary Logan Wort chatting to Mr Francisco Bataller-Martin of the European Commission. Dr Christiane Schuppert of the GTZ and David Kloeden of the IMF are in the background.

In addition, ATAF also has a number of Development Partners contributing outside of the pooled fund arrangement. These include the European Commission (EC), the African Development Bank (AfDB), the Gesellschaft für Technische Zusammenarbeit (GTZ) and the Organisation for Economic Cooperation and Development (OECD).

The EC has this year funded three events that severally took place in Malawi, Nigeria and Mauritius. The AfDB has in the current and past year funded three events, including the recent ATAF Council Meeting in Tunisia.

The GTZ has been providing support including funding for a legal advisor to finalise the founding documents and the provision of accommodation at the Inaugural Launch of ATAF in November 2009. The GTZ has also committed ongoing support to ATAF as presented at the last Council meeting. The OECD representing the

OECD Tax Commissioners as partners from developed countries has provided technical expertise for ATAF technical events that were held in both 2008 and in 2009. The OECD continues to provide expertise for the technical events of ATAF.

‘Support from our development partners is important, especially at the infancy of ATAF.’

The negotiations were based on the draft contract proposed by NORAD to the interim ATAF Secretariat.

“The basic principles of the Financial Agreement support ATAF's work – it minimises the administrative burden on donors and ATAF, yet contains strong governance elements”, says ATAF Acting Executive Secretary, Mr Logan Wort.

‘The negotiations were based on the draft contract proposed by NORAD to the interim ATAF Secretariat.’

“Support from our development partners is important, especially at the infancy of ATAF. We draw from their wide range of expertise as well as financial resources”, adds Mr Wort.

Ghana to establish a trade centre

The Ghana Export Promotion Council (GEPC) is set to establish a Ghana Trade Centre in Malabo, Equatorial Guinea, to facilitate daily trade in “Made in Ghana” goods. Dr Kwadwo Owusu Agyemang, Chief Executive Officer of GEPC, said Ghana needed to harness the economic



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potential of the non-traditional export sector to augment government's efforts to increase revenue generation. He said in 2009 Ghana earned more than 1.2 billion dollars in non-traditional export, representing more than 26 per cent of total export revenue generated in the country.

Snippets

RRA partners with local leaders to enhance tax collection

The Rwanda Revenue Authority (RRA) has revived the Tax Advisory Councils (TAC) at district level to facilitate partnership with local leaders in order to increase tax compliance and to communicate information regarding tax law amendments and new RRA services to the intended beneficiaries.

The aim of the Tax Advisory Councils is to foster taxpayer education, the capacity of the local administration to collect decentralised taxes, and fight smuggling and tax evasion. Through the councils, the RRA urges local leaders to take centre stage in mobilising the population to pay taxes as they should, which is crucial if the nation is ever to become economically independent in the near future.

TAC meetings were introduced at provincial level in 2000 but were taken to district level in 2007 with an aim of reaching out to taxpayers at grassroots level and in line with the decentralised programme. Since the establishment of TAC, the councils have played a significant role in educating local leaders and the general public on the importance of paying taxes, controlling smuggling and any other form of tax evasion.

SARS shines at Public Sector Excellence™ Awards

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The South African Revenue Service has once again walked off with the Grand Prix Overall Public Sector Excellence Platinum award at this year's ceremony. The platinum award means that SARS has excelled in both the public view and in the view of the experts' panel, which used their expertise and information such as auditor-general reports, annual financial statements, public surveys and other publicly available documents to reach their decision.

The Public Sector Excellence™ Awards are a citizen-centred recognition award and celebration of excellence in the public sector based on the Public Sector Excellence Reputation Index™ results. Other awards SARS received are gold on Overall Effectiveness Top Parastatals, two golds for Service Orientation in Parastatals, and another gold award in the Financial Services Sector.

Liberia to kick-start IFMIS

The Governments of Liberia and Sweden have signed a grant agreement of US \$5 Million to support Liberia's implementation of the Integrated Financial Management Information Systems (IFMIS). Three key government institutions are to benefit from the grant. They are the Ministry of Finance, the General Auditing Commission and the Civil Service Agency of Liberia. Deputy Finance Minister for Revenue Elfrieda Stewart Tamba signed for Liberia, while Mr. Klas Gierow Charge'd'Affairs of Sweden to Liberia signed on behalf of his government.

Mrs. Elfrieda Tamba said the signing of the agreement signified government's strong commitment to public financial management reform. She added that such strong commitment was underpinned by the key pillars of integrity and automation.

The overall objective of the Integrated Financial Management Information System (IFMIS) Project is to strengthen the Government of Liberia financial management system through the provision, installation and commissioning of a computerised financial management information at the Ministry of Finance, and through strengthening mutual accounting systems in all line ministries, agencies and counties.



Kenya set to review tax system

Kenyan President Mwai Kibaki has said that Kenya will soon undertake a comprehensive review of tax system which will take into account simplicity, and will complement the objectives of vision Twenty Thirty. He said that the new system should be followed by legislative and institutional reforms that will progressively close the tax gap.

The President was speaking during this year's Kenya Revenue Authority (KRA) Taxpayers' Week Award ceremony in Nairobi. He said that he was happy with the progress made in tax administration reforms in the recent past and that the KRA had implemented various tax reforms under its Reforms and Tax Modernisation Programme.

He added that – although these reforms have measurably improved revenue collection and tax administration – more needs to be done. Kibaki called upon all eligible Kenyans to honour their tax obligations as the government would ensure that the revenues collected continued to be used efficiently, and for financing priority development projects that promoted the welfare of Kenyans.