



Support to ATAF

**Project: Support to the
Establishment of the African Tax
Administration Forum (ATAF)**

giz

On behalf of

BMZ



Federal Ministry
for Economic Cooperation
and Development



**AFRICAN TAX
ADMINISTRATION FORUM**

Background of ATAF

Domestic resource mobilisation (DRM) has become one of the most prominent issues in the international debate on development cooperation. The topic is especially relevant on the African continent, where many countries are facing widespread challenges in the area of good financial governance and heavily depend on external funding. Thus, at the International Conference on Taxation, State Building, and Capacity Development, held in Pretoria in 2008, it was decided that an international organisation shall be established to promote cooperation, knowledge sharing, and capacity development between African tax administrations. The idea of an **African Tax Administration Forum (ATAF)** was born.



Crucially, the aim of this organisation is not only to contribute to increasing tax revenues to fund national development programmes in Africa but, more importantly, to use taxation as a tool to **improve citizen-state relations**. The underlying assumption is that widening the tax base and increasing the effectiveness and efficiency of tax administrations will lead taxpayers to start scrutinising how their money is spent and to demand improved public services in return for the taxes paid.

This may reinforce calls for transparency and accountability of the public finance system and ultimately lead to the implementation of good financial governance reforms. In addition, improving service-orientation of tax administrations can have a very direct, positive impact on the perception of the state, as it is one of the main contact points between the state and its citizens. At the same time, the aim of increasing tax revenues remains important as it is a viable path to enhance **ownership of African countries** of their own development programmes.

Against this background, an ATAF Interim Secretariat was established in Pretoria to build up the required structures to



ATAFs vision is to improve DRM to ultimately enhance the living conditions in Africa.

establish ATAF as an international organisation that is capable of fulfilling the mandate it was assigned at the ATAF Inaugural Conference in Kampala (Uganda) in 2009. Meanwhile, the Secretariat already started to develop and implement research projects and capacity development events for African tax administrations.

The impact of GIZ support to ATAF

Since 2011, the German Federal Ministry for Economic Cooperation and Development is supporting this undertaking by providing technical assistance through the GIZ project “Support to the Establishment of ATAF”.

The GIZ project focuses on supporting the ATAF Secretariat in the following three areas:

1) Establishing ATAF as an international organisation

GIZ provided assistance in developing an organisational design for ATAF focusing on the internal structure of the Secretariat. The design was approved by the ATAF Council and is now gradually being implemented. It structures the ATAF Secretariat into three major divisions with clearly assigned responsibilities, and enables ATAF to effectively execute its operational tasks.

Furthermore, GIZ supported ATAF in building a strategic planning framework that provides the organisation with a tool to develop its strategic direction and a basis for the formulation of annual work plans.



ATAF Secretariat offices in Pretoria, South Africa.

In connection with the development of the Strategic Plan 2013-15, GIZ also assisted in devising a results-based monitoring system for ATAF, which enables the organisation to closely track its progress vis-à-vis its strategic objectives and to make adjustments where necessary. Thus, it serves as a vital instrument for the steering of the organisation and allows ATAF to not only report on its activities but also on the results it achieved.

2) Delivering demand-driven ATAF research projects

The GIZ project provided assistance in the setup of ATAF's research unit as well as in the design of its research agenda. Likewise, it supported ATAF in developing and implementing the research framework for a needs assessment of African tax administrations. In this context, regional diagnostic workshops have been held enabling administrations to directly feed into the research.

The expertise gained through this exercise puts ATAF in the position (i) to identify the core issues for ATAF capacity development addressing the needs of its members, (ii) to

define relevant topics for broader ATAF conferences, and (iii) to feed the interests of African tax administrations into the international debate.

3) Offering tailor-made capacity development measures

GIZ provided financial support to facilitate the negotiation of an Agreement on Mutual Assistance in Tax Matters (AMATM) among African countries. A total of 22 ATAF member states participated in an event to discuss and finalise the text of the draft AMATM. Once signed, the agreement will simplify exchange of information, cross-border tax examination, and assistance in the collection of taxes between the signatories. This will significantly enhance the capacities of African tax administrations to tackle tax evasion.



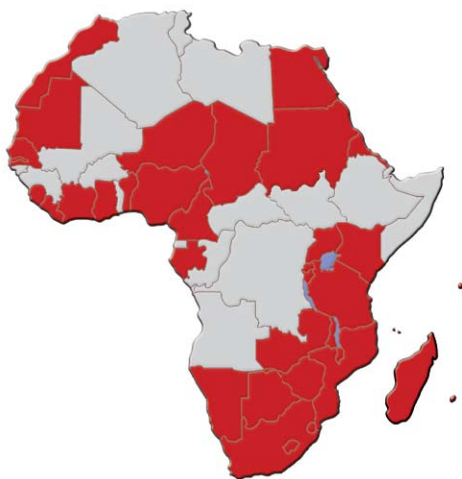
ATAF members discuss their reform priorities at regional diagnostic workshops.

Moreover, the GIZ project is advising ATAF with regard to the design of its planned technical assistance approach complementing ATAF's current capacity development programme. This technical assistance shall provide targeted support to individual member countries in the design, implementation and evaluation of specific reform projects. To achieve this, ATAF with support from GIZ is exploring viable ways to define, deliver and fund technical assistance to enhance the capacities of African tax administrations in an effective and sustainable way.

Where ATAF stands today

Little more than three years after the inception of ATAF, five member countries have submitted their instruments of ratification of the ATAF Agreement, thereby establishing ATAF as an international organisation. Meanwhile, the Interim Secretariat has successfully worked towards the creation of an institutional framework and according rules and procedures for the organisation.

Over the last three years, ATAF has increased its membership to 35 African countries and gained international recognition through active participation in relevant tax and development events. Most notably, ATAF has organised a side-event at the 4th High Level Forum on Aid Effectiveness in Busan, Korea, entitled Domestic Resource Mobilisation, Tax and Development: Implications for the Aid Effectiveness Agenda. Through this event, ATAF successfully managed to place the issue of taxation on the agenda of the international aid debate and to highlight the role of ATAF in developing adequate capacities for DRM on the African continent.



ATAF membership is spread across the entire continent.

Furthermore, several publications have been produced (including regional reports associated with the assessment of

reform priorities of African tax administrations) and more than 20 technical events were held with widespread participation by ATAF members. Topics covered include but were not limited to: transfer pricing, exchange of information, indirect taxes, and auditing techniques.



Taxation of the informal sector is one of the challenges African tax administrations face.

The future of GIZ support to ATAF

GIZ will continue to provide support to ATAF beyond its legal establishment as an international organisation. It is planned that from 2013 the “Support to the Establishment of ATAF” project will be merged into a wider GIZ programme on good financial governance in Africa, prolonging the support to ATAF for another 3 years.

Going forward, GIZ will put emphasis on the focal areas of research and capacity development. ATAF is planning to broaden its research efforts and to concentrate on specific topics, such as natural resource taxation or the informal sector, as well as on the identification of good practices in these areas. GIZ intends to contribute to this undertaking by facilitating the conceptualisation of the respective research plans and supporting the implementation of the planned research projects.

In the area of capacity development, GIZ is planning to facilitate the identification of appropriate technical assistance modalities for ATAF through pilot testing. In addition, GIZ intends to facilitate the development of an online course programme meeting the needs of African tax administrators.



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