AFRICAN TAX ADMINISTRATION FORUM

FORUM SUR L'ADMINISTRATION FISCALE AFRICAINE

Summary Brief

Acquisition, Implementation, and Maintenance of Integrated Revenue Administration ICT Systems in Africa

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INTRODUCTION

Africa's revenue administrations (RAs) recently adopted information and communication technologies (ICTs) to build process efficiencies and to enhance service delivery. What remains a question is whether the now-digitalised RAs with automated ICT systems have attained the expected gains and efficiencies from the ICTs. And if not, how can they be assisted to meet their ICT goals?

To that end, the African Tax Administration Forum (ATAF) conducted an elaborate ICT study in 35 countries across Africa. After a series of consultative engagements and a collation of experiences in ICT departments in African RAs, the team developed an ICT checklist and guidebook. Inside this study, titled *The Effective Acquisition, Implementation and Maintenance of ICT Tax Systems in Africa,* is a recommendation of seven capability blocks on which the acquisition, implementation, and maintenance of ICT tax administration systems should focus:

1. **Governance and Policy:** guidelines on the leadership and administration in the internal and external environment of the RA, and how these enable ICT.
2. **Cost and Contract Management:** the ICT budget, cost and contract implications on the profitability optimisation efficiencies in the RAs.
3. **Project Management:** the approach and tact of planning and implementing project activities to maximise ICT modernisation initiatives and project outputs.

> RAs automate to improve process and services to raise more revenue and reduce compliance costs.

4. **Stakeholder and Change Management:** activities conducted to ensure the support and uptake of ICT initiatives.
5. **Business Process Management:** a holistic review of processes to identify areas in which to create efficiencies in service delivery.
6. **Technology:** The ICT tools, techniques, methodologies, and skills that the RA uses to automate its business processes and implement ICT systems.
7. **Sustainability:** the actions of the RA to maintain a continuous health state of all ICT systems, products or services.

This ICT guide can assist RAs to answer three major questions on enhancing ICTs: **(1) What** activities should the RA conduct in each capability block to enhance ICTs? **(2) Who** should conduct the activities in each capability block to enhance ICTs? **(3) How** should the RA conduct the activities in each capability block to enhance ICTs? Appended to the criteria is an assessment tool to determine the ICT readiness of RAs. It is consolidated into a recommended framework for the implementation and maintenance of an efficient ICT tax system in Africa.

RATIONALE

This summary brief is ATAF's first attempt to diagnose the ICT implementation challenges in African RAs. There is evidence of poor ICT infrastructure, system outages, low ICT staff capacity, ICT lock-in, security threats, weak policy, and low political will that undermine ICT impact. These, together with the subsisting low-quality data, complex systems, and the low level of user involvement and support undermine the impact of ICT projects. Against these challenges, RAs automate to improve process and services to raise more revenue and reduce compliance costs.

However, these benefits have not been optimised which poses the question of whether it is still viable for RAs to continue investing in ICT systems. And if so, how can they efficiently implement the ICT systems? In response, the 2020 ATAF ICT study in Africa analyses the report findings to suggest a comprehensive approach to efficient ICT systems acquisition, implementation, and maintenance.

STATE OF ICT TAX SYSTEMS IN AFRICA

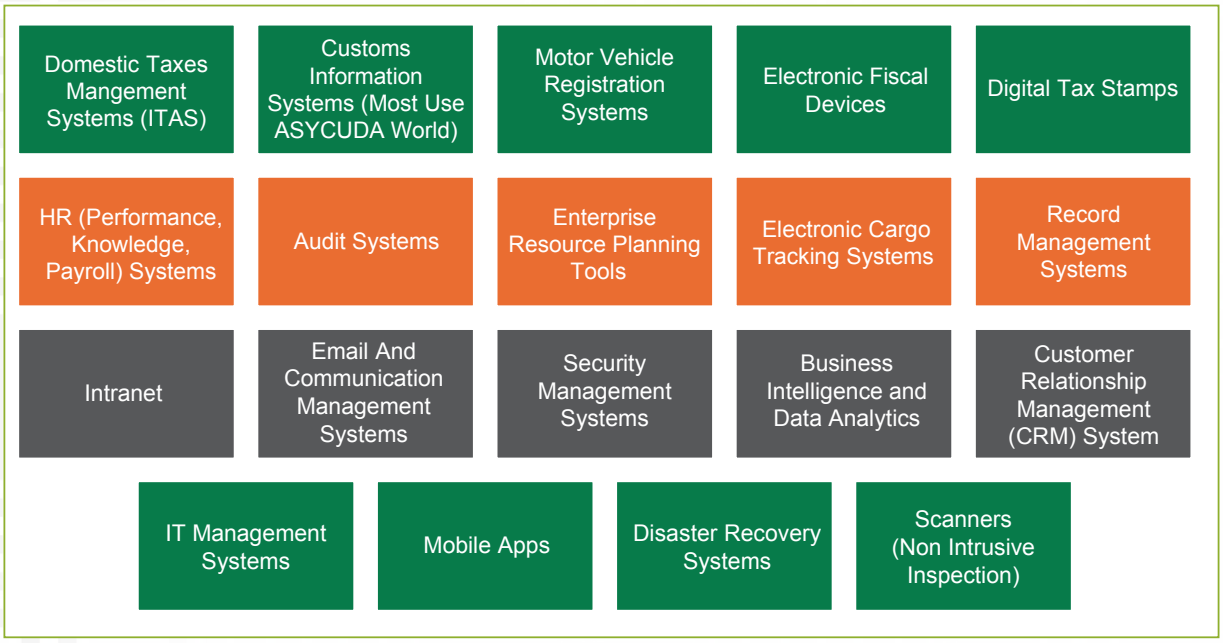
Some African governments have set broader e-governance frameworks scoping automation in RAs (McCluskey, Huang, Doherty, Franzsen, & Fish, 2018). They have set up ICT regulatory bodies to guide on ICTs. When interviewed by ATAF, 69.3% of the respondents acknowledged political will for ICT while 60.5% of the respondents attested to government readiness to resource ICTs. As a result, some countries (like South Africa) have reduced tax collection costs by 22% (Songwe, 2019), and Rwanda has realised an increase in annual revenue by over 6%. However, the enforcement of regulations and standards is generally weak and there is a need to bridge gaps in the legal regime, firm

> “Use knowledge resources, skills, tools, and techniques to conduct project activities to deliver on goals”

up national e-government strategies, and set clear guidelines on ICT hardware and software acquisition.

The primary focus for RAs is the enablement of process and service efficiencies leveraging ICT to realise online, simplified, and remote staff and client service assistance. ICTs must also provide alternative service channels when online services fail, with enhanced staff support on client queries raised for resolution. Systems may include:

Figure 1: Sample Automated Functions in Revenue Administration.



Source: Adapted and modified from (Allink & Kommer, 2011).

THE ATAF CAPABILITY MODEL FOR ICT TAX SYSTEMS

Governance and Policy: The management of the RA must prioritise the leadership, procedural, and auxiliary administrative issues that influence ICT efficiency. The existence of internal administrative structures and procedures to guide ICT implementation and rally political support for ICT inside and outside the RA is very important. The issues extend to the external environment bordering on the legal framework, including support for inter-agency collaboration with third-parties and ICT regulators. RAs must identify and position ICT change champions to spearhead innovations through projecting top management commitment and sponsorship for innovation, readiness for ICT change and agility with a clear vision powered by a functional ICT governance framework.

Cost and Contract: Keep the ICT costs manageable through prudent budgeting and conscientious contract negotiations. Building internal capacity and optimising ICT asset acquisition processes to assure minimal cost and high value, keeps the RA buoyant. There should be a focus on licensing and renewal, support and maintenance, knowledge and skills transfer, data and source code ownership, malleability with new technologies, and continuity and mitigation of carbon footprint.

Project Management: Use knowledge resources, skills, tools, and techniques to conduct project activities to deliver on goals. A standard approach to govern projects and have mechanisms to initiate, plan, execute, evaluate and close projects to assure sustainable benefits must be chosen. ICT project success is mirrored in terms of the uptake of the project deliverables in response to the RA circumstances.

Stakeholder and Change: Manage relations with stakeholders, partners and collaborators who support ICT change, and motivate the uptake of ICT products and services from the RA. Conductive, deliberate and proactive engagement and change activities, and designate change champions. Have consistent communication campaigns and follow a standard change management framework.

Business Process Management: Simplify and document processes before automating with ICTs. Individually and holistically interrogate RA processes, identify gaps and improve, following a standard framework and continuously assess the efficiency and maturity process level. Have an institutional process map showing the interrelations between all processes to facilitate integration and interfacing.

Technology: Scope the ICT tools, techniques and methods to automate processes to deliver e-services. The technology tools must be robust, reliable, malleable, adaptable, agile, secure, and extensible in light of any possible changes or technology advancement.

Sustainability: Take actions to ensure continuity of ICT services in the RA, for example, a business continuity plan (BCP) and service level agreements (SLAs) to measure performance. Establish standards and monitor compliance, secure systems, and have disaster recovery mechanisms to safeguard against any eventualities.

Each capability group must elaborate on What needs to be done, Who should conduct the activities, and How the activities should be done to enhance ICT. Table 2 provides details of the technology capability block.