

Good Tax Governance in Africa

FOREWORD

How countries approach taxation has a direct impact on their economic growth and development. Taxation is key to a government's ability to deliver essential services to their citizens and making long-term investments in public goods. The systems of taxation are therefore able to contribute significantly to shaping state-citizen relationships, strengthening state capacities, and contributing to better governance and accountability. This research paper complements other recent research in suggesting that improving the process of taxation can lead to building capable tax administrations as well as play a significant role in promoting accountability.

With its focus on Africa, this research project on the Good Financial Governance in Africa identifies the key trends in tax governance on the continent, elaborating on the renewed interest in taxation, the reforms underway in tax administration and organisational structure, the consequences of unstable tax revenues, and the nexus between taxation and good governance.

The research was commissioned by the African Tax Administration Forum (ATAF) and forms part of a joint research project on a Status Report on Good Financial Governance in Africa, published in March 2011. The joint work was undertaken with the African Organisation of Supreme Audit Institutions (AFROSAI) and the Collaborative Africa Budget Reform Initiative (CABRI), respectively three professional networks of tax administrators, supreme audit institutions and senior budget and planning officials in Africa.

While the main outcomes of the research on the tax aspects are contained in the Status Report on Good Financial Governance in Africa, we found it important to also separately publish the full research on Good Tax Governance. As with the broader research on Good Financial Governance, the research approach and framework for the project was developed jointly by the three networks at a technical workshop in March 2010, and the preliminary research findings discussed and validated at a second technical workshop in July 2010. The findings of this research are thus based on primary and secondary research, including surveys, literature reviews and analysis of primary country data. All errors are those of the researchers and editors, and the text does not necessarily constitute a shared opinion of, or representation by, the institutions to which they are affiliated.

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I hope that you find the information contained herein as thought-provoking as we found it important to conduct this work.

Logan Wort

Logan Wart

ATAF Executive Secretary (Act.)

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