Early Warning System

AFDB-P-LS-KF0-003

LESOTHO TAX MODERNISATION PROJECT

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Quick Facts

Countries	Lesotho
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	U
Voting Date	2017-11-22
Borrower	Government of Lesotho
Sectors	Law and Government

Project Description

According to bank information, the overall objective is to promote economic growth by providing the fiscal space (i.e., increased tax revenues) to maintain macroeconomic stability, while providing for priority economic and social expenditures. The specific objective of the Project is to support the effective implementation of the revenue modernisation program to strengthen tax revenue administration capacity through targeted assistance to:(a) e-taxation that will allow online tax services including registration, taxpayer relationship management, filing and payment; (b) introduction of fiscalised cash registers to improve VAT collections; and (c) introduce a simplified tax regime for small and informal sectors in order to reduce the costs of compliance and broaden tax base.

The Project has three mutually reinforcing components:

a. Enhancing Tax Modernization. Objective: Introduce online tax services and cash registers to improve revenue collection and reduce leakages and corruption. Activities under this component will includes:
    i. Technical assistance to Redesign business processes and development of business requirements for e-taxation and cash registers
    ii. Development and enactment of enabling legislation
    iii. Procurement of e-taxation and cash register appropriate IT solutions and equipment
    iv. Capacity building and training for rollout and implementation
b. Improving Domestic Revenue Reform. Objective: Introduce a simplified tax regime for taxation of small and informal taxpayers, and toll fees in order to broaden tax base and tax collection and reduce cost of compliance. Activities under this component includes:
    i. Technical assistance to development of new processes and forms as well as business requirements
    ii. Development and enactment of enabling legislation
    iii. Configuration and customisation of ETPM system
    iv. Development user requirements specifications, and software enhancements
    v. Procurement of hardware and site installation
    vi. Training and roll out
c. Project Management Support. Objective: to strengthen project management and implementation capacity. Activities under this component includes: 3.1 Project management, monitoring and audit.

Reflecting the lessons of past support, more emphasis will be given to strengthening national capacity and ownership of the project as well as adopting innovative approaches to capacity building through peer learning and partnering with ATAF.

Investment Description

- African Development Bank (AFDB)

Total cost: 5000000
Currency: UAC

Source(s) of financing
ADF: 5000000

Contact Information

Task Manager: GEBRE-SELASSIE Kalayu, ECGF

No fiurther contact details provided at the time of disclosure

ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at https://www.afdb.org/en/independent-review-mechanism/.