Early Warning System

AFDB-P-Z1-KF0-084

Multinational – Strengthening Tax Administration Capacity Project

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Quick Facts

Countries	Burkina Faso, Gambia, Guinea, Guinea-Bissau, Liberia, Sierra Leone
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	C
Voting Date	2025-10-22
Borrower	Governments of Burkina Faso, The Gambia, Guinea, Guinea-Bissau, Liberia and Sierra Leone
Sectors	Law and Government, Mining
Investment Type(s)	Grant
Investment Amount (USD)	$ 5.30 million

Project Description

According to bank provided information, the project aims to improve the efficiency, transparency and fairness of tax systems in West Africa by strengthening the capacity of tax authorities to collect domestic, trade and extractive sector taxes more effectively. Through technical assistance, digital tools such as electronic invoicing, improved VAT implementation, enhanced customs valuation systems and stronger audit capacity in the extractive sector, it seeks to reduce tax gaps, curb illicit financial flows and improve transfer pricing oversight. The project also promotes gender-responsive fiscal systems, taxpayer education and regional policy harmonization, contributing to inclusive governance and increased public trust.

The project development objective is to improve DRM capacity by enhancing the efficiency of collecting domestic and extractive taxes in West Africa while improving governance and strengthening resilience. The project will do this through capacity building efforts and institutional strengthening of tax authorities in beneficiary countries. The specific project objectives are to i) Strengthen tax administration capacity for collecting domestic taxes in selected fragile states in West Africa, ii) Improve tax avoidance and tax evasion practices in the collection of trade, and extractive taxes; iii) Improve natural resource revenues in resource rich countries through better governance systems iv) facilitate tax harmonisation practices in ECOWAS and foster regional integration and v) Promote tax transparency, tax education and mainstream gender equity.

The Strengthening Tax Administration Capacity Project in West Africa (STACP-WA) supports Burkina Faso, The Gambia, Guinea, Guinea-Bissau, Liberia and Sierra Leone in strengthening domestic resource mobilization and building more resilient and accountable fiscal institutions. The project is financed by the African Development Fund through the Transition Support Facility (TSF) Pillar III with a grant of UA 4 million (approximately USD 5.3 million) and implemented by the West African Tax Administration Forum (WATAF), with no external co-financiers. It addresses structural weaknesses in tax systems, including limited administrative capacity, tax evasion, trade mis-invoicing and weak oversight of extractive revenues. The operation aligns with the Bank’s Strategy for Economic Governance in Africa (SEGA), the Regional Integration Strategy for West Africa, and the High 5 priority “Improving the Quality of Life for the People of Africa,” contributing to stronger governance, reduced revenue leakages and enhanced fiscal sustainability in fragile contexts.

The proposed operation is an institutional support project to be financed from Transition Support Facility (TSF) Pillar III for an amount of UA4.00million (about USD5.2million). The project responds to a request from West African Tax Administration Forum (WATAF) on March 30th, 2024, for the Bank’s support to address systemic weaknesses in DRM capacities among beneficiary tax authorities. Strengthening DRM capacity for regional member countries have been central to the Bank’s governance and capacity building strategies. Several factors explain the underperformance of revenue mobilization in beneficiary countries. Most of DRM challenges have been highlighted in paragraph 13, others include i) The persistence of tax fraud and tax evasion practices with high levels of transfer pricing abuse, trade mis-invoicing and increasing trends of illicit Financial Flows (IFF) ii) low levels of tax compliance due to a weak social contract leading to high tax apathy and low tax morale; iii) Weak structures and incentives to tax the extractive economy; and iv) low capacity within the professional tax cadre to effectively administer the tax regime. Addressing these challenges requires consistent TA, capacity building efforts and institutional strengthening of tax authorities and support for the design of progressive tax policies. The project is designed for execution over four years from June 2025 to June 2029, (2025-2029) and will support the implementation of WATAF’s Strategic plan (2024-2029). This is articulated along three mutually reinforcing and complimentary components, namely: (i) Strengthening Efficient Administration of Domestic and Trade Taxes (ii) Improving Natural Resource Revenues in resource rich countries and iii) Project Management and Coordination.

Investment Description

- African Development Bank (AFDB)

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.afdb.org/en/disclosure-and-access-to-information/request-for-documents. Under the AfDBÕs Disclosure and Access to Information policy, if you feel the Bank has omitted to publish information or your request for information is unreasonably denied, you can file an appeal at https://www.afdb.org/en/disclosure-and-access-to-information/appeals-process.

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/