



## Activity brief (December 2014) Strengthening Mineral Tax Administration in Africa 24 May 2012 – 28 May 2015



**Background:** Many African countries have attracted substantial investment to the extractives sector, especially over the past decade. Consequently, mining sector revenues in these countries have increased substantially. The World Bank argues that this dramatic growth in mineral wealth, revenue and investment has social, economic and environmental impacts.

Many countries (including Cameroon, one of the case studies) have joined the process to become compliant with the Extractive Industries Transparency Initiative (EITI) to publish governments' total revenue receipts from the extractives industries. The World Bank contends, however, that the EITI does not address whether or not the collected revenues are in line with contractual agreements.

**Objective:** The overall objective of the proposal is to develop a more comprehensive revenue collection framework that identifies what levels of administrative capacity are required in countries' mining/finance/treasury agencies to implement revenue collection frameworks.

The activity also aims to assist specific resource-rich developing countries in Africa to promote greater transparency and accountability in the collection/distribution of revenues derived from the extractives sector.

**Activity description:** The activity is designed to provide a blueprint to promote accountability and transparency in the use of mining revenues. This involves developing an extractive industries revenue mobilisation/collection framework that identifies government department administrative capacity required to implement resource revenue tax-instruments and collection systems.

Furthermore, the tax administration activity provides assistance in an area that is regularly sought from partner governments. It demonstrates one mechanism to respond to requests for assistance in mining taxation administration.

There will be a series of consultant assignments and workshops to analyse the issue of mineral taxation in each country. From these initiatives, the activity will provide a guide

to how to distribute extractives industry revenues with more transparency and accountability. This includes a targeted approach in three countries representing eastern, central and southern Africa: Uganda, Cameroon and Namibia. The activity includes the research, analysis and dissemination of the guidance document.

In summary, the World Bank will:

- distribute a questionnaire on mineral taxation administration to all African mining countries;
- assess mineral taxation administration frameworks in Uganda, Namibia and Cameroon (similar to work done in Mali, Ghana and Liberia);
- host joint (follow-up) workshops with the International Monetary Fund (IMF) and the African Tax Administration Forum (ATAF); and
- publish a guidance document and handbook on mineral taxation and transparent extractives revenue sharing.

**Sector:** Extractives

**Expected outcomes:** The activity will contribute to improving mining tax administration in Cameroon, Namibia and Uganda, by promoting greater transparency and accountability in the collection and distribution of revenues derived from the mining sector.

The activity will build and strengthen relationships with the World Bank.

Relationships will be developed with Uganda, Namibia and Cameroon (all three countries have sought assistance from the Australian Government on revenue management), particularly in their respective mining and finance ministries.

**Participating countries:** Uganda, Namibia and Cameroon

<b>Date approved:</b>	29/05/2012
<b>Implementation partner:</b>	The World Bank
<b>Total cost:</b>	AUD 650 000