



**NATIONAL REVENUE AUTHORITY**

# **STRATEGIC PLAN**

**2023- 2027**

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## ACRONYMS

ACC	Anti-Corruption Commission
AfCFTA	African Continental Free Trade Agreement
AFRITAC	African Regional Technical Assistance Centre
AGOA	African Growth Opportunity Act
BASICO	Benefit, Amplitude, Satisfaction, Investment, Client, Operability
BSC	Balance Score Card Method
BMS	Block Management System
BSC	Balance Score Card
BSL	Bank of Sierra Leone
CAC	Corporate Affairs Commission
CDA	Centralised Data Analytics
CED	Customs and Excise Department
CESW	Customs Electronic Single Window
CET	Common External Tariff
CG	Commissioner-General
CIP	Compliance Improvement Project
CMP	Change Management Project
COVID	COVID 19 Pandemic Disease
CSD	Customs Services Department
CSOs	Civil Society Organisations
DI	Destination Inspection
DTD	Domestic Tax Department
DW	Data Warehouse
DWS	Data Warehouse System
ECOWAS	Economic Community of West African States
ECR	Electronic Cash Register
EPA	Environmental Protection Agency
ERM	Enterprise Risk Management
ERMU	Enterprise Risk Management Unit

ES	Excise Stamp
ETLS	ECOWAS Trade Liberalization Scheme
FSS	Fiscal Strategy Statements
FY2021	Financial Year 2021
GDP	Gross Domestic Product
HNWI	High Net-Worth Individuals
HR	Human Resource
HRD	Human Resources Department
HS	Harmonized System
IAU	Internal Affairs Unit
ICA	Internal Controls and Audit
ICT	Information and Communication Technology
ICTD	Information and Communication Technology Department
ID	Identification Card
IDP	Infrastructural Development Project
IMF	International Monetary Fund
ISO	International Organisation for Standardization
IT	Information Technology
ITAS	Integrated Tax Administration System
ITRS	Integrated Taxpayer Registration System
KPI	Key Performance Indicators
LCS	Legal and Corporate Services
LCSD	Legal and Corporate Services Department
MDAs	Ministries, Departments and Agencies
MOD	Modernisation Department
MoF	Ministry of Finance
MoUs	Memorandum of Understanding
MPA	Mobile Payment App
MRP	Monitoring, Research and Planning
MRU	Mano River Union
MTNDP	Medium-term National Development Plan

MTRS	Medium-Term Revenue Strategy
NCRA	National Civil Registration Authority
NPAA	National Protected Area Authority
NRA	National Revenue Authority
NTR	Non-Tax Revenue
OARG	Office of the Registrar and Administrator-General
PCA	Post Clearance Audit
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PSI	Pre-Shipment Inspection
RIID	Revenue Intelligence and Investigation Department
RKC	Revised Kyoto Convention
RMU	Risk Management Unit
RRR	Revenue Receipting and Reconciliation
RSIS	Revenue Systems Integration and Security
SAFe	Scaled Agile Framework
SCD	Single Custom Declaration
SIGMAT	Interconnected System for the Management of Goods in Transit
SME	Small and Medium Enterprise
SMT	Senior Management Team
SOPs	Standard Operating Procedures
SP	Strategic Plan
SWOT	Strengths, Weaknesses, Opportunities and Threats
TEASTI	Transparency, Equity, Accountability, Service Excellence, Teamwork and Integrity
TIN	Taxpayer Identification Number
TPS	Taxpayer Preparer Scheme
USD	United States Dollars

# OPENING AND EXECUTIVE SUMMARY

## Foreword from Board Chairman



### *Mrs. Tuma Gento-Kamara*

About five years ago, on the corresponding page of the 2018-22 Strategic Plan of the National Revenue Authority, I spoke to you about the NRA's medium-term Strategic Plan which was successfully implemented over this period. I am here again to announce yet another Strategic Plan that will take us from 2023 to 2027 in line with the Government's Medium-Term National Development Plan (MTNDP), the Sustainable Development Goals, the Medium-Term Revenue Mobilization Strategy and the government's Fiscal Strategy Statement.

As the principal document of the Board of Directors for oversight and direction of the National Revenue Authority over the next five years, the Board had a thorough review of the Plan and endorsed it as a guide for revenue administration over the medium term. The Board will also make use of its Monitoring & Evaluation framework and the Key Performance Indicators (KPIs) and targets to monitor its implementation within the context of our mandate in providing oversight and direction of the Authority alongside the



responsibility of formulating policies relating to Human Resources, Admin, procurement, ICT, finance, and operations.

The Board is happy that the formulation of the strategies outlined in this document was the product of thorough analysis of the current situation, environmental scan, best practices, and stakeholder inputs. We appreciate the immense effort of Senior Management of the NRA headed by the Commissioner General, the Planning Department that led the process, and our development partners that provided quality assurance.

As Chairman of the Board, I assure the public, our valued taxpayers, development partners, and government of the Board's commitment to effective oversight and direction of the National Revenue Authority in its quest for sustainable mobilization of domestic revenues to finance the development of 'Mama Salone' whilst ensuring service excellence in the execution of this function. We will, as Board of Directors, fully support the Commissioner General and his Senior Management Team in the delivery of this Plan in the next five years.

## Foreword from the Commissioner General



### *Dr. Samuel S. Jibao*

On behalf of Senior Management and staff of the National Revenue Authority (NRA), I present to you the Strategic Plan of the Authority from 2023-2027. This Plan represents an ambitious commitment to the people of Sierra Leone and describes in detail how the vision and strategic goals of the NRA will be achieved. The premise of the strategic plan is to provide a strategic direction for the Authority in the next five years by helping us provide the best possible conditions for effective tax administration during this period.

After a successful implementation of the previous five-year strategic plan with the roll out of key revenue administration reforms including the migration to the web-based ASYCUDA World for Customs administration, the implementation of a Customs Electronic Single Window system for the approval, processing and clearance of goods imported under e-exemptions and ECOWAS Trade Liberalisation Scheme, the introduction of Integrated Tax Administration System for automation of income tax and GST administration, the implementation of Electronic Cash Register system for e-capture of sales of goods and services for better reporting and administration of GST, and the roll out of a Mobile App for automating

Non-Tax Revenue payments, among others, NRA was effectively described as works yard of reforms roll out. The Authority has been quite ahead in terms of ICT systems reforms to the extent that integration of these systems with external stakeholders becomes a challenge as they are yet to commence similar levels of reforms. We could have achieved more had it not been for the major shocks of COVID-19 pandemic and the Ukraine war within the period of implementation of the Plan.

In the next five years, as the Chief Executive Officer of this institution, I envision an NRA that pursues excellence in modernity in Revenue Administration reforms whilst serving as a global reference for public and revenue administration. The projects, activities, objective sand goals outlined in the 2023-207 Strategic Plan therefore are geared towards achieving this vision as guided by our core values and mandate as an institution.

The Strategic Plan here is the result of stakeholder consultations, environmental scanning, and evaluation of past performance in the last five years. Its preparation was achieved with the concerted effort of my Senior Management Team, the dedicated staff of the Monitoring, Research, and Planning (MRP) Department who led the process, and our development partners who provided quality assurance in the process. For the first time, we provided the platform for our stakeholders, including our esteemed taxpayers to make their inputs into our plans as a Revenue Administration for the next five years, and their suggestions were valuable to the design of the plans and reforms in the medium term.

The Strategic Plan has six goals and seventeen objectives which are meant to achieve the mission and vision of the Authority. It is expected that the outcome of the implementation of this plan will accelerate the reforms and the revenue generation drive, and it will leverage information technology and stakeholder collaboration to achieve our objectives.

This, of course, will never be achieved without the support of every one of us, including the staff, the public, taxpayers, development partners and government. I look forward to a brighter medium term for revenue mobilisation drive that will adequately and sustainably support the development course of the government. This Strategic Plan, together with the Medium-Term Revenue Mobilisation Strategy, will help achieve these goals. I count on the staff of the Authority, our able taxpayers, the public, development partners, Government and other stakeholders to cooperate and join the NRA in this five-year revenue mobilisation path.

## Executive Summary

*The National Revenue Authority (NRA) has developed the Strategic Plan 2023 - 2027 to improve the collection of revenue and delivery of public services over a five-year period. The strategic plan provides a clear roadmap in terms of where the Authority is now and where it wants to be in the next five years. The Development of this Strategic Plan came at the expiration the strategic plan 2018–2022 and the need to prevent a vacuum in implementation of a corporate plan for an institution as important as the NRA.*

*For the preparation of this Plan, the NRA used a bottom-top approach, starting with the staff and finishing with approval by the Board of Directors, even though, and as expected, the review of the strategic references started with Senior Management. The preparation of the Plan began with an evaluation of the previous strategic plan to determine the level of achievement of its key performance indicators and establish a baseline for future evaluation of the current Strategic Plan. The outcome of the evaluation showed that despite the major shocks of COVID-19 and impact of Ukraine war during the implementation period, the NRA was still able to achieve most of its strategic objectives, Key Performance Indicators (62% and made significant progress in others - 32%), and strategic activities (70%), implying the implementation was all but a success. The few Projects and activities not completed were rolled over to the new Strategic Plan.*

*An analysis of the current situation and scan of the business environment were then conducted using SWOT and PESTEL analyses for the development of the current Plan. With the aim of developing a good Strategy, a Confrontation Matrix was developed. The Matrix comprises components of the SWOT Analysis whereby strong and weak points are "confronted" with opportunities and threats. A stakeholder analysis workshop involving engagements with key stakeholders of the NRA including our valued taxpayers and MDAs was also organised. The stakeholder assessment was important to help the NRA decide which type of taxpayer education strategy will be most successful, help minimize negative perceptions, amplify positive impacts, and resolve conflicts before they escalate. All department of the NRA were also consulted by holding workshops with each department on the strategic references, goals, objectives and projects of the proposed plan. The result of these analyses informed the drafting of the document. The first draft was presented to Senior Management Team for deliberation and then followed by two more workshops to develop the document after initial drafting by the Planning Department.*

*Presentations were then made to the Board of Directors for tier inputs and eventual approval of the Plan. Also, development partners notably the IMF provided quality assurance in the preparation of the Plan.*

*The strategic references of the NRA comprising the Mission, Vision and Core values were reviewed with minimal adjustments. On the Vision statement, the focus has now shifted from having an institution of excellence in the context of a national and regional reference in public and revenue administration to a “**modern institution of excellence and global reference in public and revenue administration**” to identify the NRA beyond the region whilst making use of advanced technologies. Moreover, since information technology enables institutions to become globally connected, the mission statement has added the aspect of sustainability to uphold the reforms and ICT systems that have been rolled out over the years. Furthermore, a sixth core value - **Teamwork and collaboration** - has been added to demonstrate the importance of teamwork within NRA Management and the premium the Authority places on participation of stakeholders in achieving the mandate of the Institution.*

*The Goals and Objectives were slightly re-worded in this strategic plan, and their numbers marginally increased. Instead of five goals as was in the previous Plan, we now have six goals; and instead of 16 strategic objectives, we now have 17 objectives.*

*The six goals in the strategic plan are listed as follows:*

- 1. Sustainable mobilization of revenue to support government fiscal space.*
- 2. Maintained professional workforce and developed institutional capacity.*
- 3. Enhanced trade facilitation and border management.*
- 4. Fully digitalized, integrated, and sustainable business processes and procedures.*
- 5. Improved public trust and credibility; and*
- 6. Enhanced taxpayer services and education.*

*The addition of the sixth goal - Enhanced taxpayer services and education – is influenced by the desire to improve public taxpayer education which seems weak at the moment. The aspect of border management has also been added to the trade facilitation goal to strengthen anti-smuggling, customs-to-business, and customs-to-customs cooperation.*

*On the implementation framework of the Strategic Plan, the use of projects is vital. A total of ten (10) projects were identified in the current strategic plan. This number of projects comprises both new and incomplete projects. The incomplete projects are those that were not fully implemented during the last Strategic Plan. They are therefore rolled over to the current strategic plan for full implementation. The prioritization for the implementation of these projects has been made using the BASICO Matrix. Furthermore, strategic risks have been identified to comprise both institutional and compliance risks – both constituting enterprise-wide risk, which is one of the projects of the new Strategic Plan. Mitigation measures for the identified risks have been provided and ranked based on the impact and likelihood they may have on the implementation outcomes of the Strategic Plan.*

*Finally, any successful Strategic Plan requires that its governance and monitoring should be adequately defined and streamlined. Several players within the NRA have been identified for oversight, implementation and monitoring of the Plan. The Board will provide oversight of the Implementation of the Plan and approve the disbursement of funds for its implementation. The Senior Management team will be responsible for the delivery of the Strategic Plan, through the annual work plans and operational plans. The Monitoring, Research and Planning (MRP) Department will be responsible for monitoring and reporting on the delivery of the strategic plan, whilst the Modernisation Department will oversee the coordination and monitoring of the strategic projects.*

## **MISSION**

*“The efficient and sustainable administration of revenue and trade facilitation to enhance Government fiscal space for national development.”*

## **VISION**

*“To be a modern Institution of excellence and global reference in Public and Revenue Administration.”*

## **CORE VALUES**

*Integrity*

*Transparency*

*Accountability*

*Equity*

*Service Excellence*

*Teamwork*

*Collaboration*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Overview

The Strategic Plan 2023 - 2027 is the third structured NRA Strategic Plan. The plan is focused on leveraging modern technology to guide the operations of the Authority through the next five years. It draws from the Medium-term National Development Plan (MTNDP) and feeds into annual focused work plans where more detailed activities and performance measures are determined.

The methodology of this strategic plan was developed through workshops and consultations. These were conducted through an interactive process with NRA senior management team, key staff and other identified stakeholders and development partners to seek consensus and ownership from all those concerned by the strategy formulation process. The consulting approach used was participatory for in-depth analysis of the desired vision, mission, core values, goals, strategic objectives and outputs over the next five years. It also defines the Key Performance Indicators (KPIs) with clear targets and activities to deliver these outcomes and outputs. The strategy formulation process also included an assessment of how both the external and internal factors may shape the future operating environment. The situational analysis that was utilized was the PESTEL and SWOT methodologies.

### 1.2 The Mandate of the National Revenue Authority

The National Revenue Authority (NRA) is a semi-autonomous revenue administration established in 2002 under Section 3(1) of the NRA Act No.11. In 2022, a new NRA Act was enacted after 20 years of operation, thus repealing the 2002 Act. Hence, the mandate and functions of the Authority are now specified under this new Act. Similarly, the role of the MoF as supervisory ministry, the role of the Board as oversight body, the role of the CG as CEO are articulated in the new Act. Compared to the old Act, the mandate of the NRA has not significantly changed, but however made clearer in terms of its administration of non-tax revenues, expansion of administration and enforcement of additional revenue laws.

The mandate of the Authority includes the assessment and collection of national revenue and the amendment and enforcement of specific laws relating to revenue. Furthermore, due to the increase in international trade volumes and the challenges faced in the clearance of goods at the ports of entry, the mandate of the Authority has implicitly included the facilitation of trade and the modernization of the tax administration.



### **1.3 Organizational Governance**

The Ministry of Finance (MoF) directly supervises the NRA. The Minister of Finance collaborates with the NRA in the formulation and implementation of tax policies and setting of revenue targets for the NRA.

The Board of Directors provides oversight and direction of the Authority in line with Section 5 (1) of the NRA Act of 2022. The Board is also responsible for the formulation of policies relating to Human Resources, Admin, procurement, ICT, finance, and operations consistent with Section 6(1) of the NRA Act 2022. There are eight board members including a chairperson, the Commissioner-General, a legal practitioner, an economist, a tax specialist, the Governor of the Bank of Sierra Leone (BSL), the Permanent Secretary of the Ministry responsible for Trade and Industry, and the Financial Secretary of the Ministry of Finance (MoF). Three committees are set up to support the board in making policy decisions. These committees are the Audit Committee, Finance Committee, and Human Resources Committee. The Human Resources Committee deals with issues relating to the recruitment of commissioners and directors and the conditions of service including salaries, promotion, and general staff welfare. The Board may set up more committees as it deems fit for the effective delivery of its function as provided in Section 12(1) of the NRA Act 2022.

The Commissioner-General is the Chief Executive Officer responsible for the implementation of Board decisions. He is also responsible for the day-to-day management of the Authority, the administration, organisation and control of staff, and the management of the funds, property and business of the Authority. He is assisted by two Deputy-Commissioner-Generals who are appointed by the Board of Directors. The CG is also the head of the Senior Management Team (SMT) which comprises commissioners, deputy commissioners, directors and Deputy director(s).

### **1.4 Role of NRA in the Country's Development Agenda**

The NRA plays major roles in the implementation of government's policy objectives. These roles have already been determined in several versions of key policy documents including the PFM Act 2016, the NRA Act 2022, the MTNDP, the Medium-Term Revenue Strategy (MTRS), and the Fiscal Strategy Statements (FSS) of the government. The revenue collection function of the NRA supports the government in meeting its development goals as in the Medium-term National Development Plan, annual budget and in meeting international goals and obligations. The trade facilitation function of the NRA also helps the country in making the business environment more competitive and ensures that the international flow of goods operates faster and more efficiently, thereby encouraging investments. The NRA's function in

tracking contraband goods and inflows of security threatening materials aid in ensuring a peaceful coexistence.

The key roles played by the NRA include:

**I. Assessment and Collection of Revenue for National Development**

The NRA has significantly improved revenue for national development. Since its inception, the NRA has increased revenue collection from Le231.8 billion in 2002 to Le4.76 trillion in 2021. The revenue-to-GDP ratio has also increased from 12.4 percent in 2018 to 13.7 percent in 2022. Although the Government's tax-to-GDP target of 20 percent by 2023 is very challenging to achieve, the NRA will continue to increase revenue to support Government priority projects.

**II. Enforcement of Revenue Related Policies and Laws**

The role of the NRA includes the enforcement of revenue-related policies and laws in collaboration with the Ministry of Finance (MoF). The NRA ensures that these laws are updated to reflect the dynamics of modern trade and aligned with the Authority's operating IT systems and procedures.

**III. Facilitation of Compliant Trade**

The NRA, through the Customs Services Department (CSD), has been playing a key role in trade facilitation. Given the fact that the volume of international trade is increasing and supply chain security challenges such as terrorism, drug trafficking and proliferation of light weapons are also increasing, the NRA has leveraged modern technology and risk assessment tools to facilitate the clearance of legitimate trade. The result of this facilitation has made a positive impact on local and foreign investment and the economy. In essence, the trade facilitation function of the NRA also helps the country in making the business environment and international flow of goods swifter and encourages investments.

**IV. Collaboration with Key Stakeholders**

No institution can operate in a vacuum; it needs other institutions to survive. The NRA has been collaborating with both internal and external stakeholders. The Authority has signed memorandums of understanding with several stakeholders particularly for the exchange of information, services, and capacity building. The Authority has also signed Standard Operating Procedures (SOPs) with other border agencies to improve border management.

**V. Protection of Society from Harmful Importation**

The protection of society from harmful importation is another role played by the NRA. The NRA ensures that the importation of products (in the form of contraband goods and security threatening

materials) whose consumption and importation can harm large segments of the population is not allowed in the country. This has played a part in maintaining a healthy population.

#### **VI. Promotion of International Cooperation**

As a member of the international community, Sierra Leone has signed several international treaties relating to trade, revenue, and border crossing. The Authority, all these years, has been promoting those treaties. The NRA has not only implemented the treaties but also ratified some of them e.g., the SAFE Framework of Standards, the Revised Kyoto Convention (RKC), and the Harmonized System (HS) Convention. The implementation of these treaties has also obliged the NRA to domesticate these treaties and ensure that the entire country implements and takes responsibility for complying with them.

#### **VII. Providing additional financial resources to government through implementation of donor benchmarks**

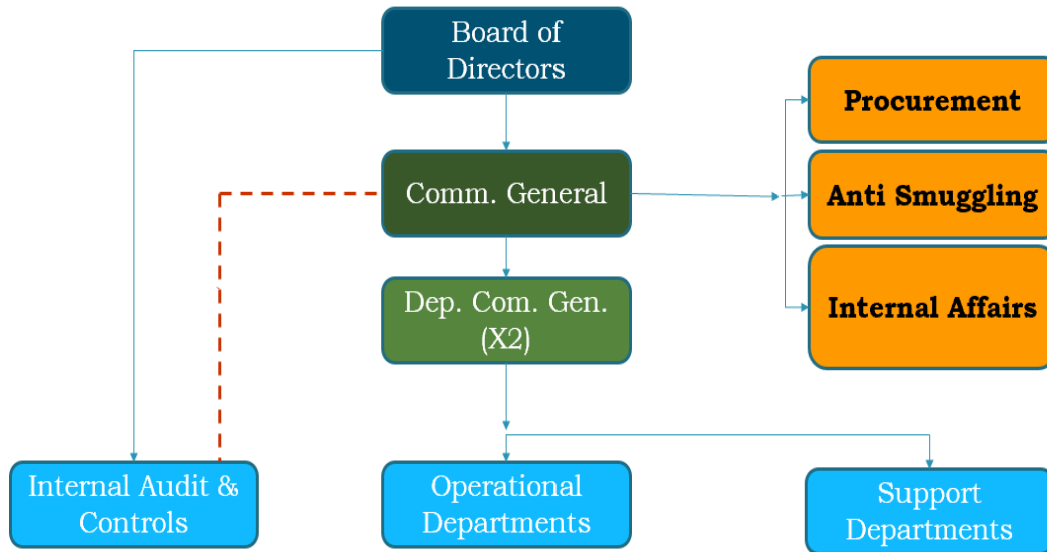
In this function, not only does NRA support government in the direct collection of domestic revenues, but additionally provides notable indirect financial contribution to government through its performance in the implementation revenue administration reforms which serve as benchmarks for additional budget support from development partners and direct financial disbursement to government as in the case of the World Bank's Country Policy and Institutional Assessment Framework (CPIA). The performance of the Revenue Efficiency sub-indicator on the World Bank's CPIA contributes significantly to availing more IDA resources to government.

### **1.5 Organogram of the NRA**

The organogram provides a pictorial representation of how the NRA is being governed. It comprises four layers: the governance, the CG's office, the operations departments and the support departments.

Below is an abridged version of the NRA organogram:

**Figure 1: NRA Organogram**



**Source: MRP Department**

Table 1 shows the departments of the NRA and their respective roles and responsibilities in the day-to-day operation of the Authority. Overall, there are three operational departments and eleven support departments.

**Table 1: The Departments of the NRA and their Roles**

OPERATIONS		
<b>Custom Services Department</b>	CSD	<ul style="list-style-type: none"> <li>● Revenue Administration</li> <li>● Trade Facilitation</li> <li>● Border Control</li> <li>● Data Collection</li> <li>● Customs Brokers regulation</li> </ul>
<b>Domestic Taxes Department</b>	DTD	<ul style="list-style-type: none"> <li>● Taxpayer Registration and Services</li> <li>● Returns and Payment Processing</li> <li>● Compliance and Debt Enforcement</li> <li>● Audit and Assessment</li> <li>● Extractive Industry revenue</li> <li>● Data Collection</li> </ul>

<b>Non-Tax Revenue Department</b>	NTR	<ul style="list-style-type: none"> <li>● Collection of Mining, Timber and Fisheries royalties</li> <li>● Collection of license fees, court fines and levies</li> <li>● Enforcement of non-tax debts</li> </ul>
<b>SUPPORT</b>		
<b>Human Resources Department</b>	HRD	<ul style="list-style-type: none"> <li>● Personnel and logistics support</li> <li>● Recruitment, Development and Retention</li> <li>● Staff training</li> </ul>
<b>Administration Department</b>	Admin	<ul style="list-style-type: none"> <li>● Property Maintenance and Control</li> <li>● Logistical Supplies</li> <li>● General Administration functions technical support</li> </ul>
<b>Finance and Budget Department</b>	FBD	<ul style="list-style-type: none"> <li>● Collection of Revenue</li> <li>● Revenue Reconciliation</li> <li>● Accounting for NRA finances</li> <li>● Payments</li> </ul>
<b>Information and Communication Technology Department</b>	ICT	<ul style="list-style-type: none"> <li>● ICT governance</li> <li>● Information systems development and support</li> <li>● Process automation</li> </ul>
<b>Internal Controls and Audit Department</b>	ICA	<ul style="list-style-type: none"> <li>● Internal Controls</li> <li>● Risk Management</li> <li>● Governance Systems</li> <li>● Consultancy Services</li> </ul>
<b>Legal and Corporate Services Department</b>	LCS	<ul style="list-style-type: none"> <li>● Protocol</li> <li>● Legal Affairs</li> <li>● Tax Education &amp; Public Affairs Management</li> </ul>
<b>Monitoring, Research and Planning Department</b>	MRP	<ul style="list-style-type: none"> <li>● Revenue Enhancement Research</li> <li>● Monitoring Key Performance deliverables</li> <li>● Monitoring revenue collection processes</li> <li>● Planning</li> </ul>

		<ul style="list-style-type: none"> <li>● Revenue Forecasting and Policy Analysis</li> <li>● Data Analytics</li> <li>● Technical Reporting</li> </ul>
<b>Revenue Intelligence and Investigation Units</b>	RIID	<ul style="list-style-type: none"> <li>● Tax intelligence, investigation and risk management</li> <li>● Investigation of tax evasion</li> <li>● Tax fraud/Evasion prevention</li> </ul>
<b>Staff Welfare Department</b>	SWD	<ul style="list-style-type: none"> <li>● Staff Medical</li> <li>● Biometric Attendance Monitoring</li> <li>● Staff Outings</li> <li>● Staff Welfare Schemes</li> </ul>
<b>Modernization Department</b>	MOD	<ul style="list-style-type: none"> <li>● Monitoring of Reform Projects</li> <li>● Coordination of projects</li> <li>● Coordination of development partners</li> </ul>
<b>Board Secretariat</b>	BS	<ul style="list-style-type: none"> <li>● Provide secretarial services to the Board</li> <li>● Information link between the Board and Senior Management</li> </ul>

## **CHAPTER TWO**

### **REVIEW OF STRATEGIC PLAN 2018 – 2022**

#### **2.1 Overview**

During the final year of the 2018 – 2022 planning period, the Key Performance Indicators (KPIs), strategic objectives and project milestones were assessed to determine the level of success of the strategic plan implementation. The KPIs are specific, time-bound, and measurable.

The assessment was designed to answer the following four (4) key questions:

- 6 What has been accomplished?
- 7 What are the critical success factors?
- 8 What are the challenges?
- 9 What are the recommendations?

Based on the result of the assessment, the implementation gaps and the incomplete projects and activities were rolled over to the current strategic plan i.e., the Strategic Plan 2023 to 2027.

The scope of the evaluation covered the following:

- the strategic objectives;
- the strategic projects;
- the Key Performance Indicators;
- the action plan/activities; and
- the implementation risks.

#### **2.2 Performance of Strategic Plan Objectives**

In the Strategic Plan 2018 – 2022, the sixteen (16) objectives were assessed to determine the level of achievement of the five (5) strategic goals in the plan. The result of the assessment reveals that ten (62.5%) objectives were achieved during the five-year implementation period, while the remaining six (37.5%) were achieved partially during the same period.

## 2.3 Performance of Strategic Projects

The thirteen (13) strategic projects in the 2018 – 2022 Strategic Plan were also assessed. About eight (8) of these projects were completed as planned by the end of the implementation period; even though few (five) were not.

*Table 2: Performance of Strategic Projects in the Strategic Plan 2018 - 2022*

Theme	Project	Status at end 2022
<b>Digital Transformation</b>	Integrated Tax Administration System (ITAS) project	<b>Completed.</b> All the core modules have been implemented. A few management modules e.g., Data Management modules remain in production environments but are yet to go live.
	Electronic Cash Register (ECR)	<b>Completed.</b> 3,600 machines installed nation-wide for large and medium taxpayers
	Customs Electronic Single Window (CESW)	<b>Completed.</b> Implemented to all MDAs for duty waiver and ECOWAS Trade Liberalization Scheme (ETLS) consignment. Interphase with other Port stakeholder for all import regimes is next.
	Revenue Receipting and Reconciliation (RRR)	<b>Not Completed.</b> The advertisement for vendors/bidders was done, but had to be suspended due to funding constraints.
	Integrated Taxpayer Registration System (ITRS)	<b>Completed.</b> Implemented through the ITAS TIN system. System integration with OARG, CAC, NCRA, etc. Awaiting completion of systems for these MDAs.
<b>Business Process Innovation</b>	Small and Medium Enterprise (SME)	<b>Partially Implemented.</b> A simpler regime requiring 3% turnover for small taxpayers was implemented. The threshold for medium taxpayers from Le350 million to Le100 million in the Finance Act 2022.
	Integrated Border Management	<b>Not Completed.</b> The transit routes have been defined in the Finance Act 2022, and the ECOWAS SIGMAT project is ongoing. However, several activities relating to integrated border management were not identified in the strategic plan 2018 - 2022
	Risk Management	<b>Not Completed.</b> The Customs Services Department (CSD) has a fully operational Risk Management Unit (RMU). Next is the setting up of an RMU at the Domestic Tax Department (DTD) and an Enterprise Risk Management Unit (ERMU) at the NRA level to deal with strategic risk



	Excise Tax Stamp	<b>Completed.</b> Reputable firm contracted for implementation of the excise stamp and fuel marking scheme in Sierra Leone. Project team and steering committee set up at the NRA. Excise stamp regulation drafted, and a benchmarking visit to Uganda undertaken.
	Specialized Audit	<b>Completed.</b> Training of tax auditors completed on computer assisted audit techniques of telecoms, financial sector and mining, and IDEA software license renewed.
	Integrity Improvement	<b>Completed.</b> Definition of corruption is clear in the DTIPS, and study on integrity issues at Customs completed and a follow-up study undertaken. Internal Affairs Unit legislated in the NRA Act with clear functions and set up. Rated top by ACC for effective implementation of anti-corruption measures at NRA.
<b>Institutional and People Alignment</b>	Change Management	<b>Completed.</b> Change management plan developed and operational for the ITAS, and the overall change management strategy drafted. Some change management programmes were implemented and training of staff on NRA systems conducted. Change Management champions identified and engaged.
<b>Infrastructure</b>	Revenue House and border offices	<b>Not Completed.</b> Land was secured for construction of Revenue House but funding was not obtained. Customs offices at land borders were secured, and additional land spaces identified for future construction. Cargo Inspection building and another building for export and other customs operations constructed at the seaport.

*Source: MRP Department*

## 2.4 Assessment of Key Performance Indicators (KPI)

The Planning department firstly conducted a pre-assessment of all the thirty-nine KPIs, followed by a final assessment by senior management. The analysis shows that a lot was achieved in the implementation of the KPIs. However, it must be noted that some KPIs were not assessed since data was not available.

**Table 3: Key Performance Indicators of the Strategic Plan 2018-2022**

No.	Key Performance Indicator	Progress	Status
1	Actual revenue collected	Exceeds IMF target, but below Government's targets	Achieved
2	Proportion of risk-based audits conducted	71/95% for DTD and 90/100% for CSD	Achieved
3	Proportion of audits completed	95% for DTD and 50% for CSD (Average of 95% for both departments)	Partially Achieved
4	Compliance tax gap ratio	3.5%, higher than the 2% target	Achieved
5	Proportion of fraudulent tax cases investigated	64%, higher than the 41% target.	Achieved
6	Proportion of policy recommendations included in revenue policy formulation	87.5%, exceeds the 80% target.	Achieved
7	Proportion of taxpayer education events implemented	100%, i.e., all the 24 events targeted have been implemented	Achieved
8	Proportion of taxpayer notifications sent	100%, higher than the 44% target.	Achieved
9	Customer satisfaction rating	89.5%, exceeds the 60% target	Achieved
10	Proportion of technical and managerial staff trained	89%, higher than the 75% target.	Achieved
11	Staff turnover	0.5%, better than the 1.2% target	Achieved
12	Proportion of commission funding received in time	100% out of 100%	Achieved
13	Policy recommendations fully implemented	98% out of 100% target	Achieved
14	Level of perception with internal communication	80% out of the 80% target	Achieved
15	Level of public satisfaction with external communication	89.5% out of 80% target	Achieved
16	Proportion of 3% commission funding received	100% out of 100%	Achieved
17	Adequacy of funding	71%, lower than the 100% target	Partially Achieved
18	Average customs clearance time for error-free declarations	One day	Achieved

19	Proportion of declaration completed in less than 24 hours	70% target	Partially Achieved
20	Proportion of declaration irregularities detected	Less than 1% out of 2% target	Achieved
21	Proportion of identified border posts manned	100% out of 100% target.	Achieved
22	Proportion of operational processes automated	80% out of 100% target	Achieved
23	Proportion of support & managerial processes automated	100% out of 100% target	Achieved
24	Public perception rating	89.5%, higher than the 65% target	Achieved
25	Proportion of Anti-Corruption Commission recommendations implemented	77.8%, lower than the 100% target	Achieved
26	The tax-to-GDP ratio	Raised to 13.9%, still lower than the 18.5% target.	Partially Achieved
27	Proportion of declarations sent to various lanes	Redlane-92%/40% Yellowlane-1%/17% Bluelane-7%/30.5% Green lane - 0.04%/12.5%	Partially Achieved
28	The Gold Card Scheme implementation	Not yet started	Not Achieved
29	Proportion of compliant SMEs	30%, lower than the 35% target.	Partially Achieved
30	Proportion of taxpayers filing and paying on time	92% target	Partially Achieved
31	Percentage of budget utilization	109%, exceeds the 100% target.	Partially Achieved
32	Proportion of strategic projects completed	63%, lower than the 100% target.	Partially Achieved
33	Proportion of strategic targets achieved (KPIs)	Achieved 54% out of 100% target.	Partially Achieved
34	Proportion of approved appraisals	66%, lower than the 100% target	Partially Achieved
35	Proportion of buildings rehabilitated	36, lower than the 100% target	Partially Achieved

36	Proportion of NRA offices automated	89%, less than the 100% target	Achieved
37	Proportion of recommendations from internal audit implemented	63%, less than the 100% target.	Partially Achieved
38	Proportion of medium and large taxpayers with full profile	100% out of 95% targets	Achieved
39	Number of MoUs /treaties signed and implemented	100% out of 100% target	Achieved

*Source: MRP Department*

In summary, 24 KPI's (i.e., 61.5%) were met or impressed, 12 KPIs made some notable progress but not fully met (i.e., 30.7%), and 1 KPI (2.5%) missed out.

## 2.5 Performance of Strategic Activities

At the end of the implementation of the Strategic Plan in 2022, out of a total number of 93 strategic activities outlined at the beginning, 65 were completed representing a proportion of 70%, whilst 28 were not completed and therefore rolled over to the 2023-27 Strategic Plan.

## 2.6 Compliance with Risk Mitigation Measures

By the end of the Strategic Plan in 2022, a total of 10 out of the 16 risk mitigation measures outlined in the strategy were successfully pursued. Some progress was also made in five risk mitigation measures including:

- ❖ Approving and implementing a Competency Development Framework to help tackle human capital risks
- ❖ Developing and implementing an Integrated and Coherent Communication Strategy to tackle the risk of inconsistent communication to taxpayers
- ❖ Implementation of the Taxpayer Preparer Scheme (TPS) to reduce non-compliance
- ❖ Increased presence of NRA in the provinces to reduce risk of non-compliance
- ❖ Engage parliament and public on effect of tax policy to tackle risk of political resistance to reforms

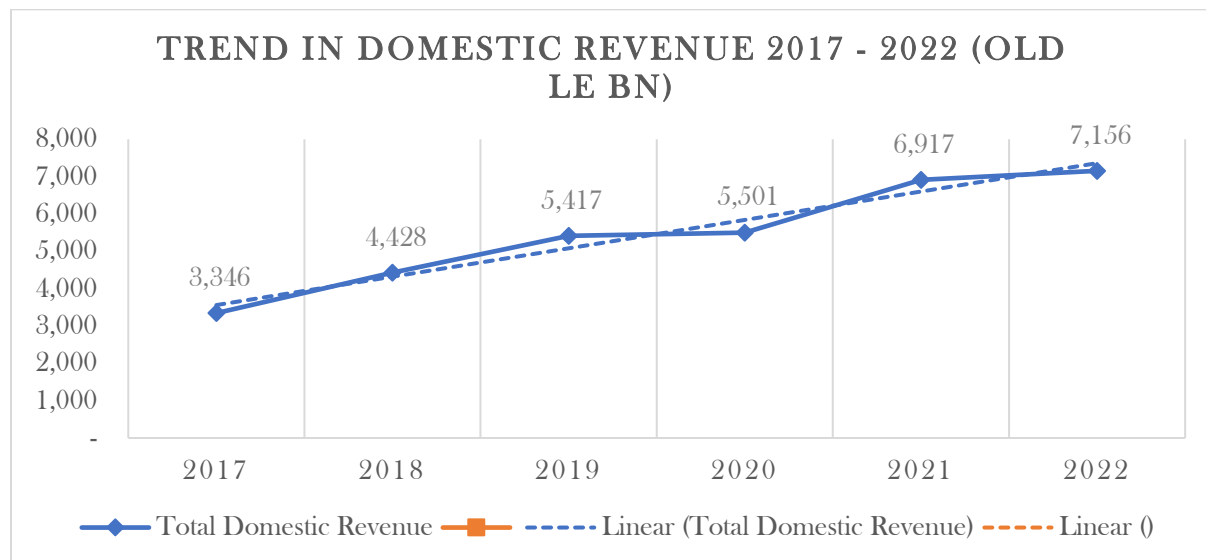
This implied only one (1) mitigation risk measure was not pursued, which had to do with Implementation of the requirement of ISO 27001 to tackle ICT and business security risks.

## 2.7 Revenue Perspective

Figure 2 shows the trend in domestic revenue collection from 2017 to 2021. Domestic revenue had been increasing sharply from 2017 to 2019, growing by an annual increase of a trillion leones, with both 2018 and 2019 being above the trend. With the advent of the COVID-19 pandemic in 2020, domestic revenue was seriously affected thus falling below the trend despite representing a slight increase in nominal terms from 2019. FY2021 saw domestic revenue peak to its ever-highest level and again being above the trend by reaching as high as Le6.9 trillion.

On average, domestic revenue has been Le5.1 trillion over the past 5 years (2017-2021), thus being significantly above the 2017 collection level of Le3.3 trillion.

**Figure 2: Trend in Domestic Revenue 2017 - 2022 (Old Le Bn)**



**Source: MRP Department**

In real terms, the collection of Le6.917 trillion in 2021 represents 15.7% of GDP, the highest the country has ever reached and now within reach of the regional ECOWAS average of 16% of GDP. In fact, Sierra Leone is one of few countries (if not the only) within the Sub-region to have raised domestic revenue by just over 3 percentage points of GDP within a period of 4 years (from 12.3% in 2017 to 15.7% in 2021).

Domestic Revenue has also more than doubled within this period (from Le3.340 trillion in 2017 to Le6.917 trillion in 2021).

However, with the global economic challenges arising from the prolonged war in Ukraine and its ripple effect on the domestic economy, the gains made in 2021 were reversed in 2022 to the extent the revenue/GDP ratio declined to 13.9%. This implies the target of 18% of Revenue/GDP ratio for 2022 as set out in the Strategic Plan could not be achieved largely as the result of economic shocks whose effect arose from global challenges. It is safe to say, had it not been for the revenue reforms introduced during this period, the revenue situation would have been significantly worse than realised.

## **2.8 Lessons Learnt**

1. Implement all the remaining management modules to enhance the effective operationalization of the system and completion of the project.
2. Effectively engage with the supplier on the potential amendments on the ECR machines due to the currency redenomination.
3. Increase the collaboration with MDAs and other stakeholders to overcome the infrastructural challenges in the implementation of the Customs Single Window.
4. Develop and submit a business case to the World Bank for an extension of the Revenue Receipting and Reconciliation project to the next strategic plan, if necessary.
5. Increase the collaboration with the OARG, CAC, and NCRA to integrate with their systems. Also, issue a cut-off date to all importers for the use of the old TIN.
6. Revitalize the role of the tax preparers and increase their capacity through training for the effective tax administration of the SME regime.
7. Expand the definition of integrated border management with a view to identifying several activities that will strengthen border management
8. Set up a specialized Risk Management Unit at the DTD Department and a centralized Enterprise-wide Risk Management Unit (ERMU) to strengthen risk management in the Authority.
9. Establish the Excise Stamp project before the end of the year after benchmarking visit in Uganda and ratification of the contract.
10. Strengthen the capacity of the specialized audits unit through staff training and procurement of software with up-to-date licenses.
11. Strengthen change management for sustainability of the reforms.
12. Improve staff integrity through education and awareness-raising programmes.
13. Improve office infrastructure to ensure a conducive work environment for staff.

# CHAPTER THREE

## OPERATING ENVIRONMENT

### 3.1 Overview

Realizing the complexities surrounding the business environment, the NRA conducted a PESTEL Analysis. The factors considered in this analysis are those relating to the wider or macro environment.

### 3.2 PESTEL Analysis

The PESTEL Analysis studies six external factors that may have an impact on the survival of the Authority. PESTEL stands for Political, Economic, Social, Technological, Environmental and Legal.

*Table 4: NRA PESTEL Analysis*

CATEGORY	FACTORS
<p><b>Political</b> (Government policies, political stability, laws or regulations, foreign trade policy, trade restrictions, visa requirements, price control, corruption, labor laws, geopolitical environment, government approach towards corruption, etc.)</p>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Existence of a Medium-Term National Development Plan which is aligned with the New Direction Manifesto</li> <li>● Political stability and security assured – political instability arising during electioneering periods</li> <li>● Strong political will and support from Central Government</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>● Prevalence of corruption (tax evasion, abuse of office, bribery etc.)</li> <li>● Export restriction of certain commodities to neighboring countries</li> </ul>
<p><b>Economical</b> (Globalization, taxes, economic trends, untapped markets, demand and supply, inflation rates, interest rates, exchange rates, monetary policy, unemployment rates, etc.)</p>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Sustained economic growth</li> <li>● Changes in tax laws</li> <li>● High employment rate</li> <li>● Moderate inflation rate</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>● External shocks (e.g., pandemics, commodity price shock, external political instability, etc.)</li> <li>● High unemployment rate</li> <li>● High inflation rate</li> <li>● Weak exchange rate regimes</li> <li>● Corruption</li> <li>● Tax evasion</li> <li>● High unemployment rate</li> </ul>

<p><b>Social</b> (Age and gender distribution, dynamics in poverty levels, population growth rate, religious beliefs, gender norms, class structures, customs and beliefs, lifestyle choices, cultural norms, attitudes, consumer preferences, social media, etc.)</p>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Growing population</li> <li>● Growing young population</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>● High illiteracy rate</li> <li>● High poverty level</li> <li>● Gender inequality</li> <li>● High-income inequality</li> <li>● High unemployment rate</li> </ul>
<p><b>Technological</b> (Emergence of innovative technologies, automation of processes, cyber security, research and development, e-commerce, etc.)</p>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Growing use of social media platforms (e.g., Facebook, Twitter, TikTok, WhatsApp, etc.)</li> <li>● Passing of the Cyber Security Act</li> <li>● Enhanced adoption of ICT</li> <li>● Improvement of online transaction (e-commerce)</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>● Weak national IT infrastructure</li> <li>● Low level of research and development programmes</li> </ul>
<p><b>Environmental</b> (Weather, climate and climate change, environmental policies, pollution, recycling, sustainability, etc.)</p>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Existence of environmental institutions and policies (Ministry of the Environment, EPA, NPAA, etc.)</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>● Deforestation (timber harvesting, farming, construction, etc.)</li> <li>● Air and water pollution</li> </ul>
<p><b>Legal</b> (NRA legislative framework, changes in legislation, data protection laws, cyber-crime laws, health and safety laws, licensing regulations, employment laws, copyright and patent laws, etc.) intra-region laws, the existence of commercial courts, etc.</p>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Existence of the NRA Act and various revenue administration acts</li> <li>● Existence of intra-regional treaties (e.g. ETLS, CET, etc.)</li> <li>● Existence of the right to access information law</li> <li>● Need for data protection law</li> <li>● Passing of cyber-crime law</li> <li>● Existence of a legal tax court</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>● Slow court process in handling tax related matters</li> <li>● Existence of outdated labor laws</li> </ul>

Source: MRP Department



### **3.2.1 Political Factors**

The political factors have a profound impact on the success of a business. Since the civil war ended in 2002, Sierra Leone has been a stable democracy with another election scheduled for June 2023. Also, the country has an open economy for foreign investment and has preferential agreements with the European Union's Everything-But-Arms initiative, the United States' African Growth Opportunity Act (AGOA), and the African Union's African Continental Free Trade Agreement (AfCFTA). Its membership with ECOWAS and MRU has enabled Sierra Leone to provide larger markets for its exporters with populations of 400 million and 50 million people, respectively. Also, the migration from PSI to DI provides more jobs for Sierra Leones who are now responsible for preventing the importation of defective, low quality, counterfeit and prohibited products, a task that was previously performed by PSI companies in the export countries. Finally, as a semi-autonomous entity established to collect national revenue and implement laws relating to revenue, the recent enactment of tax laws by the Government mandating all businesses to register for tax purposes is expected to raise more revenue and bring more businesses from the informal sector into the tax net.

### **3.2.2 Economic Factors**

The economic factors also were studied to determine whether they significantly influence the existing business environment. Sierra Leone has been plagued with a severe economic downturn in recent years. The outbreak of COVID in 2020 caused a contraction in the economy of -2.2 percent of GDP. This resulted in a reduction in economic activities as many companies had to reduce their scale of operation and downsized their workforce. The response of the Government, the introduction of the Quick Action Economic Response Plan (QAERP), somewhat maintained macroeconomic and financial stability and mitigated the impact of the crisis on households and businesses. As the economy was recovering, another misfortune happened: the war in Ukraine caused a major disruption of the international supply chain and sent energy prices to a record high of up to 180 USD per barrel in the world market. The shortage in the supply of energy and other essential commodities in Sierra Leone resulted in high inflation of up to 29.43 percent in May 2022. Limited exports and a fall in Foreign Direct Investment resulted in a severe local currency depreciation thereby making it harder to import essential commodities. The increase in the interest rate to 17 percent in October 2022 also made it harder for businesses to secure short-term bank loans to make-up for shortfalls in payrolls or other expenses since they have to pay back the loan with high interest rate.

### **3.2.3 Social Factors**

Sierra Leone has a population of 8.2 million as of January 2021. Out of this number, more than 70% are young people and 34% are youth. This implies that direct taxes have great potential for the future. Also, with the extraordinary religious tolerance, payment of taxes perfectly fits in such circumstances since it does not discriminate against any religion. In addition, as the economy is composed primarily of small to medium enterprises – which together represent 90% of businesses – more employment will be generated, and direct taxes will be enhanced. However, the average level of skills among entrepreneurs is low, which limits these firms' effects on competition and economic development.

### **3.2.4 Technology Factors**

The technology factors were also studied during the PESTEL Analysis. Although still a nascent phenomenon for many Sierra Leoneans, the use of technology is rapidly expanding. For instance, as of January 2021, there are 850 thousand social media users, 2.39 million internet uses and 8.07 million mobile connections in Sierra Leone. Revenue from ecommerce stands at US\$194.70 million in 2022. This figure

is expected to reach an annual growth rate of 26.66% from 2022 to 2025, and the number of ecommerce customers is expected to reach a staggering 2.3 million by 2025. However, energy supply continues to remain a major challenge for investors. In short, although energy supply is a bottleneck for investors, the rapid growth of the use of technology provides a huge opportunity for investors and revenue in Sierra Leone.

### **3.2.5 Environmental Factors**

Sierra Leone looks like a tropical paradise with nice beaches and abundant rain forest. However, climate change might affect the country's beautiful landscape and arable land. Also, continued land extraction, mineral evacuation, and deforestation will affect agricultural production and the landless poor. Finally, the recent rises in the price of fuel will reduce business activities, raise transportation costs and lower standards of living of the people in the near term. In short, environmental factors can affect revenue, but agriculture production will be affected more than revenue.

### **3.2.6 Legal Factors**

In Sierra Leone, the law requires that businesses be registered with the relevant authority before commencing operations. Following a tortious effort to reform the laws, people no longer need to obtain a trade license from the Ministry of Trade, a foreign exchange control permit from the Bank of Sierra Leone, a Memorandum and Articles of Association established by a lawyer, pay an advance tax before registration, or renew business registration every year. Also, foreign investors may obtain foreign currencies during foreign exchange auctions conducted by the Bank of Sierra Leone.

However, non-citizens are not allowed to own land in Sierra Leone. They can be allowed to lease land for a period of 21 years; or 50 years in case of investors in the Agricultural sector.

## **3.3 SWOT Analysis**

A SWOT analysis was conducted with the aim of developing effective strategies for the next five years. The aim of this analysis was to evaluate the Authority's past performance and to determine how the Authority positions itself and responds to its internal and external environments.

The word "SWOT" is an acronym that stands for **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats. It is a management tool that is used by many organizations to assess the business environment of an entity. Conducting a SWOT analysis helps to achieve a strategic fit between the organization's internal skills, capabilities, and resources and the external opportunities, weaknesses, and threats facing the organization. During the analysis, Senior Management and other key staff of the NRA carried out the SWOT analysis at an out-of-office Retreat.

Table 5 below summarizes the outcome of the analyses:

**Table 5: SWOT Analysis for the NRA**

	<b>Strengths</b>	<b>Weaknesses</b>
<b>INTERNAL</b>	<ul style="list-style-type: none"> <li>● Adequate staff numbers</li> <li>● Available data</li> <li>● Strong legal framework</li> <li>● Automation</li> <li>● Streamline SOPs</li> <li>● Focused leadership</li> <li>● Strategic framework</li> <li>● Resilience</li> <li>● Decentralized operations</li> <li>● Funding</li> <li>● Creativity or Innovative</li> <li>● Good stakeholder collaboration</li> <li>● Committed staff</li> <li>● Youthfulness of our workforce</li> </ul>	<ul style="list-style-type: none"> <li>● Weak communication within the NRA</li> <li>● Staff mentality</li> <li>● Limited resources</li> <li>● Gender imbalance</li> <li>● Lack of succession plan</li> <li>● Limited staff capacity</li> <li>● Inadequate health and safety measures</li> <li>● Low systems sustainability plan</li> <li>● Data credibility/integrity</li> <li>● Inadequate and antiquated office and housing infrastructure</li> <li>● Low ICT technical staff retention rate</li> <li>● Lack of business continuity planning</li> <li>● Compliance risk management capability</li> <li>● Enterprise-wide risk management capability</li> <li>● Debt management</li> <li>● Ineffective revenue reconciliation system</li> <li>● Integrity of tax register</li> <li>● Staff integrity</li> <li>● Sustainability of ICT systems</li> <li>● Lack of a central database</li> <li>● Inadequate capacity in data management</li> <li>● Internal change management</li> <li>● Capacity of our ICT staff in managing revenue systems</li> </ul>
	<b>Opportunities</b>	<b>Threats</b>
<b>EXTERNAL</b>	<ul style="list-style-type: none"> <li>● Use of relevant institutions (CSOs, the media, schools/colleges) to enhance tax education</li> <li>● Availability of third-party information sources</li> <li>● Availability of technological innovations in tax administration (e.g., Mobile APPS for tax payments)</li> <li>● Strong political will for revenue mobilization</li> <li>● Enhanced and improved Tax and related legislations</li> <li>● Improved oversight functions E.g., ACC, PAC, Audit Service, etc.</li> <li>● International commitment in tackling tax avoidance, evasion, and challenges in digital economy,</li> <li>● Commitment of donors and development partners to support</li> </ul>	<ul style="list-style-type: none"> <li>● Global pandemic</li> <li>● Political instability</li> <li>● Donor support (conditionalities, donor fatigue, ineligibility)</li> <li>● Electioneering period</li> <li>● Global crisis</li> <li>● Changes in technology</li> <li>● Stakeholders' resistance</li> <li>● Cyber crime</li> <li>● National infrastructure (such as energy, internet etc.)</li> <li>● External policies such as currency redenomination</li> <li>● Prioritization of Donor support on TA</li> <li>● Low capacity in most MDAs to integrate with NRA systems</li> <li>● Vulnerability of ICT systems</li> <li>● Increasing smuggling from regions due to porosity of borders and avoiding of the formal system</li> <li>● Porosity of land and sea borders</li> </ul>

	<p>revenue authorities (BMS, taxpayer services supported by donor partners)</p> <ul style="list-style-type: none"> <li>● Strong taxpayer charter</li> <li>● Information sharing/automatic information exchange</li> <li>● Available international best practices</li> <li>● Availability of training institutions on tax administration</li> <li>● Enactment of digital laws and regulations</li> <li>● Availability of research on tax administration in Africa</li> <li>● Leveraging from the strong institutional reputation of the NRA</li> <li>● Availability of third-party sources for integration with NRA systems</li> <li>● Benchmarking opportunities (secondments)</li> <li>● International commitments to tackling tax avoidance and challenges of the digital economy</li> <li>● Commitment of development partners to support revenue administration</li> <li>● Availability of taxpayer groups</li> </ul>	<ul style="list-style-type: none"> <li>● The split between 1% and 2% of our commission</li> </ul>
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*Source: MRP Department*

### 3.4. Confrontation Matrix

A confrontation matrix is a tool used to analyze the output of a SWOT analysis. It is used to examine the different combinations of strengths, weaknesses, opportunities, and threats facing the organization. During the development of the strategic plan, the confrontation matrix was used to identify the most important strategic issues facing the NRA. The matrix comprises components of the SWOT Analysis whereby strong and weak points are "confronted" with opportunities and threats with the aim of developing a good strategy.

Below is a table of the confrontational matrix of the NRA:

**Table 6: Confrontational Matrix of the NRA**

	Strengths	Weaknesses
Opportunities	<p><b>NRA will use its strengths to take advantage of the opportunities</b></p> <ul style="list-style-type: none"> <li>● Digital platform to exploit growing digitalization</li> <li>● Engage informal sector and business association in taxpayer compliance programs</li> <li>● Expand exchange of information with other public entities</li> <li>● Mobilize resources from donor partners</li> <li>● Expand technical assistance programs</li> <li>● Partner with government to push for legislation supporting revenue mobilization and reducing compliance costs</li> <li>● Use available data to exploit data-crossing efforts</li> </ul>	<p><b>NRA will tackle its weaknesses to prevent it missing opportunities</b></p> <ul style="list-style-type: none"> <li>● Digital platform to exploit growing digitalization</li> <li>● Introduce a solid compliance risk management framework</li> <li>● Develop ethics and integrity culture at NRA</li> <li>● Tackle business systems fragilities and exploit digitalization</li> <li>● Use donor partners to invest in systems upgrade and develop new ones</li> </ul>
	Threats	<p><b>NRA will use its strengths to reduce probability and impact of threats</b></p> <ul style="list-style-type: none"> <li>● Digital platform to exploit growing digitalization</li> <li>● Participate in regional and international forums on cybercrime, smuggling and illicit trade</li> <li>● Use cash-based economy strategies</li> <li>● Assume a leadership role in regional associations</li> </ul>

*Source: MRP Department*

### 3.5 Business Model Canvas

Business Model Canvas is a strategic management summary template for developing new or documenting existing business models. The business model canvas template shows the following elements: Customer Segments; Value Proposition; Customer Relationships; Distribution Channels; Key Activities; Key Resources; Key Partners; Cost Structure; and Revenue Streams.

The NRA’s Senior Management Team reviewed each of the Business Canvas Model elements listed above and introduced a new Business Canvas Model (2023-2027). The nine elements of NRA’s Business Canvas Model are explained below:

**Table 7: Business Model Canvas**

ID	Business Model Canvas Element	Description
1	Customer Segments	<p>Senior management started by identifying all possible NRA customers, segmented and listed its customers based on their different needs and attributes to ensure appropriate implementation of corporate strategy to meet the characteristics of the selected groups of customers. The targeted customers and their respective segments are summarized in the Business Model Canvas Chart.</p> <p>Questions asked at this stage included:</p> <ul style="list-style-type: none"> <li>● Which customers will NRA target from 2023-2027?</li> <li>● How can we segment these customers?</li> <li>● What are these segments/clusters?</li> </ul>
2	Value Proposition	<p>The value proposition addresses the following strategic questions:</p> <ul style="list-style-type: none"> <li>▪ What core values will NRA deliver to the identified customers from 2023-2027?</li> <li>▪ In order to add value to these customers, what is the quality of products/services that NRA intends to offer?</li> </ul>
3	Customer Relationships	<p>This element of the BCM answers the following question:</p> <ul style="list-style-type: none"> <li>▪ What kind of relationship/interaction do targeted customers expect from NRA and how is NRA going to relate to its customers?</li> </ul>
4	Distribution Channels	<p>How is NRA going to reach out to its targeted customers with its products and services?</p>
5	Key Activities	<p>This element lists the key activities required to be executed in order to deliver value to its customers. What activities are most important in NRA’s customer/stakeholder interactions and in distribution channels?</p>
6	Key Resources	<p>The key resources section addresses the following question:</p> <ul style="list-style-type: none"> <li>▪ What are the key resources that NRA will require in order to deliver its corporate value proposition to the targeted customers?</li> </ul>
7	Cost Structure	<p>What are NRA’s most relevant costs that are met in its pursuit to deliver value to the targeted customers?</p>
8	Revenue Streams	<p>What revenue streams will generate revenue for NRA during the next 5 years?</p>
9	Key Partners	<p>Who will be NRA’s key partners in delivering value to its customers?</p>

Source: MRP Department

Figure 3: Business Model Canvas of the NRA



### 3.6 Stakeholder Analysis

Stakeholder analysis is the process of identifying, assessing, and prioritizing the people who will be affected by your business or project. It's an extremely useful exercise that helps NRA to identify individuals and groups who may impact or be impacted, ensure that all affected parties are recognized and duly considered, better understand the people involved, the issues that matter to them, and their expectations, and subsequently group people based on their levels of interest and influence to strategically target the Authority's engagements. The stakeholder assessment helps the NRA to decide which types of taxpayer education strategies will be most successful. This can help the Authority minimize negative perceptions, amplify positive impacts, and resolve conflicts before they escalate. The knowledge will also help the NRA better target its day-to-day engagements more effectively to achieve the desired outcomes.

After an extensive engagement with the relevant key stakeholders, the NRA analysed their expectations and summarized them as explained in the table below.

**Table 8: Stakeholder Analysis**

Stakeholder	Stakeholder Expectations
Taxpayers	<ul style="list-style-type: none"> <li>▪ <b>Timely, efficient, and reliable service</b></li> <li>▪ <b>Efficient and effective complaint handling</b></li> <li>▪ <b>Secure service delivery</b></li> <li>▪ <b>Automated systems</b></li> <li>▪ <b>Low compliance costs</b></li> <li>▪ <b>Fair and transparent service</b></li> <li>▪ <b>Uninterrupted self-service</b></li> <li>▪ <b>Supportive legislation</b></li> <li>▪ <b>Efficient document management</b></li> </ul>
Government	<ul style="list-style-type: none"> <li>▪ <b>Advice on fiscal policy</b></li> <li>▪ <b>E-Government</b></li> <li>▪ <b>Information sharing</b></li> <li>▪ <b>Corporate Governance</b></li> </ul>



<b>Clearing agents/ Tax Consultants</b>	<ul style="list-style-type: none"> <li>▪ Uninterrupted self service</li> <li>▪ Supportive legislation</li> <li>▪ Non- intrusive examination</li> <li>▪ High quality service</li> <li>▪ Information sharing</li> <li>▪ Knowledge transfer</li> </ul>
<b>Development Partners</b>	<ul style="list-style-type: none"> <li>▪ Information sharing</li> <li>▪ Understanding of duty waivers and tax laws</li> <li>▪ Result oriented institution</li> </ul>
<b>Associations and Membership Bodies</b>	<ul style="list-style-type: none"> <li>▪ Information sharing</li> <li>▪ Knowledge transfer</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>▪ Prompt and accurate payments</li> <li>▪ Transparent tender system</li> <li>▪ Integrated and automated systems and processes</li> </ul>
<b>Staff</b>	<ul style="list-style-type: none"> <li>▪ Information sharing</li> <li>▪ Knowledge/skills transfer</li> <li>▪ Positive work environment</li> <li>▪ Integrated and automated systems and processes</li> </ul>

*Source: MRP Department*

# CHAPTER FOUR

## STRATEGIC FOCUS

### 4.1 Strategic References

#### 4.1.1 Mission

*The efficient and sustainable administration of revenue and trade facilitation to enhance Government fiscal space for national development.*

#### 4.1.2 Vision

*To be a modern Institution of excellence and global reference in Public and Revenue Administration*

#### 4.1.3 Core Values

Our activities will be guided by the following core values:

*Table 9: NRA Core values*

Core Value	Description
<b>I</b> ntegrity	We are committed to the highest standards of trust and honesty
<b>T</b> ransparency	We will ensure full disclosure of information as required by law
<b>A</b> ccountability	We will ensure that appropriate mechanisms exist for staff, taxpayers, and NRA to be held accountable for their decisions and actions.
<b>E</b> quity	We value individual differences and treat customers with fairness
<b>S</b> ervice Excellence	We will provide innovative and exceptional service to our customers. We will ensure high levels of professionalism in the delivery of our services.
<b>T</b> eamwork and <b>C</b> ollaboration	We will continue to work as one with all our staff and resources we have but also collaborate with other relevant stakeholders to achieve our mandate.

Acronym: **TEASTI**

## 4.2 Strategic Goals

The outcomes/expected results represent the long-term end goals of the tax administration. Based on NRA's role in meeting the national policy objectives, the following six strategic goals were determined to guide this strategic plan for the 2023-2027 cycle:

7. Sustainable mobilization of revenue to support government fiscal space.
8. Maintained professional workforce and developed institutional capacity.
9. Enhanced trade facilitation and border management.
10. Fully digitalized, integrated, and sustainable business processes and procedures.
11. Improved public trust and credibility; and
12. Enhanced taxpayer services and education.

## 4.3 Strategic Objectives

The strategic objectives speak more towards the shorter-term end goals to be achieved. They are considered as broad actions to be implemented which are broken into further specific activities. The above strategic goals will be achieved through implementation of several activities derived from sixteen strategic objectives:

1. Maximize revenue collection;
2. Strengthen tax compliance and enforcement;
3. Expand tax base;
4. Sustain participation in tax policy formulation and implementation;
5. Attract, develop and retain best talents;
6. Implement a results-based governance model;
7. Modernize and expand infrastructure;
8. Secure funding and optimize resource allocation;
9. Strengthen trade facilitation and border management;
10. Enhance security and agility in the international flow of goods and persons;
11. Modernize, sustain and integrate ICT infrastructure and business systems;
12. Optimize business processes and procedures;
13. Enhance institutional image;
14. Improve internal controls, institutional risk management and integrity mechanisms;
15. Expand tax education and taxpayer services; and

16. Reinforce communication and institutional relations.

17. Developing a culture favorable to change

**Table 10: Description of the Strategic Objectives**

<b>STRATEGIC OBJECTIVE</b>	<b>DESCRIPTION</b>
<b>Maximize revenue collection</b>	Mobilizing and collecting sustainable revenues to adequately fund government operations
<b>Strengthen tax compliance and enforcement</b>	Simplify processes and procedures to enhance voluntary compliance and establish enforcement measures
<b>Expand tax base</b>	Implement the Block Management System (BMS) across the country to bring all potential taxpayers into the tax net, work with third party data, legislate and implement an HNWI Tax Regime.
<b>Sustain participation in tax policy formulation and implementation</b>	Work hand-in-hand with the Ministry of Finance in developing and implementing appropriate tax policies and regulations
<b>Attract, develop and retain best talents</b>	Improve on capacity building especially for technical staff, motivate staff and retain competent staff
<b>Implement a results-based governance model</b>	Digitize performance management to enhance staff appraiser system, establish and implement staff motivation programmes.
<b>Modernize and expand infrastructure</b>	Implement the NRA's Medium Term Infrastructural Development Plan
<b>Secure funding and optimize resource allocation</b>	Work with the MoF for timely disbursement of funds and also with our donor partners for support
<b>Strengthen trade facilitation and border management</b>	Simplify processes and procedures to enhance voluntary compliance and establish enforcement measures
<b>Enhance security and agility in the international flow of goods and persons</b>	Enhance the capacity of Customs to detect contraband goods, handle cross-border smuggling
<b>Modernize, sustain and integrate ICT infrastructure and business systems</b>	Maintain, integrate, secure NRA's ICT infrastructure and business systems
<b>Optimize business processes and develop data management culture</b>	Simplify business processes and procedures to boost compliance and revenue mobilization and improve capacity in data management to inform decisions.
<b>Enhance institutional image</b>	Increase confidence of taxpayers and society for a better perception of the organisation

<b>Improve internal controls, institutional risk management and integrity mechanisms</b>	Enhance the capacity of the Internal Affairs Unit (IAU) and Modernization to adequately handle internal controls and enterprise risks.
<b>Expand tax education and taxpayer services</b>	Decentralize taxpayer education and taxpayer services to improve compliance and ultimately increase revenue mobilisation
<b>Reinforce communication and institutional relations</b>	Improve both internal and external communications to enhance staff confidence and maintain institutional relations
<b>Developing a culture favorable to change</b>	Create an organizational culture of cohesive participation and build a sense of adaptation to change. Change management is important for the sustainability of the reforms implemented. It is meant to ensure both NRA staff and taxpayers own and comprehensively put into practice the new business processes and adopt a change of attitude in line with the prescribed laws and procedures.

*Source: MRP Department*

## 4.4 Strategic Goals and Objectives

As seen, a goal is an achievable outcome that is generally broad and long term while an objective is shorter term and defines measurable actions to achieve an overall goal.

Setting goals without assigning measurable objectives will likely lead to goals that never get accomplished. Creating objectives without a broad goal lacks meaning. Goals can seem impossible or overwhelming without breaking them down into measurable tasks with objectives.

In this scenario, and to promote a full alignment of these concepts, a strategic goals/ objectives matrix was developed:

*Table 11: Strategic Goals and Objectives Matrix*

<b>GOALS</b>	<b>STRATEGIC OBJECTIVES</b>
GOAL 1: Sustainable Mobilization of Revenue to support Government Fiscal Space	<ul style="list-style-type: none"> <li>● Maximize Revenue Collection</li> <li>● Strengthen compliance and enforcement</li> <li>● Expand tax base</li> <li>● Sustain participation in tax policy formulation and implementation</li> </ul>
GOAL 2: Maintained Professional Workforce and Developed Institutional Capacity	<ul style="list-style-type: none"> <li>● Attract, develop and retain best talents</li> <li>● Implement a results-based governance model.</li> <li>● Modernize and expand infrastructure.</li> </ul>

	<ul style="list-style-type: none"> <li>● Secure funding and optimize resource allocation.</li> <li>● Develop a culture favorable to change</li> </ul>
GOAL 3: Enhanced Trade Facilitation and Border Management	<ul style="list-style-type: none"> <li>● Strengthen trade facilitation and border management.</li> <li>● Enhance security and agility in the international flow of goods and persons</li> </ul>
GOAL 4: Fully Digitalized, Integrated and Sustainable Business Processes and Procedures	<ul style="list-style-type: none"> <li>● Modernize, sustain and integrated ICT infrastructure and business systems</li> <li>● Optimize business processes and procedures</li> </ul>
GOAL 5: Improved Public Trust and Credibility	<ul style="list-style-type: none"> <li>● Enhance institutional image</li> <li>● Improve internal controls, institutional risk management and integrity mechanisms</li> </ul>
GOAL 6 : Enhanced Taxpayer Services and Education	<ul style="list-style-type: none"> <li>● Expand tax education and taxpayer services</li> <li>● Reinforce communication and institutional relations</li> </ul>

*Source: MRP Department*

#### 4.5: The Strategic Map of The NRA 2023-27

The strategy's implementation demands that employees are aligned and committed to the organizational strategic reference. To ensure such connection, the institution must dispose of an efficient communication process that reveals how the actions are converted into results that maximizes the fulfillment of the mission and the achievement of the future vision.

The Strategic Map is the tool of the BSC methodology that aims to translate the path into the attainment of the future vision, and the accomplishment of the mission. This is made through the articulation of the strategic objectives laid out in perspectives (resources, internal processes, and results) and connected by cause-and-effect relationships that enable the identification of the actions needed to reach each objective.

The elaboration of the Map consolidates the first step of the methodology for the implementation of the strategic management at the NRA. The map is a simple yet effective tool that visually translates the strategic objectives chosen by the high administration. Additionally, it materializes the vision and the strategy that the NRA must adopt to transform that vision into reality, guided by the mission and the values. Through an image that takes up solely one environment (a map), the strategic objectives are grouped in fundamental perspectives. The Strategic Map is elaborated after a process of intense debates with wide participation of

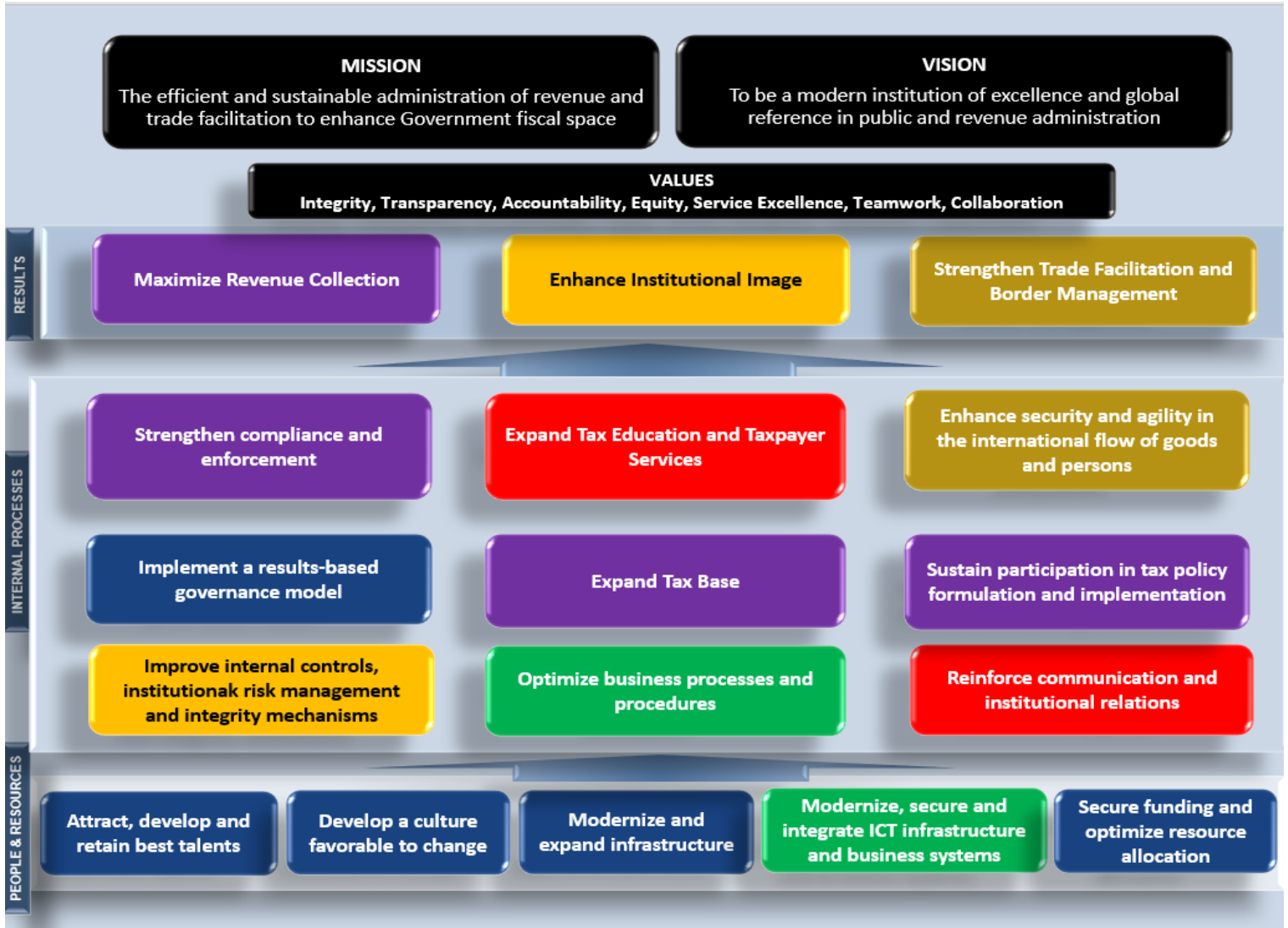
all leaderships and employees. Its major virtue is to provide the alignment between all the various strategic objectives, directly translating the adopted strategy.

The purpose of the strategic map is thereby to outline and communicate clearly and transparently to all levels the focus and the action strategy chosen, how the action impacts the attainment of the desired results, as well as to subsidize the allocation of efforts, and avoid the waste of actions and resources. The NRA's Strategic Map reflects the six (6) Strategic Goals coherently established with Sierra Leone's Government, and it presents the following components:

- **MISSION:** the institution's raison d'être;
- **VISION:** what it wants to be in the future;
- **VALUES:** what really is important for us;
- **PERSPECTIVES:** dimensions of analysis; and
- **OBJECTIVES:** long-term challenges to be achieved

The NRA's Strategic Map for the 2023-2027 horizon presents the translation of the strategy into action so that, afterwards, it becomes possible to convert the action into concrete results for the society as shown in the figure below:

*Figure 4: NRA Strategic Map Model*



*Source: MRP Department*



## CHAPTER FIVE

### IMPLEMENTATION AND COORDINATION FRAMEWORK

#### 5.0 Strategic Projects of the NRA

To achieve the strategic objectives in the next five years, the NRA will be implementing ten (10) strategic projects. Out of this number of projects, five are new projects given the new strategic goals and objectives. The other five are projects that were not completed during the implementation of the previous strategic plan, hence rolled over to the current strategic plan for completion.

The Enterprise Risk Management (ERM) project is one of the new projects in the current strategic plan. This project aims to mitigate both the compliance risks and the institutional risks to maximise revenue collection. The scope of this project will include operation, support, administrative and governance risks.

The Small and Micro Enterprise (SME) project is another new project to be implemented in the next five years. The objective of this project is to expand the tax base by bringing the informal sector into the tax net. The project aims to formalize small enterprises for tax purposes, while at the same time continue to monitor the growth of micro enterprises.

The Data Warehouse System (DWS) project is also a new project in this strategic plan. The objective of this project is to interface the NRA systems with those of stakeholders for the purpose of creating a pool of data from those systems. The DWS requires the procurement and installation of IT systems.

Another new project is the Compliance Improvement Project (CIP). As the name implies, the object of the CIP is to improve compliance not only for domestic taxes, but also non-tax revenue and customs. This project may not require system procurement and installation; however, it may require the formulation and enforcement of tax laws and procedures.

The last in this category of projects is the Mobile Payment App (MPA) expansion project. The MPA aims to facilitate the payment of non-tax revenue by small and micro taxpayers using mobile technology. For instance, it offers a chance for people living in remote villages to be able to pay court fines thereby avoiding incarceration and other forms of punishment.

Excise Stamp (ES) and Product Marketing Projects. This project is one of the projects that will be rolled over to the current strategic plan. The objective of this project is to reduce smuggling of goods that ought to pay excise duty, e.g., cigarette, alcohol, and locally manufactured products.

Revenue Systems Integration and Security (RSIS) Project. The objective of this project is to integrate all the NRA systems such that information contained in one system can be accessed in another system within the Authority. This will help in risk management and monitoring.

Centralised Data Analytics (CDA) Project. The project will feed from the DW system. The objective is to establish a center where data for the whole authority will be analysed for monitoring, and reporting. The pilot phase has already begun with funding from the IMF AFRITAC West II.

Infrastructural Development Project (IDP): A key component of this project is the construction of the Revenue House. The objective of the IDP is to improve the availability and standardization of NRA offices across the country. This is a capital-intensive project which may require government assistance or multiple donor funding.

Revenue Receipting and Reconciliation (RRR) Project: The objective of the RRR project is to improve the revenue reconciliation between the NRA and commercial banks, the central bank and the Author-General’s Office. This will ensure transparency, accountability and timely revenue reporting.

As it can be seen in the above, the projects vary from simple to complex in terms of scope, hence require prioritization for effective implementation and investment. The projects are prioritized using the BASICO matrix. The word “BASICO” is an acronym which stands for Benefit, Amplitude, Satisfaction, Investment, Client, and Operability.

Table below shows the prioritization of the projects using the BASICO Matrix:

**Table 12: Strategic Projects and their Prioritization**

No.	Strategic Project	Benefit	Amplitude	Satisfaction	Investment	Client	Operability	Level of Prioritisation
1	Risk Management Project	5	5	5	2	5	3	25
2	Excise Stamp and Product Marking Project	5	3	4	3	4	2	21
3	Small and Micro Enterprise projects/Formalisation Project	5	4	5	2	4	2	22
4	Revenue Systems Integration and Security Project	5	5	5	1	4	3	23
5	Centralised Data Analytics Project	5	4	5	4	5	3	26
6	Data Warehouse System Project	5	3	5	3	5	4	25
7	Compliance Improvement Project	5	5	5	2	5	3	25
8	Infrastructural Development/Enhancement Project	5	5	5	1	5	2	23
9	Revenue Receipting and Reconciliation Project	5	4	5	2	4	3	23
10	Mobile Payment App Expansion Project	5	3	5	3	4	4	24

*Source: MRP Department*

According to the table, each aspect of the project has a rating that ranges from 1 to 5 with 1 being the lowest and 5 the highest, except for the investment and operability aspects which are scored the other way round. The level of prioritization is shown on the right-hand column, which is a sum of the total scores for each project. The higher the total score, the higher the prioritization. So, according to the BASICO matrix above, the Risk Management, the Centralized Data Analytics, the Data Warehouse System, the Compliance Improvement, and the Mobile Payment App Expansion projects are of relatively higher priority even though all are rated as important.

## **5.2 Enterprise Risks Analysis**

Enterprise risk management is the process of planning, organizing, directing and controlling the activities of the NRA to minimize the negative effects of risk on achieving its goals and objectives. Enterprise risk management includes strategic risks, operational risks and risks associated with business continuity and emergencies.

The NRA's enterprise risks are divided into two distinct categories to include Institutional risks (Reputational, Financial, Frauds, ICT, Processes, Legal, Business Continuity, Staff Engagement/Motivation, Competency Gap, Workforce Loss, Health, Safety etc.) and Compliance risks (Taxpayer Registration, Returns Filing, Payments, Accurate Reporting etc).

The key strategic risks likely to impact on NRA's core business during the Plan period have been identified and the initiatives to mitigate these have been outlined. Risk mitigation reduces the extent of exposure by ensuring that our strategic objectives are achieved. Table 13 below identifies the key risks NRA faces:

**Table 13: Description of Institutional Risks**

<b>Risk Name</b>	<b>Brief Description of the risk</b>
<b>Information Systems</b>	While systems have been implemented in recent years, overall IT systems in the NRA remain relatively weak. An audit of the systems revealed some weaknesses that remain to be addressed.
<b>HR Capacity Gap</b>	There exists an immense need for training and capacity building to close the technical skills gap. This situation results in operational inefficiencies, low staff productivity, revenue loss and continuous reliance on TA.
<b>Physical Infrastructure</b>	Poor housing infrastructure and lack of necessary equipment to support operations, which impeded the detection of non-compliance thus contributing to revenue loss.
<b>Business Processes</b>	There is a need to enhance business processes for the efficient and collection outturn and taxpayer satisfaction. However, most of the processes are already automated, especially for core tax processes.
<b>Record Keeping/ File Management</b>	Record Keeping/File Management: The NRA lacks proper filing and record keeping systems to preserve and protect documents for easy future access and reference. This increases the risk of loss, damage and unauthorized access to important and sensitive records.
<b>Reputation and Trust</b>	The reputation of the NRA is critical to improving its institutional image and making it a regional reference. The Authority needs to be trusted by its customers including the taxpayers. Taxpayers will renege in the payment of their obligations if they lack trust in the Authority.

*Source: MRP Department*

**Table 14:Description of Compliance Risks**

Risk Name	Brief Description of the Risk
External Revenue Frauds	This is usually related to individuals and large criminal syndicates involved in fake tax clearance schemes, counterfeiting revenue receipts and other illegal activities, and poses a significant risk to national revenues.
Filing and Payment	Incomplete and in most cases deliberately inaccurate returns fail to provide the correct picture of a taxpayer’s tax obligations. Late filing and no filing are common and have a significant revenue impact. Service providers with questionable qualifications produce unreliable or fraudulent returns.
Tax Debt Management	Debt management requires significant strengthening. A comprehensive debt management strategy is in the process of being developed. Automation of debt management remains to be operationalized for both tax and customs debt.
IT Connectivity	Common system failures and prolonged downtime and wide area infrastructure hinders timely processing of taxpayer registrations, payments and other transactions, thereby affecting taxpayers’ voluntary compliance. Connectivity remains an issue from the taxpayer end.
Electricity Supply	This risk severely limits the NRA’s operational efficiency and capacity for outreach to taxpayers. It also results in power interruptions that interfere with the NRA’s capacity for business continuity.

*Source: MRP Department*

### **5.3 Staff Planning**

Staff planning is a strategic planning process by which the NRA (through the HRD) assesses and identifies the personnel needs of the organization. It also relates to succession planning, which is specifically about how to fill roles with minimal disruption to the NRA, when current employees progress or leave.

To plan effectively, the NRA needs to understand its business needs, and the skills and potential of its current employees while considering what each employee's needs will be as the NRA grows amidst evolution and growth of the taxbase.

It helps the NRA understand the number and types of employees, and analyze, examine and plan a strategy for achieving its goals. This, therefore, can help align the NRA's recruitment efforts to attract the right employees that fit the Authority's needs, ensuring skills development and focused leadership. The staff planning through 2023 to 2027 (retained with the Planning Department) will help inform the costing of the strategic plan in terms of staff costs.

## **5.4 Costing of the Strategic Plan**

### **5.4.1 Operational Cost**

Operating costs refer to the costs incurred to maintain the day-to-day operations of the NRA. These include operating expenses like rent, inventory costs, equipment, and insurance. The total operational costs as per the cost structure and projected percentage of total operational costs is summarized in Appendix 3 of the Strategic Plan – retained with the Planning Department.

### **5.4.2 Space requirements**

The space requirement defines NRA's immediate space needs, or needs in future periods in which the future needs are based on a forecasted space requirement. The space requirements contain properties of the future system. Therefore, the main task of the requirements is to ensure that they are understood by all stakeholders. Space requirement is important for the NRA because it provides a uniform vehicle for collecting and documenting space needs and costs for different periods. The Space requirement Plan (retained with the Planning Department) will also help inform the cost of the implementing the Strategic Plan from 2023-27.

### **5.4.3 ICT Requirements**

NRA has implemented a series of reforms in which ICT plays an important role in facilitating and sustaining these reforms. It is, therefore, prudent that the NRA considers the ICT requirements in the next five-year Strategic Plan. ICT requirement identification is needed in all steps from business use cases to the system operations. From ICT's viewpoint, the coordination schemes are not so different. Inexpensive components are used at the edges of the grid with strong regulatory support needed to make the communication links and data secure. The ICT requirement (retained with the Planning Department) will also form part of the costing of the implementation of the Strategic Plan 2022-27.

## 5.5 Governance of the Strategic Plan

The governance of strategy enables the Board, the CG and Senior Management Team to provide the necessary oversight in the implementation of the Strategic Plan. The governance plays a critical role in strategy formulation and strategic delivery.

It defines the roles and responsibilities of the Board and Management. It also determines how the Authority is governed, and this applies to several aspects of the NRA, such as setting its vision, purpose, and strategic goals, providing the right leadership and culture for Management to reach those goals, and establishing clear parameters for measuring performance indicators. Despite this, the governance of the Strategic Plan will also help maintain a healthy working relationship between the Board, Management, and a diverse range of external stakeholders thereby preventing potential disagreements and ensuring that all parties are working towards the same collective goals.

The governance of the NRA’s 2023-2027 Strategic Plan is summarized in the table below:

**Table 15: Governance of the Strategic Plan**

ACTORS	MEMBERS	ATTRIBUTIONS
BOARD	Chairman Financial Secretary, Ministry of Finance Governor, BSL Permanent Secretary, Ministry of Trade Tax Specialist Economist Legal Practitioner; and Commissioner-General	Endorse Strategic Plan; Oversee Progress Against Strategic Plan
SENIOR MANAGEMENT TEAM	Commissioner General Deputy Commissioner Generals Commissioners/Directors Other members can be summoned in accordance with the needs of the agenda, and they shall have the right to speak.	Deliver Strategic Plan Oversee Delivery Of Departmental Plans Oversee Delivery Of Change Plans Into Operations

DEPARTMENTS	Head of Departments	<p>Deliver Departmental Plans;  Monitor Progress Against Departmental Plans  Submit The Operational Plan  Update To MRP Department</p>
PROJECT LEADERS	NRA's employees.	<p>Coordinate Project Execution / Actions;  Make Available All Information Regarding Project Progress / Actions;  Articulate Projects / Actions Integrated with Other Institutions;  Analyze Projects / Strategic Actions Performance</p>
MONITORING, RESEARCH AND PLANNING DEPARTMENT	<p>ALL MRP STAFF  Service Staff who took part in the elaboration of the material for the Strategic Plan assessment</p>	<p>Collects The Data for The Strategic Indicators and Operational Plans;  Ascertain The Data for The Strategic Indicators and Operational Plans;  Elaborates on The Performance Report for The Indicators and Operational Plans;  Analyzes Projects and Indicators Performance;  Elaborates The Preliminary Report for The Strategic Analysis;  Drafting of the Strategic Plan</p>
MODERNISATION DEPARTMENT	All Modernisation Staff	<p>Collects update For tracking of milestone of the Projects;  Provides the project performance Report  Organizes NRA Projects Steering Committee Meetings  Provides the secretariat duties of the projects steering committee; and  Develops the Project Charters</p>

**Source: MRP Department**



# **CHAPTER SIX**

## **MONITORING AND EVALUATION**

### **6.1 Overview**

Monitoring and Evaluation is pivotal to NRA's planning process to track implementation of various initiatives and provide the necessary feedback in the decision-making process. NRA's Monitoring and Evaluation framework has adopted institutional guidelines that require Key Performance Indicators (KPIs) to be monitored at both national and departmental levels.

NRA's performance management framework comprises a total of fifty-seven strategic KPIs. The selection of the KPIs was informed by the following criteria:

- Relevance to NRA;
- Data availability;
- Data source reliability;
- Mix of both leading and lagging indicators;
- NRA's ability to implement activities; and
- Ability to measure NRA's progress towards strategic goals.

### **6.2 Plan Implementation**

These fifty-seven strategic key performance indicators are aligned with the three Balance Score Card (BSC) perspectives: Results, Internal Processes and People & Resources. The implementation of the current strategic plan will be done through the annual operational plans and respective targets which, in turn, will be cascaded into Departmental Performance Agreements.

### **6.3 Monitoring and Evaluation framework**

This shows how the Strategic Plan will be monitored and evaluated through the annual plan Monitoring and Evaluation (M&E) framework (kept as an appendix by the Research and Planning Department). This includes the regular performance reports for management consideration. It indicates clearly if a mid-term review will be done and when that is planned as well as a final review. In addition, any projects for which impact evaluation will be done within the Strategic Plan period can be highlighted and how this will be done, for instance through field evaluation. This section also indicates details on the strategic goals, outcomes/outputs with their KPIs and targets across the Strategic Plan period.

The M&E framework also details the key activities and their planned end year for implementation and responsibility centers. Often, these matrices are captured in the annex of the Strategic Plan. Monitoring and Evaluation activities will be conducted on quarterly basis and management reports prepared. The reports will rely mainly on data provided by the departments and on corporate databases. Despite this, field and impact evaluations will be conducted in accordance with NRA's corporate management methodologies through the following:

- **Field evaluation:** This method will be conducted for selected initiatives to assess the level of implementation, identify challenges facing implementation and verify actual performance on the ground. It will also provide qualitative information to supplement the quantitative data provided by departments; and
- **Impact evaluation:** Impact evaluation will be used to estimate the causal effect of a programme on outcomes of interest. Impact evaluation follows through from evidence to policy, helping establish whether the worth of investment in the project has been realized and assessing the extent to which changes can be attributed to interventions being evaluated.

Regarding the selection of projects/programmes for impact evaluation, the following criteria will be used:

- Alignment with the mission and vision;
- Alignment with government guidelines;
- Innovative approach;
- Expected impact;
- Budget size;
- Availability and quality of information; and
- Project stage.

The impact evaluation will guide NRA make decisions on:

- (a) Closure of projects that are not achieving their objectives;
- (b) Rollout of pilot projects;
- (c) Changes in scope, timeline;
- (d) Expansion of current projects.

## 6.4 Key Performance Indicators

The performance indicators have the purpose of assessing the progress of the institution towards the strategic objectives. This means that strategic indicators reveal the relationship within the strategic objectives and represent a permanent test to validate the strategy. To assure that the indicator is properly managed and the objectives attained, we define targets that communicate the level of the desired

performance (value) for a certain period of time. In the next table (Table 16), we identify and outline 53 key performance indicators to measure the success of the strategic objectives of the 2023-27 NRA Strategic Plan. Baselines (as at 2022) were established against which target were set from 2023 to 2027. By meeting these targets, the NRA will be assessed to have successfully implemented this strategic plan.

**Table 16: Key Performance Indicators (KPIs) and Strategic Targets**

NATIONAL REVENUE AUTHORITY (NRA)											
2023-2027 PROPOSED STRATEGIC TARGETS											
GOAL 1: SUSTAINABLE MOBILIZATION OF REVENUE TO SUPPORT GOVERNMENT FISCAL SPACE											
	Strategic Objective	Key Performance Indicator	Calculation Formula	Measure Criterion	Baseline	Target					Responsibility
					2022	2023	2024	2025	2026	2027	
1.1	Maximize Revenue Collection	Net revenue collected against target	Revenue collected / Target	%	97%	100%	100%	100%	100%	100%	MRP
		Net revenue to GDP ratio	Revenue collected / Nominal GDP	%	13.9%	14.0%	14.9%	15.6%	16.0%	16.3%	MRP
		Arrears Stock Variation	amount of non-SOEs tax arrears recovered / Total amount of non-SOEs arrears at the beginning of the year	%							
1.2	Strengthen compliance and enforcement	On-time filing return rate	Number of taxpayers filing on time/ number of taxpayers expected to file	%	72%	82%	85%	88%	90%	92%	DTD
		On-time payment rate	Number of taxpayers who paid on time	%	72%	80%	85%	88%	90%	92%	DTD
		Proportion of frequent importers admitted to the gold card scheme	Number of frequent importers admitted to gold card scheme/	%	0%	5%	15%	25%	35%	40%	CSD

		Number of frequent importers									
		Proportion of post-clearance audits completed (against target)	Total number of PCA audits completed / planned PCA audits	%	95%	95%	96%	98%	98%	100%	CSD
		Compliance Tax gap ratio	Actual collection / potential collection	%	3.5%	3.5 %	3.5 %	3.0%	2.5%	2.0%	MRP
		Value of additional assessments	Amount of additional assessments excluding penalties and interest issued from audits								
		Proportion of SMEs businesses registered that are compliant	Total number of compliant new SMEs registered / Total number of new registered SMEs cases	%	30%	35%	40%	50%	60%	70%	DTD
		Proportion of fraudulent tax cases investigated	Number of fraudulent tax cases investigated / number of fraudulent tax cases identified	%	64%	70%	75%	80%	80%	85%	RIID
		Compliance Improvement Plan	Level of implementation of compliance improvement plan	%	-	0%	60%	70%	85%	90%	DTD, CSD, NTR
		Proportion of risk-based audits conducted / Total risk-based audits identified	Number of risk-based audits completed against total number of audits concluded	%	71%	1. 100% 2. 85%	1. 100% 2. 87%	1. 100% 2. 90%	1. 100% 2. 95%	1. 100% 2. 95%	1. CSD 2.DTD
		Proportion of declarations	Number of Declarations processed through each selectively lane / total number of	%	92% (R) 1% (Y)	(R)80% (Y)9.2%	70% 15%	55% 29%	50% 30%	40% 30.5%	CSD

		selectively processed through the lanes	customs declarations processed		7% (B) 0,04% (G)	(B)10% (G)0.8%	10% 5%	10% 6%	12% 8%	17% 12.5%	
1.3	Expand tax base	New taxpayers registered	Number of new taxpayers	Number		10%	15%	20%	25%	30%	LCSD/DTD/CSD /MRP
1.4	Sustain participation in tax policy formulation and implementation	Proportion of policy recommendations included in revenue policy formulation	Number of NRA recommended provisions in the FA / Total number of policy provisions submitted	%	87.5%	90%	95%	95%	95%	95%	LCSD/MRP
		Proportion of policy recommendations implemented	Number of policy recommendations implemented / Total policy recommendations included in the FA	%	98%	100%	100%	100%	100%	100%	LCSD/MRP

**GOAL 2: MAINTAINED PROFESSIONAL WORKFORCE AND DEVELOPED INSTITUTIONAL CAPACITY**

2.1	Attract, Develop and Retain Best Talents	Proportion of approved appraisal based on recommendations implemented	Number of approved appraisal based recommendations implemented / total number of approved appraisal based recommendations	%	66%	100%	100%	100%	100%	90%	HRD
		Staff Turnover Rate	Ratio of total number of voluntary leavers in a time frame to total number of staff in the same period	%	0.5%	0.4%	0.3%	0.3%	0.3%	0.2%	HRD
		Staff Satisfaction Index	% of positive feedback in employee satisfaction survey	%		45%	50.0%	55.0%	65.0%	75.0%	HRD

		% of NRA's employees trained	Number of employees trained/ Total number of active employees	%	68%	69%	75%	75%	80%	80%	HRD
		Proportion of technical and managerial staff trained	Total number of technical & managerial staff trained / Total number of technical & managerial staff	%	79%	80%	82%	85%	87%	90%	HRD
2.2	Implement a results-based governance model	Proportion of strategic targets achieved (KPIs)	Number of strategic targets achieved / total number of strategic targets	%	62	100%	100%	100%			
		Staff Target hit rate	% of employees who met or exceeded their performance targets (option of global or sample)	%		85%	85%	90%	95%	100%	LCSD/DTD/CSD/MRP
2.3	Modernize and expand infrastructure	Proportion of NRA offices automated	Number of NRA offices automated / total NRA offices	Number	89%	13/18	15/18	17/18	18/18	18/18	ICTD
2.4	Secure funding and optimize resource allocation	NRA Annual budget execution level	Budget executed/total budget available	%	109%	93%	95%	95%	98%	100%	F&B
		Amount of donor funds raised	Amount of donor funds raised and contributing to \$ NRA budget			TBD	TBD	TBD	TBD	TBD	MRP/MOD
<b>GOAL 3: ENHANCED TRADE FACILITATION AND BORDER MANAGEMENT</b>											
3.1	Strengthen trade facilitation and border management	Average customs clearance time	Time taken from lodgments of Single Custom Declaration (SCD) at in-gate to customs release	Days	1	1	1	1	1	1	CSD

		Proportion of manned border posts	Number of customs manned posts / Number of borders expected to be manned	%	8/12	8/12 (66%)	9/12 (75%)	10/12 (83.3%)	11/12 (92%)	12/12 (100%)	CSD
3.2	Enhance security and agility in the international flow of goods and persons	Proportion of declarations concluded in one day	Number of SCDs released in a day / total number of SCDs lodged	%	70%	75%	80%	80%	80%	85%	CSD
		Proportion of irregularities detected	Number of irregularities detected / total number of declarations	%		4%	3.8%	3.4%	3%	2%	CSD
		Number of hits against selected high risk cargo	Number of hits against selected high risk cargo	%		18%	26.0%	33.0%	42%	50%	CSD
		Transit Cargo tracked by NRA	Number of transits tracked by the NRA / total number of transits	%		0%	70%	80%	90%	100%	CSD

**GOAL 4: FULLY DIGITALISED, INTEGRATED AND SUSTAINABLE BUSINESS PROCESSES AND PROCEDURES**

4.1	Modernize, sustain and integrate ICT infrastructure and business systems	Internal system integration	% of internal systems integrated/total number of systems available for integration	%	0%	50%	75%	100%	100%	100%	ICTD
		External source integration	% of external sources integrated for Data Exchange / Identified external sources	%	0%	30%	50%	65%	70%	80%	ICTD
		ICT Strategic plan implementation	ICT Strategic plan implementation level	%	0%	0%	50%	60%	70%	80%	ICTD
		Licensed Software in use	No. of licensed software in use/total number of software in use	%		70%	80%	90%	100%	100%	ICTD



		System availability	% availability of ICT System	%		99.5%	99.5%	99.6%	99.7%	99.9%	ICTD
4.2	Optimize business processes and develop data management culture	Proportion of critical operational processes automated	% completed / total of operational processes	%	80%	80%	85%	100%	100%	100%	ICTD
		Project Completion rate	% of projects completed out of validated project portfolio for the year	%	63%	70%	80%	90%	95%	100%	ICTD
		Number of business processes mapped using BPM models	% processes mapped / number of business processes in BP portfolio (using BPM models)	%		20%	30%	35%	45%	50%	ICTD
		Proportion of critical support & managerial processes automated	% completed / % of support & managerial processes	%	60%	65%	70%	80%	90%	100%	ICTD
<b>GOAL 5: IMPROVED PUBLIC TRUST AND CREDIBILITY</b>											
5.1	Enhance institutional image	Public perception ratings report	Score of NRA's image in public survey	%	89.7%	90%	90%	90%	95%	95%	MRP
		Positive Media Coverage	% Positive media / Total number of media coverage	%		75%	80%	85%	90%	90%	LCS/MRP
5.2	Improve internal controls, institutional risk management and integrity mechanisms	Internal Audit Actions	% of internal audit recommendations implemented/total number of internal audit recommendations	%	63%	65%	70%	75%	80%	90%	HRD
		Integrity Adherence Rate	No. of employees dismissed/terminated for unethical conduct/total number of employees	%		0.5%	0.4%	0.3%	0.2%	0.1%	HRD

		Corruption Perception Index	Score in the Corruption Index Assessment (if no baseline, use regional data)	%	77.8%	80%	85%	90%	90%	90%	IAU
<b>GOAL 6: ENHANCED TAXPAYER SERVICES AND EDUCATION</b>											
6.1	Expand tax education and taxpayer services	Taxpayer Satisfaction index (survey)	Final Score in the taxpayer services section of the survey	%	89.5%	90%	95%	95%	95%	95%	MRP
		Online Services shift	Number of manual processes (external services to taxpayers) shifted to online	Number	1	1	2	3	4	5	ICT/LCS
		Tax Education Implementation	% of taxpayer education sessions against set target in the activities plan	%	80%	80%	85%	85%	85%	90%	LCS
		Tax Education Coverage	Number of forums and tax education sessions	Number	24	12	24	36	50	60	LCS
6.2	Reinforce communication and institutional relations	Partnership Engagements Established	Number of active partnership projects/agreements (inc. double taxation agreements)	Number		5	7	9	12	15	LCS

## **APPENDICES OF THE STRATEGIC PLAN**

The Plan has several appendices that are retained at the Planning department and utilized eventually for the monitoring and evaluation of implementation of the Plan:

- ❖ M&E Framework
- ❖ The Detailed Risk Mitigation Measures
- ❖ The Detailed Costing of the Strategic Plan
- ❖ The Project Charters