



**Office Burundais des Recettes**

*« Soyons fiers d'être des contribuables et construisons notre pays »*

# **Corporate Plan 2013-2017**

**Issued: October 2012**

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## LIST OF ABBREVIATIONS

<b>AEO</b>	Authorized Economic Operator
<b>ASYCUDA</b>	Automated System for Customs Data
<b>BIF</b>	Burundian Francs
<b>CSD</b>	Customs Services Department
<b>DTD</b>	Domestic Taxes Department
<b>EARA</b>	East African Revenue Authorities
<b>EACCMA</b>	East Africa Community Customs Management Act
<b>DFID</b>	Department for International Development
<b>GDP</b>	Gross Domestic Product
<b>HR</b>	Human Resources
<b>IPA</b>	Investment Promotion Agency
<b>ISO</b>	International Organization for Standardization
<b>IT</b>	Information Technology
<b>JICA</b>	Japan International Cooperation Agency
<b>MINFIN</b>	Ministry of Finance
<b>MoU</b>	Memorandum of Understanding
<b>PAYE</b>	Pay as You Earn
<b>OBR</b>	Office Burundais des Recettes
<b>SIGTAS</b>	Standard Integrated Government Tax Administration System
<b>SWOT</b>	Strengths, Weaknesses, Opportunities, Threats
<b>TMEA</b>	Trade Mark East Africa
<b>VAT</b>	Value Added Tax

## FOREWORD BY THE COMMISSIONER GENERAL



*OBR Commissioner General, Mr Kieran Molmes*

It is with great pleasure and honour that I present OBR's third 5-year corporate plan, for the years 2013-2017. This is an ambitious plan and it reflects the fact that the OBR has become a much stronger institution during 2011 and 2012.

The OBR was created at the beginning of 2010 in order to professionalise tax administration in Burundi. Since its inception, OBR's collections have so far exceeded the forecast targets. By delivering this

success on behalf of the State, the Government is able to provide better amenities to the citizens of Burundi in terms of essential services and improved infrastructure. This contributes, amongst other things, to encouraging investment in Burundi, by domestic, regional, and international businesses, leading to job creation, wages and a rise in living standards.

All of Burundi's citizens, residents and businesses have a stake in the success of the OBR and in achieving greater fiscal discipline in the public finances, particularly during this time when donor support remains under pressure as a result of the continuing international fiscal crisis.

The Corporate Plan defines the strategic outcomes for OBR, and highlights how we will achieve them. In addition to focusing on enhanced revenue collections, the plan takes into account the fundamental role of the OBR in supporting taxpayers and importers to comply with their reporting and payment obligations. We want to make it as easy as possible for taxpayers to comply with their tax and customs obligations, in terms of effort, time and cost. During the period of this plan we will continue our focus on lifting our service delivery and streamlining or harmonising the processes we administer.

As before, we are seeking to realise four strategic outcomes, which are:

- **Revenue Maximization**
- **Enhancement of taxpayers' compliance**
- **Developing a competent and effective organization**
- **Developing effective control systems and procedures that promote taxpayer service**

Our strategic outcomes are the product of intense examination and debate during which OBR carefully reviewed its mission, vision and core values. The strategic outcomes emerged after a detailed examination of our strengths and

weaknesses conducted in the light of the opportunities and threats that we see before us. In support of the high-level organizational outcomes, OBR will produce an Annual Business Plan that will set out each individual department's detailed action plan.

This Corporate Plan marks a fundamental shift for OBR as it introduces a series of clear, but demanding, performance targets against which we will measure ourselves. The performance targets will define the activities for each year, and will be the key aspect in our planning and the subsequent monitoring, assessing, reviewing and reporting of our progress. We have set targets that reflect the core activities leading to the strategic outcomes, in terms of collection, compliance, service, processes and organisational development.

We have also included ranking measurements in respect of Burundi's business climate and integrity perception. The reforms initiated by OBR over the past two years are having a positive impact. The World Bank's independently prepared *Doing Business* indicators demonstrate substantial improvement between 2011 and 2012 for paying taxes (17 ranking places), which in turn has been the major factor in Burundi's leap of 7 ranking places for doing business overall. In addition, we include the Transparency International integrity index figures for Burundi, to measure our success of adopting a zero tolerance to corruption. We recognise that in these indices the influence of people and institutions outside of OBR play a part.

In the plan we indicate the resources that will be needed to achieve our ambitious targets. As well as the resources OBR has available to it from the State budget, OBR gratefully receives support from donors, primarily TradeMark East Africa (TMEA). This donor support is instrumental in helping us create new One-Stop Border Posts, in purchasing large I.T. systems and the computers on which these systems run, in providing adviser assistance in key strategic areas, in capacity building within the organisation and in allowing us to modernise our offices.

OBR continues to forge strong working partnerships to help us achieve our aims and objectives. Our parent Ministry is the Ministry of Finance and Economic Development Planning and we work closely with the Ministries of Commerce, Transport, EAC, Good Governance and National Security. We are collaborating with the Private Sector Federation, SEP, the Ports Authority and the Investment Promotion Authority. We have co-located with the Commercial Tribunal to provide a better service to investors and it is now possible to create a business in Burundi in less than one hour.

On the international level, we are closely engaged with the IMF, the World Bank, Burundi's major development partners and, as mentioned above, heavily supported by TMEA and other donors.

The Government and, of course, the Board of OBR, works tirelessly to provide us with modern facilities and buildings which in turn enables us to pursue a high level of service delivery.

In conclusion, I wish to thank each and every member of the OBR family who each day live out our values and without whose hard work and commitment we would never achieve our goals.

**Kieran HOLMES**  
**COMMISSIONER GENERAL**

**October 2012**

## **EXECUTIVE SUMMARY**

The document is divided into seven chapters after this Executive Summary.

**1** Chapter one presents the revised OBR Mission, Vision, Core Values and commitment to performance that will guide OBR. We publish these in the expectation that the public will hold us to them. We also set out our commitments to performance-based implementation of the steps to carry out our Mission.

**2** Chapter two presents an evaluation of the operating environment with summary details regarding the economic trends, regional integration, government priorities, strategic partners and the risks and challenges faced by the OBR.

**3** Chapter three sets out the revenue forecasts and the strategic outcomes that we shall focus on for the next five years to achieve the set targets. The figures for 2013 are as agreed between the Ministry of Finance and OBR. The figures for 2014 onwards are our best estimates based on what we think we can achieve over the five years of the plan.

**4** Chapter four provides more detail on how the corporate strategic outcomes will be achieved at the operational level, through an OBR Annual Business Plan. The ABP will set out each department's individual mission and objectives, strategies to be followed and key deliverables and indicators upon which performance shall be measured.

**5** Chapter five is dedicated to the Resource Plan.

**6** Chapter six deals with how we will measure delivery against the strategic outcomes. It sets out the specific targets for OBR across a range of different operational and developmental indicators. It also sets out how we monitor and evaluate our progress.

**7** Chapter seven presents the conclusion.

## **CHAPTER ONE: MISSION, VISION AND CORE VALUES**

We have set out below our Mission, Vision and Core Values and our commitment to performance. These have all been produced after extensive discussion with, and agreement from, staff and other stakeholders.

In OBR, we work to our mission, we are guided by our vision and we interact with the public on the basis of our values. We expect the public to hold us to these values in their dealings with us.

### **OBR Mission**

Maximize taxpayer compliance through quality service.

### **OBR Vision**

A modern, efficient, customer focused tax authority contributing to the development of Burundi and its integration into the regional and global economy.

### **OBR Core Values**

- Integrity with Zero Tolerance to Corruption
- Professionalism
- Responsibility
- Innovation
- Motivation
- Collaboration
- Courtesy
- Transparency

### **Commitment to Performance**

We commit to fulfilling the Mission by adopting a transparent performance-based framework that will underpin –

- Our setting of performance measures and targets, which will show the extent of our success and inform our planning
- Our rigorous planning throughout OBR that will consistently –
  - align our activities and reforms with the Mission and Vision
  - allocate our finite resources to those activities and reforms
- Our open and transparent monitoring, review, assessment and reporting of our performance against set performance targets

## **CHAPTER TWO: OPERATING ENVIRONMENT ANALYSIS**

### **2.1 Government priorities**

In seeking to realise Vision Burundi 2025, the government is committed to the Second Strategic Framework for Growth and the Fight against Poverty (PRSP-II). In the coming years, as part of the implementation of the PRSP-II, the issue of growth and job creation to produce a substantial decline in poverty will be placed at the centre of the Government's action.

The financing of PRSP-II will require significant additional resources. Thus, the Government will strive to improve the collection of internal revenue, including tax revenue, and control the evolution of current expenditure, thus avoiding budget overruns that can lead to excessive debt.

The government seeks to reduce its dependence on foreign financial assistance and is committed to increase the proportion of internally generated revenues in the overall budget.

### **2.2 Economic trends<sup>1</sup>**

The average growth rate of the economy was 4.3% over the period 2009-2011 and an average inflation below double digits (8.9%), but well above the norm Community (EAC 5 %) as a result of oil prices and food. In 2012, growth is expected to stand at 4.7%. However, 2012 was marked by a strong rise in consumer prices and inflation could be at or above 20%. In trade with the outside world, the trade balance has remained structurally deficient, despite improvements. The trade deficit has averaged 27.3% of GDP over the period 2009-2012, under the leadership of imports of goods that are over fourtimes higher than exports (27% of GDP against an average 6%).

Across government, the reforms undertaken by the country with the support of technical and financial partners (including OBR institutionalizing and implementing its corporate action plans) have begun to bear fruit. Internally generated revenues have increased sharply by 20.5% on average, which resulted in a gain of two points as a ratio to GDP (from 13.8% of GDP in 2009 to 15.8% in 2011). This ratio is expected to be 16.7% in 2012. This performance was underpinned by the strong growth of domestic taxation, including income taxes and taxes on goods and services.

### **2.3 Regional and international integration**

Burundi gives priority to regional integration and cooperation with the countries of the region. In this sense, it has developed strong links with regional and subregional organizations, including the East African Community to which the establishment of a Political Federation is under consideration.

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<sup>1</sup>Economic trends data compiled from Ministry of Finance and Planning's Lettre de Cadrage Budgétaire 2013-2015, issued July 2012

OBR is actively supporting Burundi's ambitions towards greater regional integration. New border posts with more streamlined traffic lanes were constructed in 2012 and improvements to existing border posts will be made from 2013 and beyond.

Bilateral agreements for the operation of new One-Stop Border Posts have already been signed, computer systems are being rolled out and new procedures adopted with the intention of greatly speeding up the passage of goods across borders.



*CG OBR (left) and CG TRA(right) initialing the Kobero/ Kabanga OSBP agreement*

Deepening regional integration will greatly reduce several threats while investment in border posts will strengthen the operations of the OBR and, simultaneously, facilitate trade.

## **2.4 Business environment**

Burundi needs to be seen as a place to do business in order to generate economic growth and increase employment. OBR can influence the attractiveness of Burundi by improving the ease with which taxes can be paid, and by facilitating cross-border trade and commerce. The World Bank's *Doing Business Guide* (which measures a broad range of business regulations) in 2012 ranked Burundi as 169 (out of 183 countries and territories). This showed an increase of 8 places from 2011. This rise was, in the main part, due to the rise of 17 places in the rankings (from 142 to 125) for the paying taxes indicator, following changes put in place by OBR. OBR will continue to contribute to the improvement of Burundi as a place for doing business, both in terms of paying taxes, and cross-border trade facilitation, particularly in the EAC region. A detailed comparison of Burundi with its EAC neighbours is set out in Annex III.

## 2.5 Legal environment

While OBR will do all in its power to register all taxpayers, it is recognized that a central aspect of broadening the tax base rests on modernizing the fiscal laws of Burundi. The current laws are old and they provide for administrative processes that do not support the reform programme that OBR is undertaking. Revised laws are already drafted and have commenced the process of promulgation. We expect that these will be debated and passed by Parliament before the end of 2012. OBR will continue working with the Ministry of Finance and the IMF to ensure that Burundi has the most modern and up-to-date legislative environment and that its laws are consistent with national and regional objectives.

## 2.6 Strategic Partners and Institutions

The OBR is determined to work closely with all partners to achieve its goals, as many initiatives need to be undertaken in collaboration with other government ministries and agencies, the private sector and foreign governments.



*Meeting organised by OBR with the private sector*

We continue to welcome the support of international development institutions, especially TradeMark East Africa, which provides substantial advisory and financial support to OBR for its reform programme as well as advisory institutions, such as the International Monetary Fund, who provide periodic assessments and guidance to OBR.

OBR recognises that regular and specific communication and consultation with the private sector and wider civic society can greatly inform the design of new processes and systems, especially when OBR is aiming to reduce the compliance burden on taxpayers.

## **2.7 Local Authorities**

OBR recognises that effective local authority financing is a key factor to be addressed over the next five years. OBR will work with local authorities to ensure that they and OBR are properly financed. We will also strive for the adoption of the NIF as the primary basis for the interaction between OBR and the local authorities in matters of mutual concern, including exchange of information, so as to maximise the collection of revenue for both local authorities and the OBR.

## **2.8 Risks and challenges faced by OBR**

### ***How we organize OBR and manage our people?***

On its formation, OBR put in place an organisational structure broadly reflecting the inherited tax and customs administrations. OBR is committed to having the optimum environment for managing its staff and supporting them to deliver efficient and effective services. OBR has commenced a full review of its management, organizational structure and human resources policies and procedures in 2012, concluding in 2013, which will modernise OBR's HR arrangements.

OBR needs to position itself as an employer of choice so that it can attract, develop and retain the best people. Putting in place a comprehensive incentives strategy, together with better working conditions and enhanced career opportunities, will help retain our valuable staff.

### ***Skills uplift***

The quality of our people will, ultimately, determine our achievement of this Corporate Plan. Ensuring that all members of staff have the appropriate educational and technical experience is a continuous challenge. In particular, following entry to the EAC, OBR will need to ensure that relevant personnel have appropriate levels of communication in both French and English.

### ***How we improve our service through improved processes?***

Old paper-based and highly bureaucratic systems and procedures are being replaced by best practice systems and procedures supported by the new IT systems. Modern IT systems assist OBR to provide better services to taxpayers while greatly empowering staff capacity. The OBR needs to maintain and preserve its recently installed modern IT systems, including payment of taxes through the commercial banks, to ensure that they continue to meet the demands placed on them.

New IT systems also permit the better collection of statistical figures, which in turn provides better information to government and the public.

### ***Infrastructure: Accommodation, Communications and Border Posts; capital and regions***

OBR currently operates from several locations within Bujumbura. This scattering of activities involves higher than normal costs of operations. Moreover buildings are rented thereby adding to costs. A long-term solution is the construction of a dedicated properly planned and well-designed headquarters building in a central location in Bujumbura. A feasibility study for such a building has already been conducted and an appropriate site has been identified. The government is actively seeking the provision of financing for this project.

A medium term strategy is to ensure the current buildings are fit for the purpose of housing a modern revenue administration that is heavily reliant on computer systems. With TMEA funding, OBR will ensure that all its buildings are suitably equipped with server rooms and proper wiring and trunking for the effective operations of its IT systems. Addressing the accommodation issue will remove several weaknesses and threats and strengthen the OBR considerably.

### ***Maintaining integrity of OBR staff and its activities***

Declaring our fight against corruption as a priority of the OBR sends a positive message to the taxpayer community and will be a good start for improving its image. The OBR will monitor the behaviour of its staff when dealing with taxpayers and will take measures severe enough to send a warning message both to the officers and taxpayers at large. A far-reaching taxpayer and employee education programme on the rights and obligations of taxpayers, as well as on how taxpayers could more easily comply with the tax laws, will complement this initiative.

The OBR implements a Code of Conduct and takes strict measures against corrupt officers, including firing and taking legal action against them. In this action, OBR counts on the strong support from its own Board of Directors and the government, in particular the Ministry of Finance, the Ministry of Justice and the Prosecutor General. Combating corruption is central to OBR's role in delivering effective tax collection services to the State.

## CHAPTER THREE: REVENUE TARGETS AND STRATEGIC OUTCOMES

### 3.1. REVENUE TARGETS

After consultation with the Ministry of Finance and Economic Development Planning, the revenue targets for the medium term have been set. We appreciate that these targets are ambitious but we are more than convinced that, by following this Plan, and implementing the reforms indicated in it, OBR will reach these targets.

OBR administered revenues were forecast by the Ministry of Finance and Economic Development Planning to record an average growth of 16.7% in 2012, driven by buoyant domestic taxation and taxation on goods and services. As part of the harmonization of taxation in EAC countries, taxation yields from imports are expected to decline. For the period 2013-2015, the Ministry of Finance and Economic Development Planning forecasts that total tax collections will grow by 15.8% per annum and that the ratio of tax to GDP will remain constant at around 16%.

#### 5-year table of revenue projections

Year	2013 <sup>2</sup>	2014 <sup>3</sup>	2015 <sup>4</sup>	2016 <sup>5</sup>	2017 <sup>6</sup>
Revenue (BIF billions)	615	713	827	992	1,190

Figure 1: Projected Total Revenue Collection

The projections are based on the current target for 2013 with a year-on-year increase of 16% (for year 2014 and 2015) and 20%(for year 2016 and 2017) that takes into account the projected inflation rate, the expansion of the tax base and the increase in levels of tax compliance.

The actual revenue collection targets for the years subsequent to 2013 will be set by the Ministry of Finance and Economic Development Planning in the annual government budget planning process. Each annual target will take into account the previous year's performance and the macro economic circumstances prevailing at that time.

<sup>2</sup> Submitted to Ministry of Finance and Economic Development Planning for approval

<sup>3</sup> Based on the 2013 projection, adjusted by 16% anticipated growth as per the Lettre de Cadrage (July 2012)

<sup>4</sup> Based on the 2014 projection, adjusted by 16% anticipated growth as per the Lettre de Cadrage (July 2012)

<sup>5</sup> Based on the 2015 projection, adjusted by 20% anticipated growth as per OBR projections (October 2012)

<sup>6</sup> Based on the 2016 projection, adjusted by 20% anticipated growth as per OBR projections (October 2012)

### 3.2. STRATEGIC OUTCOMES

The following strategic outcomes, impacting on revenue, taxpayers, OBR and its processes and procedures have been chosen after a careful exercise of assessing the current situation. Collectively, the realisation of these outcomes will ensure that the OBR's statutory mandate is fulfilled. These outcomes will serve as the foundation of the strategic activities of OBR. All operational activities will be focused to ensure alignment with these outcomes.

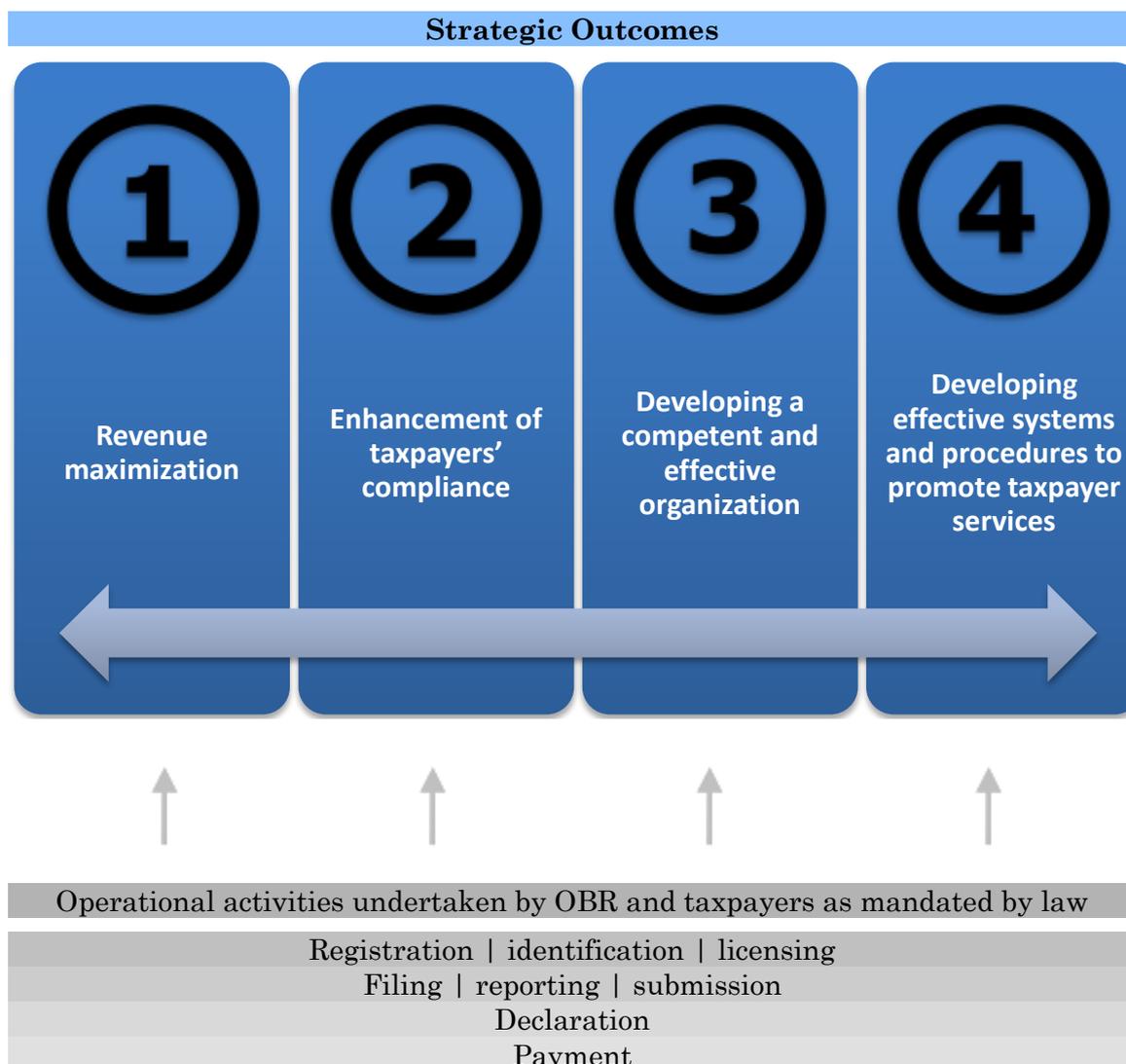


Figure 2: Strategic Outcomes

These strategic outcomes are interdependent. Consequently, the pursuit of one outcome often contributes to the achievement of another outcome.

#### Strategic Outcome 1: Revenue maximization

OBR's primary statutory obligation is to establish, collect, manage and account for the taxes and duties prescribed in the law. In fulfilling this obligation, the

Government is provided with the means to fulfil its economic and social obligations, especially in relation to its development objectives and the fight against poverty.

Revenue maximisation is achieved by OBR taking the necessary steps to ensure that each taxpayer pays the correct amount of tax, on time, as required by the law. OBR is committed to administering the tax laws in a fair and equitable manner. This will be accomplished in the most cost-effective manner possible by improving OBR's performance. We aim to –

- work smarter and faster
- increase the use of ICT
- reduce the costs borne by taxpayers in meeting their obligations
- increase the productivity of OBR staff.

We will seek to achieve these aims through the better use of information technology and from improved workforce productivity through comprehensive training programs, better human resources management and the implementation of modern procedures.

We will seek also to ensure that all persons required to register for tax are properly registered, through awareness programmes to inform people of their obligations and making the registration process as quick and as simple as possible.

We will measure revenue collected against targets set for us by the Government. We will also measure against the proportion of tax collected against national GDP.

## **Strategic Outcome 2: Enhancement of Taxpayers' Compliance Level**

A good tax system is one where taxpayers voluntarily comply with their obligations to pay and report in the easiest way and at the lowest cost. In addition, a good tax system should be based on the fair, transparent and consistent application of objective criteria.

The OBR will seek to achieve a high level of voluntary taxpayer compliance by providing high quality services to taxpayers to assist them in complying with their tax obligations. OBR will pay particular attention to providing incentives to compliant taxpayers by improving customer service, facilitating trade and educating taxpayers.



*Road show organised by OBR to sensitize taxpayers*

OBR aims to reduce the compliance burden (comprised of the time, cost and effort in fully complying with the tax laws) wherever possible.

OBR will primarily focus on the need to ensure that taxpayers understand their rights and are treated fairly with a view to promoting voluntary compliance with taxation. The increase in the number of complying taxpayers should lead to improved relationships, reduced costs for taxpayers and OBR and the establishment of a culture of more systematic contribution to the tax effort.

### **Strategic Outcome 3: Develop a Competent and Effective Organization**

In seeking to maximize revenue and lift the levels of voluntary compliance, OBR must provide a range of diverse but inter-dependent services and facilities across Burundi and at its borders. Since establishment of the OBR, we have been, and will continue to be, focused on the acquisition of skills and equipment that will enable the organization to improve its productivity.

Our immediate priority is to improve the skills of senior and middle managers needed to strengthen the effectiveness of supervision, initiatives and decision taking.



*Training sessions provided to OBR staff*

A comprehensive training plan will be developed and an audit conducted regularly to check whether the training objectives have been achieved.

OBR will seek to establish an excellent working environment for its workforce as well as meeting the requirements of taxpayers. This activity will be measured by assessing the productivity of the workforce and by improving the satisfaction of taxpayers and other stakeholders.

Priority will be given to developing a teamwork ‘esprit de corps’, combined with regular training and the introduction of advanced technology to make OBR an employer of choice in Burundi. Appointments, promotions, salaries and increments will be linked to demonstrable performance and will allow employees to see the merit of integrity, quality work and sustained effort.

We will develop measures to be used to ascertain our achievement of this outcome. The measures will include acquisition and possession of technical and language skills appropriate to work type and the productivity of employees according to their sector specialisation.

#### **Strategic Outcome 4: Develop Effective Control Systems and Procedures**

OBR will modernise all its internal control systems and procedures so as to deliver quality services to its customers. In this regard it is worth recalling that OBR has service obligations at both ends of the tax administration spectrum. Clearly OBR has a responsibility to taxpayers to assist them to comply with their tax obligations at the lowest possible cost and in the shortest possible time. OBR also has an obligation to its parent ministry to collect the funds needed to finance the budgetary requirements of the state. OBR is obligated by law to collect funds speedily, honestly and effectively and account for these correctly.

Procedures are being written for –

- the conduct of Customs controls based on a risk managed basis of documentary reviews and risk managed selection of goods for inspection
- the facilitation of clearance (including an express process) of imported low risk goods of recognised compliant importers, and
- enforcement actions when offences are uncovered.

OBR will seek to introduce quality systems so that these obligations are objectively rendered to all customers. From the outset OBR will seek to ensure that all systems are quality controlled. OBR will also produce a quality manual and ensure that all processes and procedures are properly designed and mapped.

## CHAPTER FOUR: OBR ANNUAL BUSINESS PLAN and IMPLEMENTATION

Achievement of the strategic outcomes will depend on OBR focusing on developing core, OBR-wide activities that, when carried out successfully, will generate the strategic outcomes set out earlier. These activities will change over time, and will reflect the priorities of OBR and the government in delivering effective and efficient administration of the revenue laws.

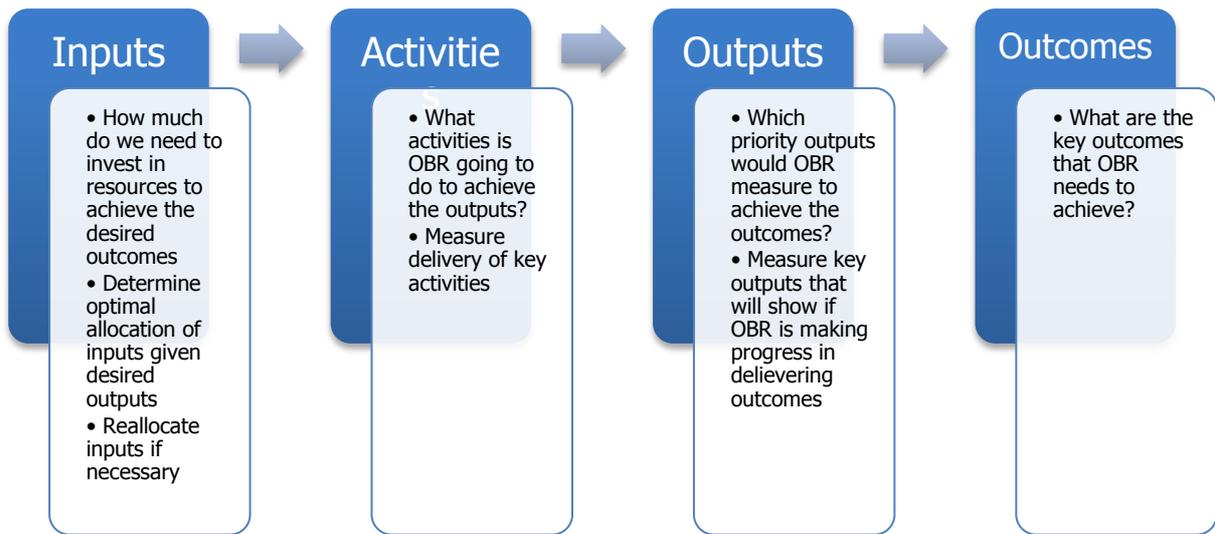


In order to ensure that we remain on course and that OBR performs activities aligned to the corporate goals, OBR will develop an internal Annual Business Plan (ABP).

The ABP will consolidate the proposed activities of all the departments and will be developed through a cascading process that involves further breaking down of the corporate level activities to a departmental and divisional level.

Each division and department will prepare an action plan that will seek to achieve the prioritised strategic activities for that year set out in the OBR Annual Business Plan. Fundamental alignment with, and justification for, activities will be essential for inclusion in the plans.

This strategic planning mechanism will help OBR keep its employees engaged by providing clear visibility into how their departmental and divisional goals impact on the organizational goals.



**Figure 3: Planning for measurement performance**

The following table sets out how we use these terms in this Plan –

Term	Meaning	Example
Input	The resources needed to carry out an activity, in terms of staffing, infrastructure and services	People to carry out a compliance process review
Activity	The use of resources to do something	Reviewing the steps and processes involved in compliance
Output	The service or reform that comes about from the activities	Fewer steps or processes needed to achieve compliance
Outcome	The overall change that is effected by the output; the consequence	Increased compliance (because of fewer processes)

**Figure 4: Meanings of key terms**

A hierarchical view and quick-click access to push goals and link both individual and organizational goals will make the process extremely intuitive for managers and employees. Quick, real-time goal and progress visibility, combined with manager self-service tools to coach and hold individuals accountable will keep employees focused on results.

## **CHAPTER FIVE: RESOURCE PLAN**

The resources available to OBR to achieve the strategic outcomes are a mixture of financing from the State, for recurrent and some capital expenditure, supported by donor funds. OBR is heavily and generously supported, primarily by TradeMark East Africa. TMEA provides funds for capital investments such as building renovations, IT hardware and software systems, capacity building and adviser assistance.

The resource plan forms the budget submitted by the OBR with the Board's approval to the Ministry of Finance and Economic Development Planning (in accordance with Chapter 4 of the OBR Law). OBR's expenditure is audited and a formal audit report must be submitted within 3 months of each year-end to the Minister of Finance (as provided for under Chapter 5 of the OBR Law).

The resource plan is a key tool in demonstrating value for money of OBR's services to the Government of Burundi. As a broad indicator of value for money, OBR intends to ensure that its annual operating expenses do not exceed 3% of target collections. We set out our target in Chapter 6 as our commitment to delivering value for money on behalf of the people of Burundi.

## **CHAPTER SIX: MEASURING DELIVERY AGAINST STRATEGIC OUTCOMES**

### **6.1 Commitment to Performance Measurement**

We set out our commitment to –

- measurement of our performance, including the challenges in determining and calculating appropriate measures (see 6.2)
- use of measurements in the planning process (see 6.3)
- monitoring and evaluation of performance, based on reporting, review and assessment (see 6.4).

### **6.2 Measurements**

It is essential for OBR to measure our performance in seeking to attain the four strategic outcomes. The measurements are critical for informing OBR of the effectiveness of its operations and reform programmes and will guide adjustment of our efforts. The indicators we are adopting are set out in the final section of this Chapter.

Being a new organisation, not all the necessary data exists nor do the systems to generate and collate such data. In some cases, OBR will need to establish appropriate measurements in the coming year, set a target for 2017 and thereafter track its performance. Historically, we have tended to focus our reporting for accountability purposes on ‘outputs’ (e.g. number of returns filed, audits completed, etc.) more so than ‘outcomes’. This Plan redefines our planning and performance evaluation to the ‘outcomes’ to be achieved from OBR so that we are better placed to achieve success and measure its extent.

This includes the use of direct and indirect measures (usually quantitative, some qualitative) of taxpayer compliance, measures that reflect the quality of services delivered to taxpayers and their agents, reduction in the taxpayer’s compliance burden and measures that reflect the taxpayer’s satisfaction with, and confidence in, OBR’s administration.

OBR, consistent with many regional revenue authorities, is committed to a comprehensive performance management framework that includes the practice of setting targets that focus on the outcomes to be achieved, that are made public and against which progress is reported in annual performance reports.

OBR aims to hold itself accountable in the eyes of the government and the people of Burundi against defined targets. We acknowledge, however, moving towards an outcomes-based approach is no easy task, especially for a newly formed organisation. A key challenge for OBR is to obtain good quality information that is valid, reliable and timely.

Other challenges for us include –

- Finding accurate measures of performance<sup>7</sup>
- Establishing and maintaining systems of data collection<sup>8</sup>

### **6.3 Measurements and planning for performance**

OBR will use two forms of measurements –

- absolute measurements of collection, process and service delivery, generated from internally sourced data
- ranking measurements, prepared independently by external agencies.

Performance targets help clarify performance expectations for a given time period. Other revenue administrations continue to struggle with the issues of target levels and numbers. There are problems with setting targets too high and/or too low. Setting targets too low means that revenue administrations are not challenged to improve performance. Setting targets too high, while it can serve as a motivation, can also create unrealistic expectations and situations where revenue administrations can fail. It takes time to get the right balance and to get the comparative data to indicate that targets are set at too high or too low a level. There is also an issue about how many targets to have. Too many targets create information overload and make it difficult to select the most effective targets. Too few targets can create a distortion effect.

Each OBR department will translate the broad corporate outcomes into smaller achievable and quantifiable targets with specific and well-identifiable key outcomes and measures. Where no measure or baseline exists, or the baseline data is not robust, OBR will establish these and ascertain the baseline as quickly as possible, building on existing information and relevant prior research. Developed measures and their baselines will be included in the Annual Business Plans and Annual Reports.

### **6.4 Monitoring and Evaluation**

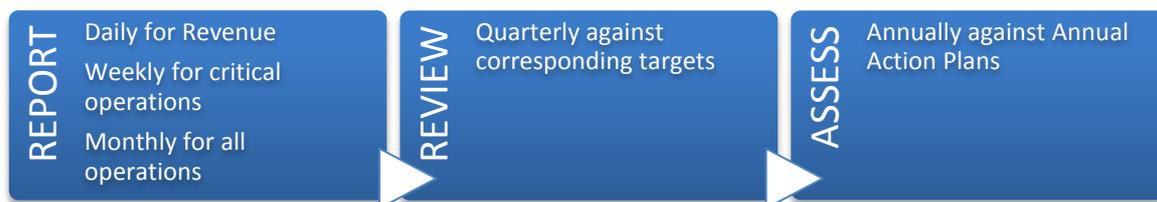
We recognise that proper implementation as well as monitoring and evaluation are as important as this strategy. Indeed, monitoring is the systematic collection and analysis of information as a project progresses whereas evaluation is the comparison of actual project impacts against the agreed strategic plans. It will therefore look at what OBR set out to do, at what OBR accomplished and how this was done, thus the need of a clear mechanism on how to monitor implementation effectively. Evaluation will be done through weekly, monthly

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<sup>7</sup>Outcome measures are technically more difficult to measure, they are complex and involve the interaction of many factors, planned and unplanned. Also, there are problems with time lag issues and in some cases the results are not completely within the control of the revenue administration. Most countries have adopted a combination of outputs and outcomes.

<sup>8</sup>To ensure quality, there needs to be a process by which data is verified and validated. However, setting up and maintaining these systems can be both complex and costly. It is especially challenging to assure the quality of the data when revenue administrations are dependent on third parties to provide the information.

and quarterly reports. These will focus on both quantitative and qualitative performance measures.



**Figure 5: Monitoring and evaluation framework**

Monthly meetings involving departmental heads will be held to evaluate progress on the agreed targets and recommend any further actions to guard against any deviations from the set priorities.

Reporting and review will categorise actual progress against intended progress to ensure that operations that require remedial action are clearly identified and addressed in a prioritised way.

The assessments set out in the Annual Report will contribute to on-going (annual) assessment of achievement of the strategic outcomes set out in this Corporate Plan. The Strategic Outcomes are expected to be the long-term goals of OBR and are the destination to which we wish to travel. The assessment process allows us to change our direction and speed of travel to ensure that we arrive at the strategic outcomes within the next five years.

The assessment will be a crucial part of the annual report that OBR is required by law to prepare and submit. The focus will be on the achievement of our committed targets and the progress made to realising the strategic outcomes.

## **6.5 Our measures and targets for performance for 2013-2017**

We set out our strategic performance measures and targets in two groups –

- Group A, which are OBR collection, process and service delivery measures, and
- Group B, which cover OBR ranked performance.

Group A measures are generated by OBR from its internal data. Group B measures are prepared by external agencies, namely the World Bank and Transparency International.

## A: OBR Collection, Process and Service Delivery Performance

	Measures		Baseline	Targets <sup>9</sup>				
				2013 <sup>10</sup>	2014	2015	2016	2017
<b>OBR</b>	1	Total Revenue <sup>11</sup>	545,385	615,000	713,000	827,000	992,000	1,190,000
	1.a	Taxes on income, profits and capital gains	167,515	188,900	TBD by Ministry of Finance for each annual budget			
	1.b	Taxes on goods and services	291,222	328,400	TBD by Ministry of Finance for each annual budget			
	1.c	Taxes on exports	48,452	54,600	TBD by Ministry of Finance for each annual budget			
	1.d	Non-fiscal revenues	38,195	43,100	TBD by Ministry of Finance for each annual budget			

**Figure 6: Revenue collection target**

<sup>9</sup>Targets for 2014 to 2017 are projected figures and account for inflation (see Chapter 3). Actual targets will be set annually by the Ministry of Finance in light of prevailing circumstances

<sup>10</sup>2013 target as submitted to Ministry of Finance and awaiting final approval

<sup>11</sup>Burundi Francs, millions

	Measures		Baseline	Targets				
				2013	2014	2015	2016	2017
Domestic Revenue and Non-fiscal revenue	2	Number of registered taxpayers filing and paying by the due date (as a % of total registered taxpayers)						
	2.a	• Large Taxpayers	To be established	Determine annual targets after baseline figure is established, with year on year increases in the target (100% by 2017)				
	2.b	• Medium Taxpayers	Baseline to be developed	Determine annual targets after baseline figure is established, with year on year increases in the target				
	2.c	• Small Taxpayers	Baseline to be developed	Determine annual targets after baseline figure is established, with year on year increases in the target				
	3	Average time taken by a taxpayer to comply with declaration and payment requirements						
	3.a	• Large Taxpayers	Baseline to be developed	Determine annual targets after baseline figure is established, with year on year decreases in the target average time				
	3.b	• Small and Medium Taxpayers	Baseline to be developed	Determine annual targets after baseline figure is established, with year on year decreases in the target average time				
	4	Average time (minutes) taken by OBR to register a taxpayer	Baseline to be developed	Determine annual targets after baseline figure is established, with year on year decreases in the target time				
	5	Increase in the tax base, as a % increase of the current tax base of registered taxpayers	Baseline to be developed	Determine annual targets after baseline figure is established, with annual increases of 10% of the preceding year's tax base				
	6	Management of recoverable tax arrears, <sup>12</sup> measures as average age of all debt						
	6.a	• Large Taxpayers	Baseline to be developed	Determine annual targets after baseline figure is established, with year on year decreases in the average age				2 mths
	6.b	• Small and Medium Taxpayers	Baseline to be developed	Determine annual targets after baseline figure is established, with year on year decreases in the average age				3 mths

<sup>12</sup>Recoverable tax arrears excludes tax arrears recommended to Minister of Finance to be written off

	7	Proportion of high-risk taxpayers audited each year						
	7.a	• Large Taxpayers	Baseline to be developed	Determine annual targets after baseline figure is established, with year on year increases in the percentage				
	7.b	• Small and Medium Taxpayers	Baseline to be developed	Determine annual targets after baseline figure is established, with year on year increases in the percentage				

**Figure 7: Key Measurements and Performance Indicators (Domestic Tax)**

	Measures		Targets					
			Baseline	2013	2014	2015	2016	2017
Customs and Excise	8	Average clearance time of imports at Commercial Cargo Clearance Office (hours)	24	12	8	4	3	2
	9	Number of commercial clearances done in less than 2 hours (%)	TBD <sup>13</sup>	15%	25%	40%	60%	80%
	9.a	• Land borders (%)	TBD	0	10%	20%	50%	80%
	9.b	• Port (%)	TBD	15%	25%	40%	60%	80%
	9.c	• Airport (%)	TBD	15%	25%	40%	60%	80%
	10	Average transit processing time (minutes)	TBD	60%	30%	20%	15%	15%
	11	Number of customs declarations made electronically as a % of total customs declarations	0	60%	80%	80%	95%	95%
	12	Number of Authorised Economic Operators (as a % of registered importers/agents)	Measure and baseline to be developed		Track change against baseline (change to year on year targets format)			
	13	Number of Commercial Cargo Clearance Offices (relative to all 23 border/clearance offices)	8	12	15	15	15	15
	14	Customs compliance index (%) <sup>14</sup>	Measure and baseline to be developed		Track change against baseline			

Figure 8: Key Measurements and Performance Indicators (Customs)

<sup>13</sup>Baseline to be developed

<sup>14</sup> This could be based on data (such as number of offences detected, additional revenue imposed and penalties imposed) generated from post clearance control, and quality control and post clearance audit activities

	Measures		Baseline	Targets				
				2013	2014	2015	2016	2017
<b>Human and financial resources</b>	15	Proportion of OBR staff possessing and using required knowledge, qualifications, skills and expertise for their post, measured through an annual skills gap analysis						
	15.a	• Technical skills	Measure and baseline to be developed	Set targets and track change against baseline				
	15.b	• IT skills	Measure and baseline to be developed	Set targets and track change against baseline				
	15.c	• Language skills	Measure and baseline to be developed	Set targets and track change against baseline				
	15.d	• Management skills	Measure and baseline to be developed	Set targets and track change against baseline				
	16	Cost of Collection, measured as a proportion of the actual revenues collected against the target collection amount						
	16.a	Recurrent expenditure	Measure and baseline to be developed	Set targets and track change against baseline				
	16.b	Capital expenditure	Measure and baseline to be developed	Set targets and track change against baseline				

Figure 92: Ranked Performance indicators

## B: OBR Ranked Performance

OBR will seek to improve the rankings accorded to Burundi under the World Bank's *Doing Business* indicators and Transparency International.

	Measures		Targets					
			Baseline	2013	2014	2015	2016	2017
<b>Domestic Taxes</b>	17.a	Paying taxes: Global Rank	125 (of 183)	120	115	110	105	100
	17.b	Paying Taxes: sub-Saharan Africa rank	23 (of 46)	20-25	<20	<20	<15	<10
<b>Customs and Excise</b>	18.a	Trading across borders: sub-Saharan rank	42 (of 46)	<40	<38	<35	<30	<25
	18.b	Trading across borders: Customs clearance (export)	4 days	3	2	1	1	1
	18.c	Trading across borders: Customs clearance (import)	5 days	4	3	2	1	1
<b>O B</b>	19	East African Bribery Index (Burundi): Index figure for	35.7	24.0	12.0	0	0	0

		Tax Services (%)						
19.a	EABI: Likelihood of bribery	10.4	7.0	3.5	0	0	0	
19.b	EABI: Prevalence of bribery	16.2	11.0	5.5	0	0	0	
19.c	EABI: Perceived impact of bribery	17.9	12.0	6.0	0	0	0	
19.d	EABI: Share of national bribe	5.0	3.0	1.5	0	0	0	

**Figure 30: Ranked performance measures**

## **CHAPTER SEVEN: CONCLUSION**

One of the key elements of the 2013-2017 Corporate Plan is the development of a vision seeking to fully finance the government's budget.

All efforts will support the achievement of this long-term goal.

Our Four primary specific strategic directions are believed to enable the realization of the organizational mission if well implemented.

The Plan specifies supporting strategies to be pursued by each department so as to achieve prior stated objectives and the OBR mission. Crucially, key measures and performance targets are included, or will be developed, that will facilitate the plan implementation, monitoring and evaluation. A rigorous monitoring and evaluation system, with appropriate timing of reports, will ensure that each Annual Business Plan will adjust to our successes and help us to focus on areas where more attention is required.

Lastly, it is vital to point out that implementation of this plan is the responsibility of every member of the OBR community. The challenge to every OBR employee is to evaluate, on a daily basis, what contribution he or she has made in the realization of the OBR mission and objectives.

## **ANNEX I: OBR MANDATE**

OBR's mandate is established under Law Number 1/11 of 14 July 2009, pursuant to which OBR is charged with the responsibility of assessing and collecting fiscal, customs and other specified revenues and for administering and enforcing the laws relating to those revenues.

Pursuant to Article 6, the functions of the OBR are to:

- a) Assess, collect, and comprehensively administer and account for all the tax and customs revenues;
- b) Advise the Government with regard to all aspects of tax policy;
- c) Promote tax compliance and good tax citizenship;
- d) Advise, on their request, local government agencies with regard to the assessment and collection of their revenues;
- e) Assist with the promotion of investment in Burundi;
- f) Combat tax fraud and evasion, and cooperate to that effect with other competent law enforcement agencies in Burundi and abroad;
- g) Prepare and publish reports and statistics relating to revenue collection and trade, and
- h) Carry out any other duties relating to the public revenues that may be assigned to it by the Ministry of Finance.

Pursuant also to Article 6, the OBR is also responsible for granting exemptions provided for in taxation and customs law, in accordance with procedures established by the OBR.

In furtherance of this statutory mandate, OBR performs the following supporting roles:

- Promote equity and fairness in the tax system;
- Carry out proactive research to evaluate different fiscal policy options available and advise government on the preferred course of action;
- Educate the public, researchers and prospective taxpayers so that they are fully aware of their rights and obligations in law and are kept up to date regarding any changes;
- Provide Burundi with the necessary representation in regional and international forums where they have implications for tax policy and tax administration.

## **ANNEX II: OBR's KEY PARTNERS**

Working for our parent ministry, the Ministry of Finance, Economic Development and Planning, our main partners in implementing our statutory mandate and continuing our reform programme in pursuance of this plan, are –

- Ministry in Charge of the East African Community Affairs
- Ministry of Commerce, Industry, Posts and Tourism
- Ministry in charge of Good Governance and Privatisation within the Presidency
- Ministry of Justice and Keeper of the Seals
- Federal Chamber of Commerce and Industry of Burundi
- Tribunal du Commerce (Business Registration Office)
- Titre Foncier (Land Registry)
- Investment Promotion Agency of Burundi (API)
- National Police
- Special Anti-Corruption Brigade
- Defence Force of Burundi
- Provincial and Local Administrations
- Airport and Ports Authorities
- Private sector peak representative bodies, including Associations of Business Enterprises, Consumers (ABUCO), Agents (ABADT), Transports, Banking
- Media organisations
- Development Partners: TradeMark East Africa and UK Department for International Development, JICA, IMF, World Bank, PAGE, EARA and USAid

## ANNEX III: EAC DOING BUSINESS INDICATORS

This table sets out the principal customs and tax indicators used in the World Bank's Doing Business guide. The highlighted figures show the (relative) highest rank, or biggest change (from 2011).

Country	DBI			Paying Taxes			Trading across Borders						
	Global Rank (183)	Change from 2011	Subsaharan Africa Rank (46)	Global Rank (183)	Change from 2011	Subsaharan Africa Rank (46)	Global Rank (183)	Change from 2011	Subsaharan Africa Rank (46)	Customs Clearance: Import		Customs Clearance: Export	
										Days	Cost (US \$)	Days	Cost (US \$)
BI	169	+8	35	127	+17	23	174	--	42	5	125	4	85
RW	45	+5	3	19	+14	3	155	+4	31	3	150	4	150
KE	109	-3	12	166	-3	36	141	--	20	3	430	4	375
UG	123	-4	12	93	-25	14	158	-1	34	5	150	4	135
TZ	127	-2	14	129	-6	25	92	+23	7	5	240	4	240