Semi-Successful?
Semi-Autonomous Revenue Authorities in Sub-Saharan Africa

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PhD Dissertation

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Matilde Jeppesen
Aarhus, September 2022

Part I

Chapter 1. Introduction

In sub-Saharan Africa, 23 countries have established a Semi-Autonomous Revenue Authority (SARA). The first country to reform was Uganda in 1991, while the most recent SARA implemented was in Namibia in 2021. Yet, despite this continuous appetite for reform, we have limited knowledge about what SARAs' semi-autonomous status actually means, whether their autonomy has an effect and if so, on what. The aim of this dissertation is therefore to advance our understanding of SARAs and their impact in sub-Sharan Africa.

Strengthening domestic revenue mobilisation is recognised as essential for the future sustainable development of sub-Saharan African countries, and emphasis has especially been placed on the need to increase tax revenue. This has been highlighted internationally through agreements such as the UN's Sustainable Development Goals and the Addis Ababa Action Agenda as well as regionally in the African Union's 2063 Agenda (Addis Tax Initiative, 2021; African Union, 2015; United Nations, 2015). The global Covid-19 pandemic has only reemphasised the fiscal capacity challenges faced by many sub-Sharan African governments and their economic vulnerability to external shocks, for example highlighted by the increasing need for financing public services and the issues of debt unsustainability (African Development Bank, 2021; ATAF, 2022a; Chandler, 2020). While reform of the tax systems in many sub-Saharan African countries has been ongoing for decades (e.g., Dom & Miller, 2018), there is thus still a pressing need to improve revenue collection. Nevertheless, uncertainty lingers concerning how this can be done and what actually influences the tax system. My contribution to this debate is to examine the importance of the administrative setup by exploring the impact of introducing a SARA.

It has been stated that 'no tax is better than its administration, so tax administration matters – a lot' (Bahl & Bird, 2008). Consequently, there has been an ongoing focus on improving revenue administrations (see e.g., ATAF, 2022b), and one of the main proposed reforms has been the introduction of semi-autonomous revenue authorities (SARAs). A SARA can be defined as a 'semi-independent administrative body positioned outside the traditional government hierarchy which consolidates all revenue administration into one entity' (Jeppesen, 2021b). The idea of implementing a SARA was based on principles of New Public Management, arguing that more autonomous administrations which mirrored business would be more efficient, perform better and be more service-oriented (see e.g., Devas et al., 2001; Jeppesen, 2021b; Mann, 2004).

Table 1: Operational commencement and legal adoption of SARAs in sub-Saharan Africa

Country	SARA	Law adopted	Operational commencement
Angola	Administração Geral Tributária	2014	2015
Botswana	Botswana Unified Revenue Service	2004	2004
Burundi	Office Burundais des Recettes	2009	2010
Ethiopia**	Ethiopian Revenues and Customs Authority	2008	2008
Gambia, The	Gambia Revenue Authority	2004	2007
Ghana*	Ghana Revenue Authority	2009	2010
Kenya	Kenya Revenue Authority	1995	1995
Lesotho	Lesotho Revenue Authority	2001	2003
Liberia	Liberia Revenue Authority	2013	2014
Malawi	Malawi Revenue Authority	1998	2000
Mauritius	Mauritius Revenue Authority	2004	2006
Mozambique	Autoridade Tributária de Moçambique	2006	2006
Namibia	Namibia Revenue Agency	2017	2021
Rwanda	Rwanda Revenue Authority	1997	1998
Seychelles	Seychelles Revenue Commission	2009	2010
Sierra Leone	National Revenue Authority	2002	2003
South Africa	South Africa Revenue Service	1997	1997
Eswatini	Eswatini Revenue Authority	2008	2011
Tanzania	Tanzania Revenue Authority	1995	1996
Togo	Office Togolais des Recettes	2012	2014
Uganda	Uganda Revenue Authority	1991	1991
Zambia	Zambia Revenue Authority	1993	1994
Zimbabwe	Zimbabwe Revenue Authority	2001	2001

Source: Slightly modified version of Jeppesen (2021a). Note: Information is from laws and official documents as well as scholarly work (e.g., ATAF, 2018; Dom, 2019; Fjeldstad & Moore, 2008). For further information please see Appendix F. Namibia was added to the table as it created a SARA that became operational in 2021. Nigeria is not included as it is a unique case with separate inland and customs administrations. *Ghana originally created three separate semi-autonomous bodies in 1985, but these were changed, and a unified SARA was first established in 2009/2010. **Ethiopia disestablished its SARA and instead created a Ministry of Revenue in November 2018.

This will be elaborated upon in the following chapters. One of the main changes is that SARAs are placed outside the normal civil service scheme, so they can offer better remuneration but also have more flexibility to hire and fire employees. Implementing a SARA is thus an extensive restructuring of the revenue administration and an expensive reform. However, despite their significance, we still have limited knowledge about SARAs and how they function and perform. This is a significant failing as these reforms have been continuously promoted in the region despite uncertainties regarding their effect. While SARAs were originally introduced in Anglophone countries in the southern and eastern parts of sub-Saharan Africa, they have spread to Francophone and Lusophone countries and other parts of the region. So far, 23 countries in sub-Saharan Africa have implemented a SARA, as presented in Table 1.1.

1.1 Research question

While SARAs have continued to be implemented in sub-Sharan African countries, we have limited knowledge of what this reform actually means and its implications. Many governments, for example, reformed based on best practice recommendations from donors, diffusions of the idea from neighbouring countries or due to assumptions regarding SARAs' effect (Jeppesen, 2021a). However, critical cost-benefit analyses of reform and post-reform evaluations were not always conducted (e.g., Mann, 2004). Some argue that this is because much donor-funded work has focused on organisational best practice recommendations and technical support instead of reform outcomes and performance effects (e.g., Di John, 2009; Sarr, 2016; Von Soest, 2008). While several case studies of SARAs and their effect have also been conducted, focusing on one or a few SARAs (e.g., Devas et al., 2001; Fjeldstad, 2003; Therkildsen, 2004) and typically on the short- and medium-term effects of their implementation, these are by now relatively old and perhaps outdated (e.g., Devas et al., 2001; Fjeldstad, 2003). More recent studies tend to focus on different aspects, such as a specific SARA's ability to tax high net worth individuals or use VAT data effectively (e.g., Kangave et al., 2018; Mascagni et al., 2021). Nonetheless, some very recent studies concerning specific SARAs as potential pockets of effectiveness provide interesting parallels to this dissertation (e.g., Cheelo & Hinfelaar, 2020b; Tyce, 2020). Many of these various case studies point to conflicting results of implementing a SARA: some indicate that SARAs will have a positive effect, while others only find a short-lived positive effect or no effect at all (e.g., Fjeldstad, 2003; Sulle, 2010; Von Soest, 2007).[1]

[1] For further information on and discussion of the theoretical arguments behind SARAs' introduction, as well as a discussion of state-of-the-art empirical research, please see Jeppesen (2021a) and Jeppesen (2021b).

Thus, while SARAs' more autonomous status was expected to lead to a more efficient and better-performing revenue administration, there is a need for more cross-country comparison to explore this. Furthermore, while SARAs are often referred to as a collective group, these administrations differ in how much autonomy they enjoy. Yet, if SARAs are expected to perform better exactly because of their more autonomous status, it seems to follow that more autonomous SARAs should perform better. It has been highlighted previously that SARAs could be understood to exist on a continuum, where some enjoy more autonomy than others (e.g., Kidd & Crandall, 2006), but this has not fully been explored. Consequently, we have limited knowledge about SARAs' autonomy and whether this actually matters for how they function and perform. This is especially the case in relation to larger cross-country comparisons – yet complimentary studies of the potential role and mechanism of specific SARAs' autonomy would also provide important added value.

To summarise, (1) establishing a SARA is a widespread reform, and one that is an extensive and expensive restructuring of a country's revenue administration. Yet, while it is (2) widely expected to have positive effects, (3) we know rather little about the actual impact of establishing a SARA, especially in relation to the autonomy SARAs enjoy. This dissertation therefore sets out to explore the following research question:

Does semi-autonomy in sub-Saharan African revenue administrations matter?
And if so, when and how?

1.2. Structure of dissertation

This dissertation sets out to answer the above research question through this monograph, consisting of 9 chapters, two journal articles and a book chapter (please see Table 1.2).

The structure of the monograph is as follows. Chapter 2 starts out by summarising the rationales for SARA reforms, which are explored more thoroughly in Jeppesen (2021a). It then presents a theoretical framework which functions as a heuristic devise to guide the following analytical chapters. Here SARAs' role in relation to governments and society is briefly outlined. Chapter 3 is based on Jeppesen (2021b) and quantitatively explores the effect of implementing a SARA in sub-Saharan Africa, to test the original assumption that SARAs' more autonomous status leads to better performance. However, as mentioned above, SARAs are not completely alike, but differ in their autonomy. Therefore, Chapter 4 sets out to explore the concept of autonomy and the differences in the formal autonomy delegated to SARAs by decisionmakers though the laws establishing them. The chapter presents a novel dataset covering seven different dimensions of SARAs' formal autonomy that enable us to distinguish between SARAs. The dataset is then utilised to quantitatively test whether SARAs' formal autonomy influences revenue performance. The findings of this analysis are presented and discussed in Chapter 5. Jeppesen et al. (2022) is briefly included in the chapter to discuss the potential limits of SARA reforms given the context in which they are embedded. The results point to a need for further understanding of whether, when and how autonomy matters. This is therefore explored through an in-depth study of the Zambia Revenue Authority (ZRA). Chapter 6 presents the transition from the quantitative element of the monograph to the case study and introduces the ZRA as a case. Chapter 7 examines the actual autonomy of the ZRA and how this relates to the formal autonomy the agency is provided through law. Following this, Chapter 8 explores whether the ZRA's actual semi-autonomous status has an effect, and if so on what, when and how. The findings of the dissertation are all presented and discussed in the conclusion in Chapter 9, along with future research agendas.

Table 1.2. Overview of the book chapters and journal articles in the dissertation

Reference	Type of work
Jeppesen, M. (2021a). Rationales for and policy implications of implementing semi-autonomous revenue authorities in sub-Saharan Africa. In Routledge Handbook of Public Policy in Africa (pp. 224-236). Routledge. https://doi.org/10.4324/9781003143840-23	Single-authored book chapter
Jeppesen, M. (2021b). What we hoped for and what we achieved: Tax performance of semi-autonomous revenue authorities in sub-Saharan Africa. Public Administration and Development, 41(3), 115-127. https://doi.org/10.1002/pad.1952	Single-authored journal article
Jeppesen, M., Bak, A. K., & Kjær, A. M. (2022). Conceptualizing the fiscal state: Implications for sub-Saharan Africa. Invited for revise and resubmit with the Journal of Institutional Economics.*	Co-authored journal article

Note: *A previous version of this paper is published as a working paper by UNU-WIDER. This previous working paper is sometimes referenced in this dissertation instead of the newer article.

Chapter 2: Theoretical framework

Why were SARAs introduced, what role do they play and how can we expect them to perform? These are all questions relating to the theoretical rationales behind government decisions to implement a SARA as well as theoretical arguments for why implementing a SARA may be a good idea. This chapter thus presents the theoretical framework concerning SARA reform and the role of SARAs, based on arguments put forth by different scholars, donor agencies and governments. While theoretical assumptions regarding SARAs' effect have, to varying degrees, been presented elsewhere (see e.g., Devas et al., 2001; Fjeldstad & Moore, 2009; Jeppesen, 2021b) and will mainly be elaborated upon in Chapters 3 and 4, this chapter briefly presents a combined theoretical framework concerning SARAs' position and relationship with governments and society. This triangular relationship is important as SARAs do not exist in a vacuum, but likely influence and are influenced by the broader tax system in the country in which they are implemented. To understand SARAs and explore the effect of their autonomy in the following chapters, we thus need to be aware of the broader role they play in the tax system. The purpose of this chapter is therefore to present a theoretical frame based on this triangular relationship in order to guide the following empirical chapters and set the stage for exploring whether SARAs' semi-autonomy matters. This framework thus function as a heuristic devise to inform us of the role SARAs play. *How* SARAs' autonomy may matter and *what effect* SARAs may have will be discussed and theorised upon throughout the dissertation, with chapters of both more hypothesis-testing and hypothesis-generating nature. Many of the claims put forward in the following sections are not new in and of themselves, but the explicit combination made here is.[2] This will be elaborated upon below.

First, this chapter briefly presents the original reform context and theoretical rationales behind different sub-Sharan African governments' decisions to implement a SARA. This section is based on Jeppesen (2021a). Second, the

[2] An extract of my combined theoretical model presented in this chapter was placed online as part of the *Political Settlements and Revenue Bargains in Africa* project, available at https://ps.au.dk/forskning/forskningsprojekter/political-settlements-and-revenue-bargains-in-africa/about-the-project/facilitating-the-fiscal-contract-the-case-of-semi-autonomous-revenue-authorities-in-sub-saharan-africa/

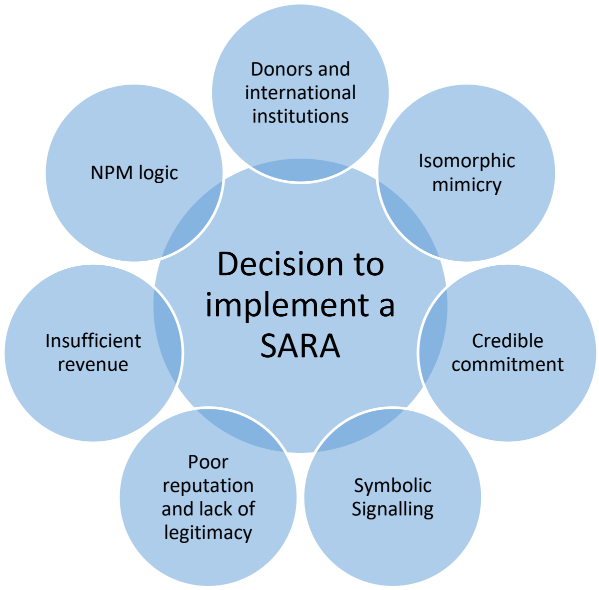
combined theoretical framework is presented, briefly outlining SARAs' relationship with governments and society respectively and how this could be expected to influence the role SARAs have and how they function.

2.1. Rationales behind SARA reform

This section briefly presents the different rationales behind governments' decisions to implement a SARA based on Jeppesen (2021a). These rationales are included as SARAs functioning and effect may be influenced by why they were implemented to begin with.

Following the wave of independence, many sub-Saharan African countries increased public spending to foster state-led development. However, as growth stagnated, inflation sky-rocketed and debt burdens became increasingly unsustainable, especially due to external shocks, economic crisis took hold in the 1980s (Dom & Miller, 2018). This called attention to the structural issues many countries faced, such as large informal sectors and inefficient administration due to patronage and other factors (Van de Walle, 2001). In addition, it stressed the need for improving domestic revenue mobilisation and thus highlighted the need for tax reforms. Such tax reforms were initially implemented as part of the Structural Adjustment Programs based on the Washington Consensus and inspired by the Good Governance agenda. This all coincided with the development of New Public Management, which offered a compelling alternative vision of how public administrations could be structured (Fjeldstad & Moore, 2009; Jeppesen, 2021a). The argument was that more autonomous agencies based on private sector principles would limit red tape and increase efficiency (Hood, 1991). Some of these New Public Management ideas will be outlined in Chapter 3. SARAs thus originally emerged within this wider reform context and based on a one-size-fits-all logic concerning the principles of New Public Management. According to this logic, SARAs' more autonomous status would make them more efficient agencies that would increase revenue collection. This will be elaborated upon below. However, while the first SARAs in sub-Saharan Africa were implemented within this context in the early 1990s, more and more countries have reformed since then. The two latest SARA-reforming countries are Angola and Namibia, whose SARAs became operational in 2015 and 2021, respectively. In Jeppesen (2021a), I therefore explored the rationales behind governments' decisions to implement SARAs.

Figure 2.1 Summation of the different rationales for implementing a SARA



Source: Jeppesen (2021a).

The rationales will not be repeated and elaborated upon here. However, it should be noted that many of these rationales overlap, and that different governments had different reasons for reform. These rationales were included as they may influence how SARAs function and perform.

The rationales presented above inform us about governments' decisions to implement a SARA. The next logical question, then, is what position and role SARAs have once implemented. Understanding SARAs' role in the tax system is needed to guide the following analysis, which sets out to answer the research question presented in Chapter 1.

2.2. A combined framework of SARAs

To understand and empirically explore whether SARAs' semi-autonomous status matters, we first need to understand the position they have. Therefore, this section briefly presents a combined framework of a SARA's role and relationship with the government and society, respectively. Society here refers to different groups of potential taxpayers, be they compliant or not. This section builds on existing theory, which is combined into a framework regarding the role of SARAs and other actors. This is presented as SARAs' revenue-collecting ability is embedded within a broader socio-political context (Booth & Therkildsen, 2012; Bräutigam et al., 2008; Von Haldenwang & Von Schiller, 2016). The framework takes its point of departure in the macro theories concerning the relationship between revenue rulers (government) and providers (society). However, while much research regarding this relationship already exists, the relationship between governments and SARAs is underexplored.

Therefore, this dissertation focuses on what happens when governments delegate the task of collecting revenue to a SARA. Understanding SARAs' autonomy and separation from government is also a necessary first step to be able to explore what this autonomous status may mean for SARAs' relationship with society in future research. Thus, while all three dimensions between government, society and SARAs will briefly be presented in the following and touched upon in Chapter 8, this dissertation is mainly interested in and empirically focuses on SARAs' autonomy from the political level. The purpose of this section is thus to present a theoretical frame to guide the following empirical chapters.

Government and society, and the new kid on the block

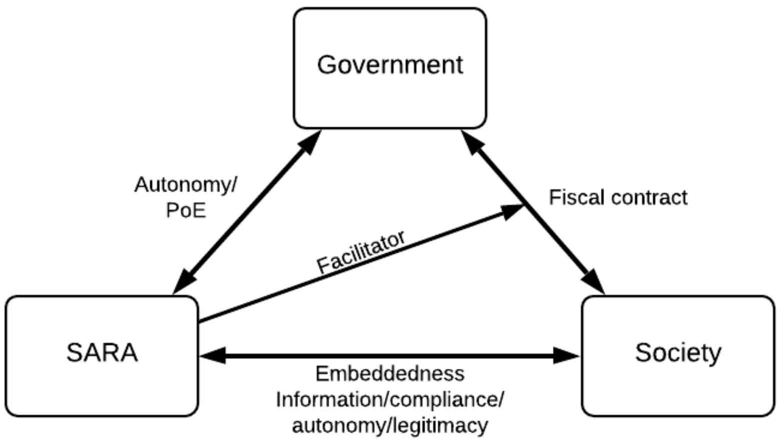
Fiscal contract theory based on European state-building history has traditionally claimed an interrelationship between taxation and public goods, arguing that states and governments need taxes to function, and taxpayers will demand something in return if required to pay taxes (e.g., Levi, 1988). Yet this relationship is not deterministic, but rather one of many possibilities. Most fiscal contract theory therefore focuses on when, why and how a fiscal contract can be established (e.g., Baskaran & Bigsten, 2013; Levi, 1988; Prichard, 2015; Tilly, 1990). This entails positive exchanges of taxes for services such as broader-based social fiscal contracts (e.g., Moore, 2004) and more exchange-based fiscal contracts (e.g., Timmons, 2005), as well as negative exchanges such as (either formal or informally provided) exemptions from taxes in exchange for political support (e.g., Bak & Therkildsen, 2022) – what Tendler (2002) calls the 'Devil's deal'. The micro-foundation of this is the revenue bargains that take place between governments and different groups of actors in society (Kjær et al., forthcoming). We already know a great deal about this relationship, but what happens when an intermediary is added to the equation? While the government is in charge of providing public goods to society, many states in sub-Saharan Africa (and elsewhere) have delegated the task of collecting revenue to a SARA.

While there were many different rationales for implementing a SARA (as I explore elsewhere, see Jeppesen, 2021a), in general SARA reform is based on principles of New Public Management and a belief that a more autonomous administration will lead to better performance and higher efficiency (e.g., Devas et al., 2001; Jeppesen, 2021b; Sulle, 2010; Taliercio, 2004b). This was, for example, based on the idea that placing the SARA outside the normal civil service scheme would improve remuneration as well as hiring and firing flexibility, making the administration more meritocratic, limiting corruption among staff and improving taxpayer services (Jeppesen, 2021b, see also

Chapter 3). SARAs were thus expected to raise revenue and implicitly function as facilitators of a potentially positive fiscal contract at the macro level and revenue bargains more broadly. However, the presence and characteristics of a fiscal contract, as well as revenue bargains between the government and society, will also influence the SARA's ability to do its job of collecting revenue. This is, for example, due to the fact that revenue based on coercion can be difficult to extract and costly to collect as opposed to more quasi-voluntary compliance, where taxpayers mainly pay taxes because they see the benefits thereof and expect to get something in return, and only as a last resort because they are forced to (Bräutigam et al., 2008; Levi, 1988). Furthermore, large-scale tax exemptions limit the sources from which a SARA can actually collect revenue and thus its ability to increase revenue. Consequently, while a SARA can potentially facilitate the establishment and continuation of a positive fiscal contract, the presence or absence of such a contract will likewise influence the SARA's ability to function and perform.

The introduction of SARAs has expanded the stakeholder relationship in the revenue bargaining process from bilateral to triangular, adding two additional dimensions: the relationship between the SARA and the government, and between the SARA and society. While this is not new knowledge, how these revenue administrations are somewhat separated from the government and the implications thereof are underexplored. The figure below depicts this triangular relationship.

Figure 2.2 The triangular relationship between government, SARA and society



SARAs and governments

When a SARA is implemented, one new relationship that emerges is that between the SARA and the government. In some countries, 'the government' may simply imply the president, due to a high concentration of power in this office (e.g., Bratton & Van de Walle, 1997). To understand SARAs' ability to collect revenue from society, it is necessary to understand the SARA's relationship with government, especially in relation to how much autonomy the SARA possesses and what it is mandated to do. This question of SARAs' autonomy from the political level and whether, when and how this matters is the main focus of this dissertation.

As mentioned above, based on New Public Management principles, it has been argued that SARAs' more autonomous status would lead to better tax performance than traditional revenue authorities (this assumption will be tested in Chapter 3). However, while SARAs are often referred to as a rather homogeneous group, standing in contrast to more traditional revenue authorities (see for example ATAF, 2022a), they are not completely alike: their formal and actual levels of autonomy differ, and this potentially has implications for how they function and perform.

Autonomy is a rather fuzzy concept, and semi-autonomy even more so (this will be elaborated upon in Chapter 4). In this regard, SARAs' level of autonomy can be understood as a continuum, where some SARAs have more autonomy than others (Kidd & Crandall, 2006). Furthermore, autonomy can be seen as multidimensional (Christensen, 2001; Verhoest et al., 2004). Some SARAs might, for example, be very autonomous to make their own managerial decisions, but not enjoy financial autonomy (Kidd & Crandall, 2006; Mann, 2004). In other words, when talking about SARAs' autonomy, we should not only focus on how much autonomy they possess, but also be aware of what they are autonomous from and what they are autonomous to do. This both relates to the formal autonomy a SARA is delegated through law (which will be examined across countries in Chapter 4) and how this does or does not translate into the actual autonomy the SARA experiences in practice (which will be examined through a case study of the Zambia Revenue Authority in Chapter 6). This is important as the level and different dimensions of autonomy may affect how SARAs function and perform as well as how they are perceived by society. This thus nuances the original assumption that SARAs will perform better due to their more autonomous status. If SARAs differ in their level of autonomy and more autonomy leads to better performance, it logically follows that more autonomous SARAs should perform better than less autonomous ones (Kidd & Crandall, 2006; Taliercio, 2004a). Furthermore, if SARAs differ in how much autonomy they have on different dimensions, it begs the question of whether some autonomy dimensions matter more than others. The concept of autonomy, including the differences between formal and actual autonomy as well as the different autonomy dimensions, will be further explained in Chapter 4.

However, in contrast it could also be argued that more autonomy from the political level is not always better. One possibility is that a SARA becomes so autonomous that it lacks accountability and effective oversight. This may lead to issues such as shrinking or moral hazard, where the SARA either does not do its job effectively or alternatively seeks its own goals instead of following its legal mandate as delegated by the government (e.g., Miller, 2005; Wilson, 1989). For example, a SARA could start to focus all its efforts on large and formal taxpayers and repeatedly audit them to reach performance targets instead of seeking out all in society that are legally obligated to pay taxes (see e.g., Gray & Chapman, 2001). In addition, one of the arguments concerning SARAs was that being placed outside the normal civil service scheme would lead to more qualified employees. Within the context of sub-Saharan Africa, it could thus possibly lead to a SARA becoming a pocket of effectiveness (Hickey, 2019; Kjær et al., 2021; Roll, 2014). While this would indicate a more effective administration and thus a benefit, it may also have some adverse effects, such as the SARA having more capacity and knowledge than the government administration that is meant to provide oversight. In most instances this would be the minister and the ministry of finance. It has, for example, been argued that tension and conflict can emerge due to the fact that SARA employees are better-paid than their counterparts in the ministry (Fjeldstad & Moore, 2009; Therkildsen, 2004). This can be unfavourable for tax policy and revenue collection, as well as lead to a potential oversight problem as one could assume the ministry would have a harder time attracting qualified technical staff than the SARA. Furthermore, less autonomy from the political level might make SARAs more autonomous from undue interference or attempts of regulatory capture from multinational companies, thus potentially implying that the revenue administration that has the needed political backing can make more effective revenue bargains with multinationals. Therefore, simplistic understandings of SARAs and their autonomy obscure our understanding of how they function and perform. Consequently, this dissertation sets out to examine the differences in SARAs' formal autonomy and whether this matters for performance (Chapters 4 and 5). Furthermore, it explores the actual autonomy of a single SARA (the Zambia Revenue Authority) and how this relates or does not relate to its formally delegated autonomy, as well as whether this actual autonomy matters, and if so, when, how and for what (Chapters 7 and 8).

To examine whether SARAs' autonomy from the political level matters, we also need to be aware of SARAs' potential relationship with society – a relationship that nevertheless only has relevance if a SARA somewhat separated from government actually exists.

SARAs and society

The second additional dimension is the relationship between the SARA and society. While this relationship is not the focus of this dissertation, it will be touched upon in Chapter 8, which explores the effects of the ZRA's semi-autonomous status. Examining it further is an interesting pursuit for future research, yet it first and foremost requires that we have explored SARAs' autonomy from government, which is the focus of the following chapters. Therefore, this section can also be seen more as a theoretical speculation to guide future research (Swedberg, 2018).

In their relationship with society, SARAs are in a conflictual position: on the one hand, they are assigned with the difficult task of increasing revenue on behalf of the government, while, on the other hand, lacking the ability to provide any public goods directly in return to taxpayers. How, then, can they bargain for revenue and compliance? One of the arguments for implementing SARAs was the assumption that increased levels of autonomy would help isolate the revenue administration from undue political interference in the hopes of creating agencies that function as pockets of effectiveness (Hickey, 2019; Roll, 2014). If this holds true, a SARA's conflictual position might be eased if it is recognized as a fair and unbiased administration by society and thus perceived as a legitimate authority. But does a SARA's level of autonomy influence perceptions of its legitimacy? And does this foster taxpayer compliance and mitigate the SARA's conflictual position as facilitator of the fiscal contract when bargaining for revenue? Several possibilities seem plausible, a few of which will be highlighted here. One more pessimistic possibility is that the semi-autonomy of a SARA does not change taxpayers' perceptions or willingness to pay taxes, compelling the SARA to employ force and pure coercion. In such cases, the SARA might be the scapegoat for the government when society complains about taxes. Another possibility is that SARAs might be perceived as more legitimate than other administrations, but taxpayers are still not particularly willing to pay as they do not see a return in benefits from government (Levi, 1988). In such cases, a third possibility is that the SARAs themselves try to induce taxpayers to quasi-voluntarily comply.

Very interestingly, some SARAs have, for example, attempted to convince taxpayers that they should pay taxes by making large posters, advertisements and commercials. The Liberia Revenue Authority, for example, has set up posters which state 'Taxes bring development' and 'Pay your taxes to build better housing estates, roads etc.', while the Ghana Revenue Authority had posters stating 'Have you paid your income tax this month? Little drops of taxes makes a mighty nation'. Such posters and advertisements often set out to inform citizens of the benefits of paying taxes and what they get in return.

However, formally this should be the task of the government, not the SARA. Why, then, are some SARAs doing this, and what implications does it have for their potential role as facilitators of a fiscal contract? While this is not the main focus of this dissertation, a SARA's relationship with society is important for revenue collection and will therefore be touched upon in Chapter 8.

2.3 Conclusion

This chapter has very briefly presented the original reform context in which SARAs were introduced as well as the many different rationales behind reform. While SARAs were expected to improve performance, previous poor revenue performance alone cannot explain reform efforts. Furthermore, the chapter theorises about a framework within which we can start to understand SARAs and the role they play in the broader tax system. By informing us of the role SARAs play, this framework thus set the stage for more in-depth understandings of SARA autonomy and for exploring the effect thereof in the following chapters. It highlights that while SARAs might generally be expected to perform better than their counterparts within the traditional government hierarchy, SARAs differ in how much autonomy they have, as well as in what they are autonomous from and autonomous to do. Therefore, the following chapters will examine the formal and actual autonomy of SARAs and whether this matters. The dissertation will rely on various analytical approaches to answer the research question and explore the theoretical considerations put forth in this chapter. First, panel data analysis will be used to examine whether SARAs in general have lived up to the expectation of increasing revenue, therein setting the stage for more deeply examining differences between SARAs and their semi-autonomy (Chapter 3). Subsequently, to understand its importance, the dissertation will discuss the concept of autonomy, including the difference between formal autonomy and actual autonomy. To explore the differences between SARAs, an original dataset concerning the formal autonomy they are delegated through the law is presented (Chapter 4). The following chapter quantitatively examines whether the level and dimension of formal autonomy matters for SARAs' tax performance (Chapter 5). Subsequently, actual autonomy and how this relates to formal autonomy will be examined more deeply in a case study of the Zambia Revenue Authority (Chapter 7). The case study further explores whether the actual semi-autonomy of the ZRA matters, and if so, when and how (Chapter 8).

Part II

Chapter 3.
SARAs are just better … or are they?

SARAs were introduced as part of a broader reform process in sub-Saharan Africa. Decisions to introduce a SARA have relied on different rationales (Jeppesen, 2021a), yet one common and central argument for their introduction was the belief that a SARA would universally be a more efficient revenue administration and thereby able to increase tax revenue. This assumption was largely based on New Public Management ideas about agencification, whereby SARAs were expected to be more flexible, service-oriented and business-like (e.g., Mann, 2004; Manning, 2001; Sulle, 2010). The assumption that SARAs would simply be better, however, seems to rely on idealised NMP principles rather than factual evidence. Many case studies of SARAs have been conducted and have yielded conflicting results (e.g., Fjeldstad, 2003; Taliercio, 2004b; Therkildsen, 2004; Von Soest, 2007). Taliercio (2004b), for example, finds that SARAs largely have a positive effect on performance, while Therkildsen (2004) only finds a momentary effect and Fjeldstad and Moore (2009) argue that there is little evidence that SARAs have improved performance. Furthermore, scarce cross-country analysis investigating the claim of SARAs' improved performance has been presented. Today, 23 countries in sub-Saharan African have implemented a SARA, yet we know surprisingly little about their general effect[3]. The purpose of this chapter is thus to scrutinize the claim that SARAs are simply better, by systematically examining the average tax performance effect of implementing a SARA in sub-Saharan Africa. This claim was examined in Jeppesen (2021b), and this chapter presents the core augments and findings from the article. The article includes a statistical analysis of 48 countries in sub-Saharan Africa from 1980 to 2016.

In the first section, I briefly outline some of the expectations and potential explanations for SARAs' performance. Second, the data and model specification are introduced, followed by a presentation and discussion of the results.

3.1 Expectations for SARAs' performance

Building on New Public Management principles, donors and partner countries alike have pushed for the implementation of SARAs with the expectation that they would increase tax revenue. These were the main arguments for reform. Nevertheless, arguments against this assumption can also been highlighted.

[3] Jeppesen (2021b) only mentions 22 SARA-reformed countries. The latest country to reform was Namibia. Its SARA became operational in 2021.

Some of the key arguments for and against SARAs' enhanced ability to increase tax revenue are presented in Table 3.1.

Table 3.1 Arguments for and against SARAs' revenue-enhancing ability

Why SARAs might increase tax revenue	Why SARAs might not increase tax revenue
○ Detaching revenue administration staff from the traditional civil service scheme allows for better remuneration and thereby the ability to attract and keep more competent and qualified staff. ○ SARAs offer more flexibility to hire, fire and incentivise staff. For example, dismissal of incompetent staff can be difficult within the normal civil service scheme. ○ Increased autonomy would isolate the administration from undue political interference and improve management decisions and resource utilisation, leading to, for example, higher efficiency and better customer service. ○ Unifying the administration of all central government revenue collection would improve functionality and information-sharing.	○ One-size-fits-all reforms are not possible, due to a lack of sensitivity to political and institutional context. ○ SARAs have been implemented to secure donor aid/support, but with little de facto political support in partner countries. Therefore, there is potential for undermining through, for example, political interference, underfunding or tax exemptions. ○ SARAs are simply a blame avoidance strategy, whereby governments could separate themselves from a poor-performing and/or criticised revenue administration with a poor reputation. ○ A SARA could merely be a way to signal willingness to act in an effort to avoid opposition or gain legitimacy; they are a symbolic reform based on, for example, organisational mimicry.

Source: Summation of Jeppesen (2021b).

The arguments presented on either side of Table 3.1 are often interrelated and overlapping. The key arguments presented also demonstrate two very different perspectives on SARAs: i) an optimistic perspective, where SARAs are considered highly efficient authorities that will naturally improve tax performance, and ii) a pessimistic perspective, where SARAs are window-dressing reforms without much real political backing and therefore unlikely to perform better than traditional revenue authorities.[4]

3.2 Data and model specification

This chapter focuses on the revenue effect of implementing a SARA in sub-Saharan Africa vis-à-vis maintaining a traditional revenue authority. To examine this, two independent variables are used. The first is a dichotomous variable indicating whether the revenue administration is a SARA or not. This

[4] For further information on the theoretical arguments and discussion of existing empirical studies, please see Jeppesen (2021b). The article also includes a discussion of the results in comparison to, for example, Dom (2019).

was closely examined and coded on the basis of information from government webpages, official documents and scholarly work. Please see Appendix A and E for this information. The second independent variable adds information to the dichotomous variable by including categories for how long the SARA has been operational. This is included as some case studies have indicated that SARAs might only have a momentary effect on tax performance (Fjeldstad, 2003; Therkildsen, 2004). In some countries there are differences between the legal adoption and operational commencement of the SARA. As it is the operational commencement which can be expected to affect performance, this is the basis for the coding of the independent variables (Jeppesen, 2021b).

Tax performance concerns revenue administrations' ability to collect tax revenue, yet this can be difficult to evaluate, especially using comparable and quantifiable measures. It is difficult, for example, to get comparable data on collection efficiency or expansion of the tax base due to the issue of over-registration caused by factors such as inaccurate and inactive taxpayer registrations (Jeppesen, 2021b; Moore, 2020). As the central assumption was that SARAs would increase tax revenue, it nevertheless makes sense to use tax-to-GDP ratios as the dependent variable. To this aim, total tax-to-GDP is utilised as it is a simple, direct and often-used measure for tax revenue.

In addition to SARAs' overarching task of raising revenue, SARAs might have different mandates or set tasks. Therefore, it is also central to look at revenue composition. For this reason, measures for direct and indirect tax-to-GDP[5] are likewise included as they provide more nuance. While it has been disputed, the collection of direct tax revenue has traditionally been presented as a more advanced undertaking, with the argument that it is more difficult to collect and therefore makes up a smaller proportion of revenue in low-income countries (e.g., Bird & Zolt, 2005b; Kaldor, 1963; Moore, 2008). Based on this logic, improvements in direct tax revenue could thus point to a more advanced revenue administration. On the other hand, there has been an international push to increase trade openness and thereby reduce trade taxes in sub-Saharan Africa. As trade tax has been a key revenue source in many countries, such a decline might outweigh or offset any positive effect SARAs could have on other indirect tax measures (Jeppesen, 2021b). Consequently, it is possible that SARAs have divergent effects on direct and indirect tax revenue. Furthermore, there might be differences in how SARAs perform based on whether natural resource rents are included or excluded. On the one hand, it could be

[5] Total tax revenue can be disaggregated into direct and indirect tax revenue. Direct tax, for example, includes personal and corporate income tax, whereas indirect tax, for example, includes VAT and trade taxes. For more information regarding the dependent variables and control variables please see Appendix F.

argued that it is generally easier to collect natural resource rents than to tax citizens. If that is true, SARAs might not be better than more traditional revenue authorities. On the other hand, it might require more revenue administration capacity to, for example, ensure that large multinational corporations which extract natural resources actually comply with the tax rules. In such cases, SARAs might have an improved ability. Therefore, total, direct and indirect tax revenue both including and excluding natural resource rents are used. It would have been interesting to use further disaggregated tax measures as dependent variables, but unfortunately many sub-Saharan African countries do not (or did not until recently) report these more disaggregated measures. The most comprehensive and comparable data for total, direct and indirect tax-to-GDP is available through the Government Revenue Dataset (ICTD/UNU-WIDER, 2018; Prichard et al., 2014).

To examine SARAs' effect on tax revenue, a dataset consisting of the 48 sub-Saharan African countries from 1980 to 2016 is used. Several models are included to control for the importance of revenue history. Models I, II and III are static, while Models IV, V and VI are dynamic as they include a lag of the dependent tax variable. The basic model from Jeppesen (2021b) is specified as follows:

$$Y_{i,t} = \alpha_i + \gamma_t + \delta SARA_{i,t} + \beta X_{i,t} + \beta_1 Y_{i,t-1} + \varepsilon_{i,t}$$

In the model, $Y_{i,t}$ is the dependent variable for country i at time t. As mentioned, total, direct and indirect tax-to-GDP are used here. In Models III and VI the dependent variables include natural resource rents, while this is excluded from the rest. α_i and γ_t signify respectively the country and time fixed effects. These are included to control for country- and time-specific factors, such as colonial history and international commodity prices. The independent variable in country i at time t are represented by $SARA_{i,t}$, while δ is its average effect. All models control for GDP per capita, trade openness, urban population, agriculture, the implementation of VAT and the level of liberal democracy as well as rigorous and impartial public administration, age-dependency ratios, IMF crisis and non-crisis programs, public corruption, aid and aid dependence from respectively United Kingdom and France (Jeppesen, 2021b). These variables are included to control for time-varying within-country differences that could potentially influence the results. These controls are collectively denoted by $X_{i,t}$ in the model, while β is their respective effects. In the dynamic models, $Y_{i,t-1}$ represents the one-year lag of the dependent variable and β_1 its effect. $\varepsilon_{i,t}$ is the error term.[6] All models have robust standard errors clustered at the country level.

3.3 Results of analysis

Jeppesen's (2021b) models examining the average effect of implementing a SARA on total, direct and indirect tax revenue in sub-Saharan Africa are displayed in Table 3.2. All dynamic models show that revenue history, included as a one-year lag of the dependent variable, has a large, positive and statistically significant effect. Therefore, these dynamic models should be the focal point for interpretation of results.

As shown in Table 3.2, SARAs in sub-Saharan Africa have on average not been able to improve total tax performance. The results thus contradict the expectation that SARAs would universally be able to increase tax revenue. The same lack of performance effect is found on indirect tax revenue. However, these results are not necessarily surprising, and could be explained by the general decline in trade taxes (Jeppesen, 2021b). In contrast, SARAs do have a positive effect on direct tax revenue – though the length of the effect can be debated. If natural resources are excluded (Model V), the effect only lasts the first two years, while it seems to be preserved for the first five years if included (Model VI). While often argued in relation to total tax revenue, these results thus support scholars who argue that SARAs only have an initial effect (e.g., Fjeldstad, 2003; Therkildsen, 2004).

[6] The controls are not depicted in the following regression tables, but full regression tables can be found in the appendix.

Table 3.2 The tax performance effect of implementing a SARA in sub-Saharan Africa

	Static fixed effects model			Dynamic fixed effect models		
	I	II	III	IV	V	VI
Total tax revenue						
SARA dummy	0.105			0.0264		
	(0.0668)			(0.0252)		
SARA						
1-2 years		0.0858	0.0935		0.0424	0.0431
		(0.0513)	(0.0606)		(0.0219)	(0.0258)
3-5 years		0.104	0.124		0.0188	0.0342
		(0.0648)	(0.0691)		(0.0286)	(0.0287)
6-10 years		0.151	0.158		0.0289	0.0479
		(0.0876)	(0.0838)		(0.0352)	(0.0345)
+10 years		0.0313	0.0201		-0.00843	0.00699
		(0.122)	(0.122)		(0.0406)	(0.0406)
Lag of total tax revenue				0.699***	0.697***	0.696***
				(0.0553)	(0.0553)	(0.0609)
Total tax incl. nat. res. rents	No	No	Yes	No	No	Yes
Fixed time and unit effects	Yes	Yes	Yes	Yes	Yes	Yes
Control	Yes	Yes	Yes	Yes	Yes	Yes
N	42	42	43	42	42	43
Obs.	1024	1024	1131	992	992	1096
Adj. R^2	0.362	0.368	0.377	0.714	0.715	0.717
Direct tax revenue						
SARA dummy	0.285***			0.0697**		
	(0.0732)			(0.0256)		
SARA						
1-2 years		0.263***	0.293***		0.0772*	0.0864**
		(0.0548)	(0.0604)		(0.0290)	(0.0300)
3-5 years		0.262***	0.302***		0.0586	0.0688*
		(0.0735)	(0.0746)		(0.0290)	(0.0325)
6-10 years		0.345**	0.347**		0.0790*	0.0820
		(0.104)	(0.109)		(0.0345)	(0.0410)
+10 years		0.333*	0.331*		0.0675	0.0679
		(0.136)	(0.145)		(0.0363)	(0.0443)
Lag of direct tax revenue				0.714***	0.713***	0.743***
				(0.0450)	(0.0448)	(0.0526)
Direct tax incl. nat. res. rents	No	No	Yes	No	No	Yes
Fixed time and unit effects	Yes	Yes	Yes	Yes	Yes	Yes
Control	Yes	Yes	Yes	Yes	Yes	Yes
N	41	41	40	41	41	40

Obs.	856	856	929	821	821	890
Adj. R^2	0.483	0.486	0.425	0.760	0.759	0.764
Indirect tax revenue						
SARA dummy	0.0349			0.0222		
	(0.0591)			(0.0232)		
SARA						
1-2 years		0.0338	0.0504		0.0365	0.0427
		(0.0436)	(0.0512)		(0.0282)	(0.0285)
3-5 years		0.0266	0.0424		0.0162	0.0220
		(0.0636)	(0.0689)		(0.0274)	(0.0261)
6-10 years		0.0588	0.0612		0.0159	0.0198
		(0.0868)	(0.0892)		(0.0331)	(0.0302)
+10 years		-0.0823	-0.0948		-0.0161	-0.0192
		(0.131)	(0.127)		(0.0479)	(0.0418)
Lag of indirect tax revenue				0.698***	0.695***	0.698***
				(0.0595)	(0.0599)	(0.0568)
Indirect tax incl. nat. res. Rents	No	No	Yes	No	No	Yes
Fixed time and unit effects	Yes	Yes	Yes	Yes	Yes	Yes
Control	Yes	Yes	Yes	Yes	Yes	Yes
N	42	42	43	42	42	43
Obs.	925	925	990	887	887	950
Adj. R^2	0.232	0.242	0.247	0.633	0.632	0.638

Notes: Cluster-robust standard errors in parentheses. *p < 0.05, **p < 0.01, and ***p < 0.001. Log of dependent variables is used. Effect of control variables is not included in the above reporting but can be found in the Appendix to Jeppesen (2021b). Control variables include: GDP per capita, trade openness, urban population, agriculture, the implementation of VAT, liberal democracy index, level of rigorous and impartial public administration, age dependency share (young/old), IMF crisis/non-crisis program, public sector corruption, overall aid dependence and aid dependence from United Kingdom and France. Zimbabwe is excluded from the analysis as it is an extreme outlier due to its vast economic crisis immediately following the implementation of its SARA. Source: The table is from Jeppesen (2021b).

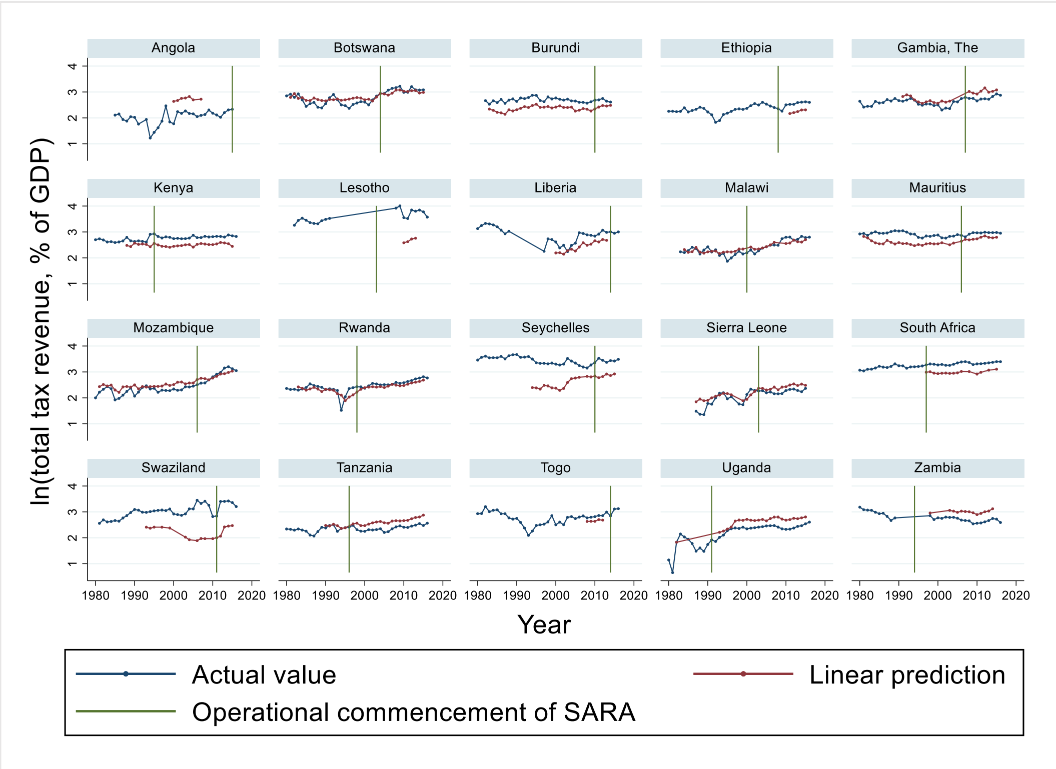
3.4 What do these results tell us?

SARAs' lack of effect on total tax revenue highlights that SARAs are not a quick-fix solution for improving tax revenue and calls into question the universality of New Public Management principles. Nevertheless, while SARAs have not increased total tax revenue, this does not by default imply that they are futile.

A pessimistic explanation for this lack of effect on total tax revenue could be that despite being placed outside the normal civil service scheme, SARAs have not been able to avoid the transfer of corruption practices along with the transfer of staff (Fjeldstad, 2003). Another pessimistic explanation is that

SARAs' taxing abilities are undermined by lack of political support, for example through extensive tax exemptions to political allies. This fits the logic that some governments might prefer to maximise rule over revenue (Levi, 1988; Piracha & Moore, 2016). However, as the results are average effects, it is likely that there are country differences. This question is examined in Jeppesen (2021b) by exploring country differences in tax performance, which are presented in Figure 3.1.

Figure 3.1 Actual values and linear predictions of total tax revenue for SARA-reformed countries



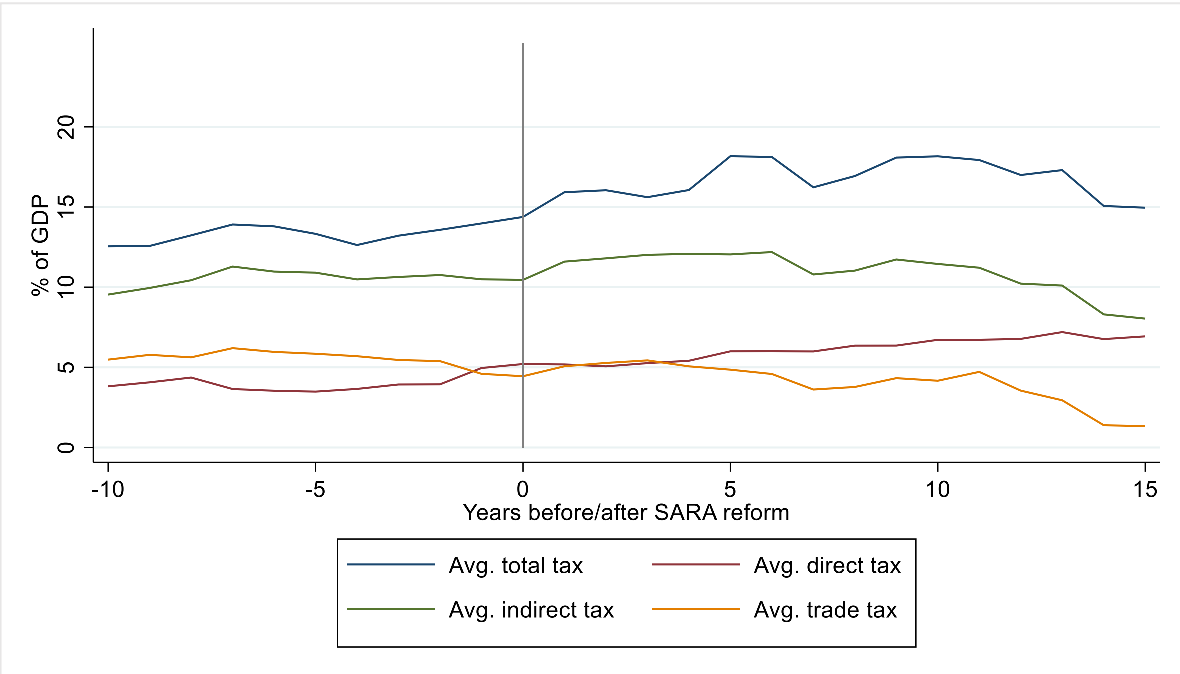
Notes: Total tax revenue is exclusive of natural resource rents. Linear prediction based on Model V, Table 3.2, thus taking account of the revenue authority variable as well as several contextual variables (please see Appendix in Jeppesen (2021b) for variable information). Ghana is excluded because of lack of reporting exclusive natural resource rents. Zimbabwe is excluded because of a considerable economic decline immediately following the introduction of its SARA, which makes it a large outlier. Source: The figure is from Jeppesen (2021b).

Figure 3.1 displays the differences between the actual values and linear predictions of total tax revenue for the different countries. The figure shows that some countries perform better than expected, while others underperform. This thus leads to a somewhat more optimistic explanation, namely that while SARAs have not been a quick-fix solution, they might be beneficial in some countries given the right circumstances. It is noteworthy that it is often more industrialised countries which perform above predictions. This is for example the case for South Africa and Kenya. Furthermore, according to Taliercio

(Taliercio, 2004b, p. 11), the SARAs in these two countries have also enjoyed relatively high autonomy. By contrast, Tanzania and Uganda performed below expectations after introducing their SARAs, perhaps with the exception of the initial years of operationalisation. This can, however, be explained by quickly declining autonomy of the SARA in Uganda due to increased political attention, and inherited staff corruption in Tanzania (Fjeldstad, 2003; Therkildsen, 2004). These four cases seem to imply that SARAs' performance is dependent on the political context as well as their degree of autonomy (Jeppesen, 2021b). Examining SARAs' level of autonomy would thus potentially be a way to better understand their performance.

More optimistically, Table 3.2 shows that SARAs do have a positive effect on direct tax revenue, at least initially. The reason why this effect is not carried through to total tax revenue is likely that direct taxes in general make up a smaller proportion of tax revenue than indirect taxes in sub-Saharan African states. Furthermore, trade tax, which is part of indirect taxes, was previously one of the largest revenue sources but has generally declined in sub-Saharan Africa. This is depicted in Figure 3.2. It is thus possible that the lack of effect on total tax revenue is simply due to the fact that increases in direct tax revenue have been offset by decreases in indirect taxes.

Figure 3.2 Average total, direct, indirect and trade tax-to-GDP for SARA-reformed countries



Notes: Tax ratios are averaged on years before/after the operational introduction of the SARAs and exclude natural resource rents. Source: The figure is from Jeppesen (2021b).

The fact that SARAs do in fact have a positive effect on direct tax revenue shows that their implementation has not been fruitless and points to some advantages of reform. First, if we put faith in the traditional argument that direct taxes are more advanced and central to the creation of a fiscal contract, SARAs might have important contributions (Bird & Zolt, 2005b; Tilly, 1990). Second, it has been argued that direct taxes are more progressive and have redistributive effects. This has been questioned more recently in relation to how taxes are actually collected and spent; nevertheless, it might still have an important symbolic value (Bird & Zolt, 2005b; Prichard et al., 2019; Timmons, 2005). Lastly and most importantly, it shows that SARAs in sub-Saharan Africa do have a revenue-enhancing effect, although only on some revenue sources. It thus begs the question of *why* SARAs have a positive effect on direct tax revenue. One possible explanation is that it depends on the individual country's adoption of the reform, where some SARAs might have been delegated more autonomy than others. This could be examined by moving from a dichotomous understanding of SARAs to a more continuous measure based on their delegated autonomy. Other possible explanations could be that politicians actually have made credible commitments when delegating power to SARAs and provided the necessary political support, and/or that the New Public Management principles have a valuable impact, for example, in increasing customer service and collection capacity. Further examination of SARAs' design, delegated autonomy and actual functioning thus has added value as it allows for a closer examination of *why* SARAs perform as they do. The following chapters therefore take the next steps to examine the formal differences between SARAs and whether these formal differences can explain performance outcomes. Chapter 4 presents an original dataset exploring the formal autonomy delegated to SARAs through law, while Chapter 5 explores whether formal autonomy can explain differences in tax performance.

3.5 Conclusion

SARAs were expected to be more efficient and thereby perform better than traditional revenue authorities. While this claim was put forth, it seemed to be based more on assumptions of their benefits than on evidence. The purpose of this chapter (and the article which it summarizes) was to systematically examine this claim in the context of sub-Saharan Africa.

I find that implementing a SARA has a positive effect on direct tax revenue in the initial years of its existence. Yet SARAs do not on average have an effect on either total or indirect tax revenue. This highlights the importance of how tax performance is examined, and that total tax-to-GDP ratios alone may be too simplistic a measure due to counter-trends such as declining trade taxes.

Implementing a SARA is thus not a quick-fix solution to increasing revenue levels, but nevertheless seems to have some benefits (Jeppesen, 2021b). The discussion also highlights that there may be important variation between SARAs that can help explain the average effects, such as the level of autonomy and political support these agencies have received. Therefore, a natural next step is to examine potential differences between SARAs and whether these matter for their performance.

Chapter 4. Can you tell the difference? The formal autonomy of SARAs

More autonomous agencies will perform better – or at least, so goes one of the central reasonings behind the introduction of SARAs. The arguments for introducing SARAs presented in previous chapters have a tendency to neglect one central fact: SARAs are not identical and have been implemented differently in different countries and contexts. Understanding SARAs and their effect therefore requires a closer look into how the setup of these revenue administrations varies. If it is true that more autonomous agencies perform better, it should thus also be the case that more autonomous SARAs perform better than less autonomous ones. Previous studies, including the foregoing chapter, have examined the overall effect of implementing SARAs in sub-Saharan Africa and whether it was universally as beneficial a reform as expected (Ahlerup et al., 2015; Dom, 2019; Jeppesen, 2021b). This chapter seeks to extend the dichotomous understanding of revenue administrations as being either a SARA or not (the latter implying that the revenue administration is part of the traditional government hierarchy in a sub-Saharan African context) by digging into the differences between SARAs. As highlighted by some scholars (Kidd & Crandall, 2006; Mann, 2004; Taliercio, 2004b), SARAs could arguably be categorized on a continuum based on their degree of autonomy, yet this has not systematically been examined across sub-Saharan Africa.[7] While there are many case studies of SARAs (e.g., Fjeldstad, 2003; Hickey, 2019; Therkildsen, 2004; Von Soest, 2007), as well as development practitioner reports and papers on different agencies' autonomy (e.g., Raballand et al., 2013; Taliercio, 2004b) and a large literature concerning governments delegating power to non-majoritarian institutions (e.g., Gilardi, 2002; Hanretty & Koop, 2012; Thatcher & Sweet, 2002), these have not been combined to systematically explore the actual delegation of power to SARAs across sub-Saharan Africa. Consequently, this chapter elaborates upon the (somewhat misleading)

[7] One exception is the International Survey of Revenue Administrations (ISORA), yet this relies on self-reporting and was previously not publicly available for all countries. By the end of 2021, the 2018/2019 data was made available for some sub-Saharan African countries. Seven SARA-reformed countries did not participate. From ISORA 2020 onwards, all data will be publicly available. See Crandall et al. (2021)

idea that SARAs were introduced as a blueprint reform by examining the differences between SARAs in sub-Saharan Africa based on the formal autonomy delegated to these agencies in their legal establishment.

This chapter builds on existing literature regarding delegation but applies it to a sub-Saharan African context to examine the potential differences in the formal autonomy of SARAs. The purpose of the chapter is thus to develop a framework for understanding SARAs' autonomy and to apply this by measuring the autonomy of SARAs in sub-Saharan Africa. It contributes by creating a novel and original comparative dataset on the autonomy of SARAs, highlighting differences between SARAs as well as changes in individual SARAs' autonomy over time.[8] This is important as the argument that more autonomous revenue administrations will be better-performing has not been sufficiently tested. Creating a dataset of SARAs' autonomy will thus produce important value-added as it enables us to distinguish between SARAs and thereby to examine in future research whether autonomy influences performance. This will potentially also have an influence on future SARA reforms and provide input to the broader literature on the effects of delegation. For this purpose, indexes of different dimensions of SARAs' formal autonomy are created. These indexes will be used in quantitative analysis in the following chapter, while the aim of this chapter is largely to present and describe differences between SARAs within the context of sub-Saharan Africa.

In the next section, I first describe the challenge of understanding the concept of autonomy and present an operational framework for understanding and measuring the formal autonomy of SARAs. Second, I present a novel dataset by highlighting different dimensions of formal autonomy and descriptive data from the dataset. For each dimension of formal autonomy, an index is created. Third, all dimensions are descriptively presented, highlighting variations between formal autonomy delegated to SARAs in different countries as well as to individual SARAs over time.

4.1 What is autonomy and why does it matter?

Vague and amorphous conceptualizations of autonomy have enabled the term to travel to many different fields, contexts and settings, but only by diluting its meaning and making it less precise (Sartori 1970). Thus, while 'autonomy' is part of the term Semi-Autonomous Revenue Authorities, limited effort has gone into explaining what is actually meant and understood by autonomy in this regard, and even less to underscoring what 'semi-autonomy' is. This is also evident in the notion of SARAs themselves. While today there seems to be

[8] The dataset will be made publicly available

a consensus on the term Semi-Autonomous Revenue Authorities, these types of revenue administrations have previously also been referred to as '(semi-)autonomous revenue authorities', as 'autonomous revenue authorities' (ARAs) or simply as 'revenue authorities' (RAs) (e.g., Ahlerup et al., 2015; Fjeldstad & Moore, 2008, p. 249; Joshi & Ayee, 2009; Ohemeng & Owusu, 2015). There seems to be agreement that SARAs are autonomous in the sense that they are somewhat separated from the traditional government hierarchy and operate at an arm's length from the political level. Yet what this more precisely entails and how SARAs differ in terms of autonomy has received less attention (for some examples see e.g., Kidd & Crandall, 2006; Taliercio, 2004b). Furthermore, the subject of revenue administration as well as the specific sub-Saharan African context in which these SARAs operate sets them apart from other administrations and regions. Although there might be similarities, autonomy in this context is thus separate from understandings of autonomy in other fields such as psychology and philosophy. Nevertheless, even in most studies of SARAs, assumptions are made about how SARAs will perform given their more autonomous status, even though the concept of autonomy is rarely defined. This may also be why SARAs in many cases are referred to as a relatively coherent group even though they can be quite diverse in practice, and why they are treated as relatively stable agencies even though their autonomy may change over time.

Focusing more specifically on delegation, autonomy as a broad concept is still difficult to define; however, there is a way to narrow the scope and provide more tangible understandings. As a minimal definition and at its core, 'Autonomy means, above all, to be able to translate one's own preferences into authoritative actions, without external constraints' (Maggetti, 2007, p. 272). Within the field of public administration and political science, we can more clearly refer to the autonomy of state agencies as bureaucratic autonomy (at times also referred to as organisational autonomy). This term is especially used in relation to agencification and New Public Management reforms, where state agencies are delegated power from decision-makers (Maggetti & Verhoest, 2014; Verhoest et al., 2010). Any reference to autonomy that follows will thus be a reference to bureaucratic autonomy. By referring to bureaucratic autonomy, we decrease the scope of the concept's usage while retaining its breadth and complexity (Verhoest et al., 2004). Following the literature on bureaucratic autonomy, we can make a definitional distinction between formal and actual autonomy (also referred to as *de jure* and *de facto* autonomy).[9]

[9] Formal autonomy and de jure autonomy will be used interchangeably throughout the dissertation. Likewise, actual autonomy and de facto autonomy will be used interchangeably.

Independence and autonomy are often used somewhat interchangeably. However, autonomy seems broader and more complex than independence. A way to clarify this overlap is to equate independence not with autonomy as a broad concept, but with formal autonomy. As such, formal autonomy is conceived as the legal independence provided by the government to an agency, i.e., the legal delegation of power to an agency (Bach, 2018; Cheeseman & Elklit, 2020; Maggetti, 2007). Here the delegation of power can be understood in positive terms as the assigned authority to perform a specific task, for example revenue collection, or in negative terms as being excluded from control and oversight – i.e., autonomy *to* and autonomy *from*. Actual autonomy instead refers to something that is not granted by law but which has to be earned and protected by an agency, as it is continuously under threat (Carpenter, 2001; Evans, 1995; Fjeldstad & Moore, 2008, p. 254; Maggetti, 2007). This implies that actual autonomy is dynamic and ever-changing. It will thus be strongly tied to agencies' reputations and the potential for agency capture and undermining. Regarding both formal and actual autonomy, there often seems to be an underlying assumption that more is better. As mentioned in previous chapters, the expectation for SARAs was exactly that their higher level of autonomy would improve performance. In a global south context, this is often tied to the idea of creating Pockets of Effectiveness (PoEs) within the public administration (Hickey, 2019; Roll, 2014). Nevertheless, in development practitioner reports and scholarly work concerning the Global South, it has also been argued that more autonomous agencies will not necessarily lead to higher efficiency or less corruption, for example because more autonomous agencies have not always been sufficiently shielded from political interference or able to avoid internal malpractice (e.g., Devas et al., 2001; Flom, 2020; Raballand et al., 2013).

For the remainder of this chapter, focus will be on formal autonomy. I argue that it is important to develop a tool to measure SARAs' formal autonomy for both substantive and practical reasons: first, formal autonomy provides insights regarding the intentions of decision-makers when they established the authority. It thus goes beyond informing us about the idea of establishing a SARA, to unveiling how that idea was adjusted and adopted in specific country contexts. Second, due to the dynamic nature of actual autonomy, it is extremely difficult to measure and compare over time and between SARAs. By contrast, formal autonomy can be examined more concretely by inspecting, for example, delegation laws, law amendments and the budgeting of agencies. This makes it possible to measure formal autonomy and thereby to detect potential changes in agencies' formal autonomy over time as well as to compare different agencies' degree of formal autonomy. Third, although some studies have found that formal autonomy does not necessarily translate into actual autonomy (Hanretty & Koop, 2013; Maggetti, 2007), formal autonomy can be seen as a first step to examining the presence of actual autonomy as well as the effect of delegation on agency efficiency.

The focus on the formal autonomy of SARAs, nevertheless, also requires more clarification. For example, who are the agencies autonomous from and what are they autonomous to do? There are many potential aspects and dimensions of autonomy that could be considered. In order to capture even a fraction of the notion of autonomy, we need to be specific concerning what we mean and understand by autonomy with respect to these specific authorities. Autonomy thus consists of several dimensions, and how to approach these is up for debate. Gilardi (2002) created an acknowledge index of the formal autonomy of regulatory agencies in Western Europe. His index consists of five dimensions of formal autonomy: (i) agency head status, (ii) board member status, (iii) relationship with government/parliament, (iv) financial and organisational, and (v) regulatory competence. While he highlights five dimensions of autonomy, he argues that these can be combined into one collected measure of agency autonomy. This or similar approaches have been utilised by several scholars since (e.g., Hanretty & Koop, 2012; Maggetti, 2007). Other scholars such as Verhoest et al. (2004) and Christensen (2001) likewise state that autonomy consists of several dimensions, but instead propose a multidimensional approach to examining this. Based on a conceptual review, Verhoest et al. (2004) highlight six dimensions of what they term 'organisational autonomy': (i) managerial, (ii) policy, (iii) structural, (iv) financial, (v) legal, and (vi) interventional autonomy. Christensen (2001) more broadly suggests a three-dimensional understanding of bureaucratic autonomy consisting of (i) structural, (ii) financial, and (iii) legal autonomy. Similar dimensions have been highlighted in relation to SARAs and other public sector reforms in low-income countries (e.g., Grindle, 1997; Kidd & Crandall, 2006; Sulle, 2010; Taliercio, 2004b). My index construction, nevertheless, builds primarily on the former literature, as the latter have not operationalised and/or indexed different dimensions and levels of autonomy to the same degree. Table 4.1 below summarises the different proposed dimensions of autonomy, including the ones used in this dissertation, and indicates how these dimensions overlap.

Table 4.1 Overlaps in dimensions of autonomy

<table>
<tr><th>Christensen (2001)</th><th>Gilardi (2002)</th><th>Verhoest et al (2004)</th><th>This dissertation</th></tr>
<tr><td rowspan="4">Structural autonomy</td><td>Agency head status</td><td rowspan="2">Structural autonomy</td><td>Agency head status</td></tr>
<tr><td>Management board status</td><td>Agency board status</td></tr>
<tr><td>Relationship with government and parliament</td><td>Interventional autonomy</td><td>Hierarchical autonomy</td></tr>
<tr><td rowspan="2">Financial and organisational autonomy</td><td>Managerial autonomy</td><td>Managerial autonomy</td></tr>
<tr><td>Financial autonomy</td><td>Financial autonomy</td><td>Financial autonomy</td></tr>
<tr><td rowspan="3">Legal autonomy</td><td rowspan="3">Regulatory competencies</td><td>Policy autonomy</td><td rowspan="2">Legal autonomy</td></tr>
<tr><td rowspan="2">Legal autonomy</td></tr>
<tr><td>Level of detail</td></tr>
</table>

Note: This is an attempt to compare different scholars' dimensions of autonomy. However, since the dimensions are not 1:1, different overlaps may also occur. The 'detail' dimension refers to how detailed and long the law is. In a sense, it thus relates to all other dimensions, but is placed in relation to 'legal autonomy' and 'regulatory competencies' because it most closely relates to how the law is formally specified.

Despite there being some clear overlap in content, Gilardi (2002), Christensen (2001) and Verhoest et al. (2004) differ in their approaches. Unlike Gilardi (2002), who combines the dimensions into one autonomy index, Christensen (2001) and Verhoest et al. (2004) argue that autonomy is multidimensional in nature and that autonomy on various dimensions can differ and be uncorrelated. For example, an organisation or agency might have a large degree of legal autonomy, but a low degree of financial autonomy. On that basis, they state that different dimensions of autonomy cannot meaningfully be combined into one measure of overall autonomy.

Building on these novel contributions regarding the formal autonomy of state agencies as well as the broad literature concerning SARAs in developing countries, this chapter seeks to systematically examine the formal autonomy of SARAs in sub-Saharan Africa. The operationalisation of the autonomy dimensions takes its point of departure in Gilardi (2002), although it alters and adjusts this to the realm of SARAs. Nevertheless, it also follows the logic of Christensen (2001) and Verhoest et al. (2004) in understanding the formal autonomy dimensions as distinct and therefore not combinable into one index.

This debate on index constructions is a classical dilemma. One could argue that making a formative index of overall formal autonomy potentially has value as it does not require different indicators or dimensions to correlate.

Formative indexes are usually used for more complex terms and it makes logical sense that the different dimensions collectively form the formal autonomy of the SARAs. It would thus not be an issue in and of itself that the degree of autonomy on various dimensions is uncorrelated. However, such a combined index poses important theoretical issues as it limits our understanding of how SARAs differ. To illustrate this, imagine that two different dimensions cancel each other out. For example, a low level of agency head autonomy and a high level of (day-to-day) managerial autonomy might lead Country A towards the mean. This is not necessarily problematic. However, what if Country B had the opposite composition, i.e., high agency head autonomy and low managerial autonomy, but the same combined level of formal autonomy? This dilemma opens up the caveats of a combined index. First, interesting and substantially important variations between SARAs would be lost. This would prevent us from fully understanding the autonomy of SARAs and exploring its potential impact. This is my main appeal against only relying on a combined index. Second, it complicates questions regarding the theoretical and practical weight of dimensions and whether some dimensions should or could be more important than others. For example, if the autonomy of the agency head and board is low, does it really matter very much if the management autonomy is high? One could at least imagine in this scenario that the autonomy of the agency head and board should be more important and weighted more heavily. However, any attempt to assign dimensions different weights would involve some level of guesswork and arbitrariness. For all intents and purposes, the same arguments could be made against making indexes of different dimensions of autonomy. In such cases, the weight just relates to indicators used to construct the individual indexes instead of the indexes used to construct a combined measure. However, this intuitively seems to be less of an issue with individual indexes as these form narrower and more concise dimensions of autonomy. For example, it seems less of a conflict to equally weight a) who appoints the head of the agency and b) term lengths for agency heads into an index of agency head autonomy than to equally weight a) agency head autonomy and b) managerial autonomy as mentioned above. The individual indexes thus seem best suited to examine SARAs' autonomy and whether it matters. While I argue that the individual indexes are of most substantial interest, it is nevertheless possible that some indexes independently are too low-powered or are correlated. As a stronger test of this I therefore also include a combined index in the quantitative analysis in the following chapter (please see Chapter 5 for further elaboration).

As it seems quite possible that different SARAs will have more or less autonomy on different dimensions and as I am primarily interested in the variation between SARAs, I thus follow Christensen (2001) and Verhoest et al.

(2004) in perceiving and examining formal autonomy as multidimensional. This will therefore be the focus of this chapter. Furthermore, I argue that the indexes are formative as the individual indicators form the degree of autonomy instead of reflecting the effect of an underlying concept. Therefore, I make no assumption about indicator correlation but instead rely on theoretical arguments for their inclusion. In addition, I assign all indicators in the individual indexes equal weight. In total, seven indexes of different autonomy dimensions were constructed (please see Table 4.2 below). These indexes advance our knowledge of the relationship between governments and SARAs as first theorised about in Chapter 2.

4.2 Operationalising the formal autonomy of SARAs in sub-Saharan Africa

To improve our understanding of SARA in sub-Saharan Africa and how they differ, I set out to operationalise and code their formal autonomy dimensions. This operationalisation and coding took its point of departure in Gilardi (2002) but also builds on Christensen (2001) and Verhoest et al. (2010) as well as more SARA-related literature such as Kidd and Crandall (2006) and Mann (2004). All formal autonomy dimensions are coded into indexes scaling from 0 to 1, where 0 indicates the minimum level of autonomy (i.e., no autonomy) and 1 the maximum.

In addition to the formal autonomy dimensions of SARAs, I also included a simple index for how detailed the law is based on the number of parts, sections, sub-sections and paragraphs. This is included as Huber and Shipan (2002) argue that the length of laws on the same topic can be compared in order to indicate how much discretion decision-makers awarded the agencies (please see Section 4.9 for further elaboration).

Table 4.2 Operationalisation of indexes over SARAs' formal autonomy

Dimension	Indicators
Agency head status	1. Who appoints the head? 2. How long is the term of office? 3. Is the appointment renewable? 4. What is the formal role of the head? 5. Who can dismiss the head? 6. May the head hold other offices? 7. Is political independence a formal requirement for the head?
Agency board status	1. Does the agency have a board? 2. What is the role of the board? 3. Who appoints the chair of the board? 4. Who appoints the (non-ex officio) members? 5. Is there a majority of private or public representatives? 6. How long is the term of office? 7. Is the appointment renewable? 8. How can members be dismissed? 9. Is political independence a formal requirement for the members? 10. Who decides the members' salary? 11. How does the board make decisions? 12. Who decides the procedures of the board?
Hierarchal autonomy	1. Does the agency have a formal obligation to make an annual report? 2. Does the agency have other formal obligations to report to the government/ministry? 3. Does the agency have a formal obligation to report to parliament? 4. Who (besides the courts) can overturn decisions of the agency? 5. Can board members formally be held personally accountable for proceedings of the agency? 6. Can the agency head formally be held personally accountable for proceedings of the agency? 7. Can the government/parliament set performance targets/contracts for the agency?
Managerial autonomy	1. Does the agency formally have control over the budget? 2. Who formally decides the internal organization of the agency? 3. Who formally decides the agency's personnel policy? 4. Can the agency appoint new staff?

	5. Can the agency decide on qualifications required for employment? 6. Can the agency decide on promotion of employees? 7. Can the agency dismiss personnel? 8. Can the agency determine whether work should be carried out by permanent staff or contractually? 9. Can the agency decide on employee salaries?
Financial autonomy	1. How is the agency financed? 2. Where may funds legally come from? 3. Are funds subject to approval of minister/government/parliament? 4. May the agency borrow money?
Legal autonomy	1. Does the agency have independent status? 2. How was the law establishing the agency passed? 3. Is the agency authorised to issue regulations?
Level of detail	1. Number of parts/chapters 2. Number of sections (1., 2., etc.) 3. Number of sub-sections ((1), (2) etc.) 4. Number of paragraphs (a, b, etc.)

Note: The individual indicators are ordinal coded with values from 0 (indicating minimum autonomy) to 1 (indicating maximum autonomy). However, the categories differ from indicator to indicator. Sections, sub-sections and paragraphs may have different meanings in different countries; therefore, please see the indication in parenthesis if in doubt. For elaboration on the coding and to view the categories for each indicator please consult the codebook in Appendix A.

Coding of laws

The coding of the formal autonomy of SARAs relies on the delegation established in their legal foundation. To compile the dataset, I therefore first conducted an extensive search to locate the laws establishing SARAs, including potential amendments. This comprised of extensive online searches by a student assistant as well as myself, going through the revenue administrations' webpages, parliamentary webpages and other online sources. In some cases, the revenue administrations were directly contacted to help achieve access to laws/amendments, and in one case several formal letters of request were sent. In some countries, laws were in languages other than English. In these cases, I had student assistants with language backgrounds help translate the meaning of the law. These translations are included in the notes attached to each coding.

Of the 23 countries in sub-Saharan Africa with a SARA, I coded the law for 21 countries. Namibia was not included as its SARA first became operational in 2021. Despite several attempts, including sending formal letters of request, I was not able to access the Gambia Revenue Authority Act of 2004, wherefore Gambia is missing in the dataset. Furthermore, as some countries provide better access or assistance with access to legal documents than others, it is possible that a few amendments or smaller changes to the laws were overlooked. For example, changes in financing percentages can in some cases be changed by internal documents or ministerial orders instead of through outright law amendments. Nevertheless, most of such minor changes are not relevant for the coding. The country with the most amendments is Mauritius, which has made 154 changes to its law. This includes both larger and minor changes, which nevertheless had to be examined to see whether they were relevant for the coding. This was also relevant for the coding of how detailed the law was. The same procedure was used for all countries with amendments. Other countries have made no changes to their relevant laws over time. In a few rare cases I am aware that amendments exist, but unable to access either these changes or the laws before the amendment. For this reason, the coding relies on a principle of transparency. Attached to the dataset and codebook is therefore a document specifying all laws used in the coding (please see Appendix B). Furthermore, all relevant laws and law amendments are specified in notes attached to the coding of each indicator in the dataset. This makes the dataset open to utilisation and careful examination by others.

Following the compiling of the laws, coding of the data commenced. The process of coding largely consisted of two steps. First, I coded one country at a time for all indicators. While the operationalisation and indicators were specified beforehand, an open and iterative approach was still applied to this part of the coding. Some indicators were deleted due to lack of specification in all laws. Other indicators were added (although not included in the operationalisation of formal autonomy) as some laws had interesting descriptive differences which may be used for other purposes in the future. Furthermore, on the coding of individual indicators I carefully noted whether I had exhaustive categories, or these had to be adjusted. This process of coding thus included several rounds of going back and forth between the coding and the codebook. Second, I revised the codebook and then checked/recoded the dataset. This time, I coded one indicator at a time for all countries to make sure that the coding was consistent. Table 4.3 provides an example of the final coding.

Table 4.3: Example of coding

Agency head - Indicator 1: Who appoints the head of the SARA?		
Observation	Coding	Note
Burundi, 2010-2020	0.00 'The President/Prime Minister'	Article 19: Commissaire Général et Commissaire Général Adjoint. Nommé par le Président de la République le Commissaire Générale assure la gestion quotidienne de l'Office. Son mandat est de quatre (4) ans, renouvelable une seule fois en fonction de sa performance dans le gestion de l'Office
		[*Article 19. Commissioner-General and Assistant Commissioner-General. Appointed by the President of the Republic, the Commissioner-General assures the daily management of the Authority*.]
Kenya, 1995-2020	0.33 'A Minister or Council of Ministers'	Part IV, 11. Commissioner-General. (1) There shall be a Commissioner-General of the Authority who shall be appointed by the Minister upon the recommendation of the Board on such terms and conditions as are specified in his instrument of appointment.
Mauritius, 2006-2020	1.00 'The agency'	Part III, 10: (2) The Board shall appoint the Director-General from among suitable candidates on a fixed term performance contract.
Mozambique, 2006-2020	0.33 'A Minister or Council of Ministers'	Ch. II, Artigo 6, 2.O Presidente da Autoridade Tributária é indicado por deliberação do Conselho de Ministros, ouvido o Ministro das Finanças.
		[*Article 6, 2. The President of the Tax Authority is appointed by the Council of Ministries after consulting the Minister of Finance*.]
Sierra Leone, 2003-2020	0.67 'The Parliament/Senate'	Part IV, 19. (1) The Authority shall have a Commissioner-General appointed by the President, subject to the approval of Parliament, on such terms and conditions as may be specified in his letter of appointment.
Tanzania, 1996-2020	0.00 'The President/ Prime Minister'	Part V, 15. (1) The President shall appoint a Commissioner General of the Authority on the recommendation of the Minister.
		[*Amended in 2003 by changing Section 15 to Section 16*]

Note: Please consult the dataset for the full coding.

Two points regarding the coding are particularly noteworthy. First of all, the coding relies on a principle of transparency. For each indicator and coding, I included a corresponding note with a direct reference to the law and/or the foundation for my coding. If the law was not in English, a translation of the wording was also included in the note. This was done to make the coding clear for others and open for external inspection. I find this particularly important as I am not a lawyer or expert on how to interpret the language of laws in different countries. I was conscious of this fact and wanted the coding to be as accessible and understandable as possible. Therefore, in the few instances where I was in doubt, I also explained the basis for my interpretation in the note if it only pertained to a specific country, or in the codebook if it regarded the general coding scheme. Yet in most cases and on most indicators, the laws were relatively clear. Secondly, while the indicators include numeric values that make them useful for statistical analysis, the notes themselves entail a lot of interesting descriptive information. I therefore encourage the usage of both. The coding led to the creation of an unbalanced dataset from 1991 to 2020 due to differences in when countries implemented their SARAs.[10]

The remainder of this chapter focuses on descriptive statistics, highlighting and explaining differences in the formal autonomy of SARAs on various indicators and indexes.

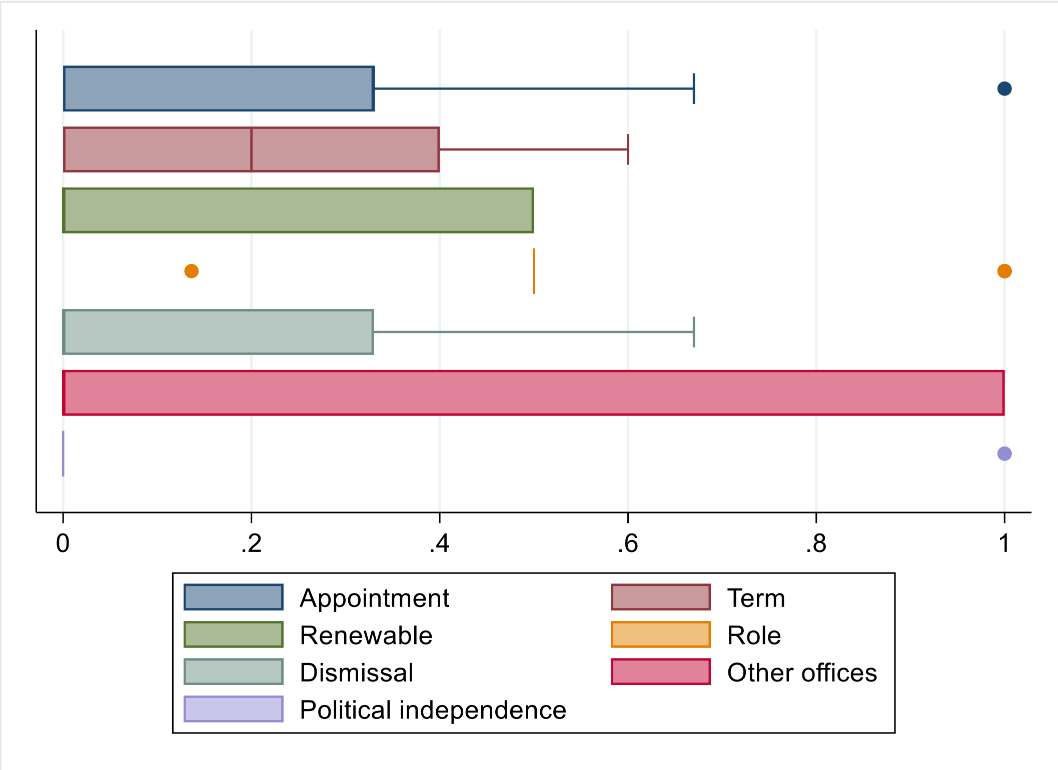
4.3 Dimension 1: Agency head status

The first dimension of SARAs' formal autonomy included here is that of the agency head, often referred to as the Commissioner-General or Director-General. How much formal autonomy does the leader of the revenue administration have? This dimension is important as the head of the SARA can be essential for the direction of the agency and help to either protect or undermine the agency's actual autonomy. While neutrality is often highlighted as a key virtue of bureaucrats and it is understood that delegation is needed to secure technical expertise (Weber, [1922] 1993), politicisation of the bureaucracy can and does occur. Tax administrations have, for example, at times been used for political purposes either by turning a blind eye to politically important actors or scrutinizing political opponents (e.g., Fjeldstad & Moore, 2009; The Economist, 2017). A way for politicians to keep or exercise control over their SARA is by influencing its leadership. Therefore, appointment of the head of the SARA tells us a lot about how much influence decision-makers wanted to keep versus were willing to delegate. Ennser-Jedenastik (2016), for example, argues that the more formal autonomy agencies have, the more likely politicians are to appoint likeminded agency heads. Appointing a politically likeminded head of the SARA can thus be a way of sneaking politics in the back door. This autonomy dimension is therefore important as it indicates how much (or little) manoeuvring room decision-makers have in influencing the head of the

[10] Because this descriptive chapter focuses on the differences within and between SARAs, years before reform are not included here. However, the dataset is recoded to a balanced dataset spanning from 1980-2019 in Chapter 5. This is done by coding years before reform as 0, indicating no autonomy. For elaboration and explanation please consult Chapter 5.

SARA (and thereby indirectly the SARA as a whole) as well as how protected the agency head is from the political level.

Figure 4.1 Boxplot of country means on agency head indicators after introduction of a SARA

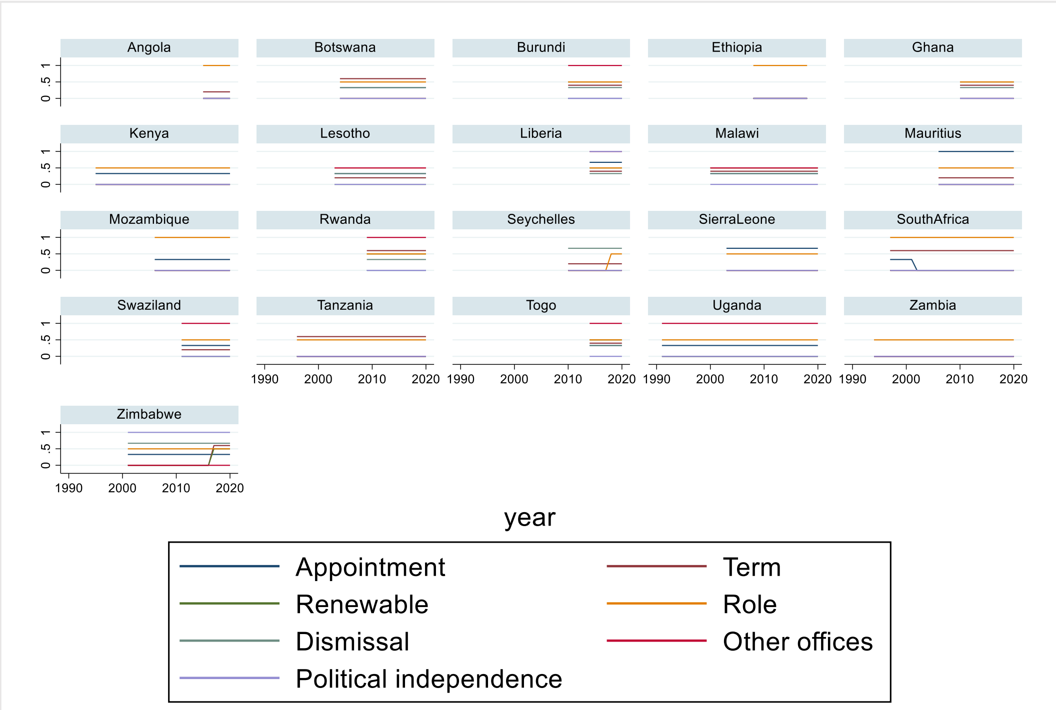


Note: Please see Table 4.2 for the full indicators. As the median on some indicators has the same value as the upper or lower hinge, it is not depicted in the graph. When the majority of countries have the same mean score, this is indicated by the presence of a single vertical line instead of a box.

Figure 4.1 shows the distribution on each indicator relating to the agency head based on the mean score over time for each country on that indicator (see Table 4.2 for indicators). As such it demonstrates the variations between countries and not the potential variation within. This figure highlights that there is variation on how much autonomy the different SARAs are delegated on the individual indicators and that in general there seems to be relatively little autonomy delegated to the agency head on the different indicators. As an example, we can look to the first indicator relating to who appoints the head of the agency. In eight countries (nine if we include South Africa after 2002), the agency head is appointed directly by the president/prime minister, such as in Burundi and Ghana. In nine other countries (ten if we include South Africa before 2002), appointment is effectively by the minister of finance or by a council of ministers. In these cases, the minister(s) has the final say, although appointment is often made at the recommendation of the board, such as in Kenya, or by the board but subject to the approval of the minister, such as in

Malawi. Only in Sierra Leone and Liberia is the appointment of the agency head formally specified to be subject to the approval of respectively the parliament and senate, whereas Mauritius is the sole country where the agency head is appointed by the agency board (please see the full dataset for further elaboration). This demonstrates that in the establishment of SARAs, country executives have generally kept a relatively high level of power by controlling appointment of the agency head. Furthermore, if we combine this with the fact that in the majority of the countries (11 out of 21) the appointer also has full discretion over dismissal of the agency head, this speaks to the vulnerability and the (at least potential for) political capture of the agency head.

Figure 4.2 Values on agency head indicators for the individual countries after introduction of a SARA



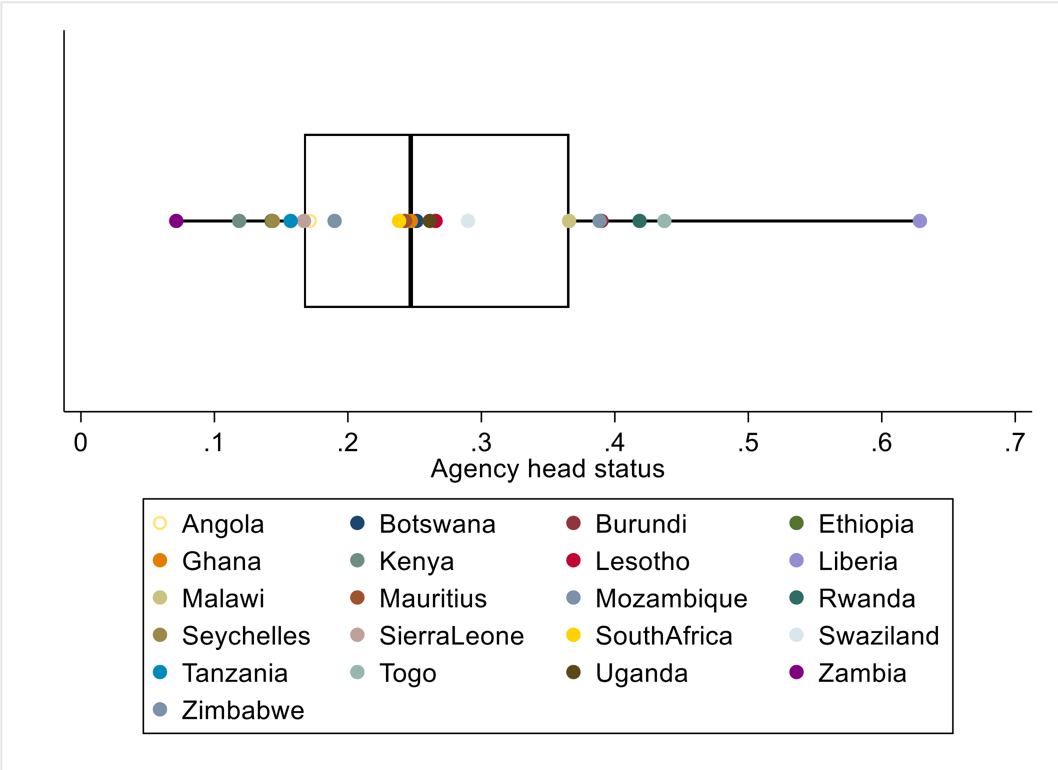
Note: Please see Table 4.2 for the full indicators.

Figure 4.2 demonstrates each country's autonomy score on the agency head indicators over time. A few points are noteworthy here. First of all, there are very few changes within countries over time. The autonomy delegated to the agency head is thus quite path-dependent upon the initial delegation, as it is rare that amendments on this dimension are made over time. Potentially this is due to the fact that decision-makers have rather few incentives to change the law once they come to power, as the law in general provides them with a potential avenue for influence (as indicated by the relatively limited agency head autonomy demonstrated in Figure 4.1). Only Seychelles, South Africa and Zimbabwe have experienced change over time. In 2018, the Seychelles introduced a governing board which effectively changed the role of the CG as he/she came under the general supervision of the board. South Africa, by contrast, disestablished its board in 2002, although since it was only an advisory bord this had no influence on the role of the agency head. Instead, the change South Africa made to the agency head's status concerned appointment. Previously the agency head was appointed by the minister of finance, but the president acquired this appointment power in the 2002 amendment. Thus, the formal autonomy of the agency head diminished. Oppositely, in Zimbabwe the formal autonomy of the agency head increased. Previously, the law had no specified fixed term of appointment for the agency head and there were no formal limits to reappointment. In 2017, this was changed with the introduction of a fixed term of five years and a one-time limit on the possibility of reappointment. In theory, this should make the agency head less inclined to cater to decision-makers as the head's conditions of employment are formally specified and thus less subject to political will and support. In all three country cases, the changes were part of larger amendments to the law. This indicates that changes to agency head status are rarely made, and when they do occur it is not in isolation. It thus highlights that decision-makers are unlikely to give up influence over the agency head over time.

Second, Figure 4.2 shows that the specific composition of the agency head status measure differs between countries. For example, Liberia and Zimbabwe have a high level of autonomy regarding the indicator of political independence. The laws of both countries require that the agency head is politically independent. In Zimbabwe, it is specified that a person shall not be qualified if he/she is a member of parliament. This is also the case in Liberia, with the additional stipulation that the agency head cannot be an official of a political party or a local authority. All other countries have a low level of autonomy on this indicator, as political independence is not a formal requirement. While there are relatively few changes over time in individual countries, there are thus significant differences between countries.

The country variation in formal autonomy on different indicators of agency head status is also reflected in the combined index. Figure 4.3 graphs each country's mean on the agency head status index and combines it with a boxplot to demonstrate the distribution.

Figure 4.3 Boxplot of country means on index of agency head status after introduction of a SARA



Note: Please see Table 4.2 for the list of indicators included in the index.

The country means on the index of agency head status show that there is variation between the countries and that no two countries have the exact same level. Nevertheless, the countries in general have relatively limited formal autonomy on the agency head status index. While the index is scaled from 0 (no autonomy) to 1 (maximum autonomy), 50 percent of the countries score a value between 0.17 and 0.37, and the median on the index is approximately 0.25. The countries seem to cluster in three groups: one group around the value of 0.15, another around 0.25 and lastly a group around 0.4. Outside these groupings are Zambia and Liberia. Zambia is at the lower end of the scale with a value of 0.07. On six out of seven indicators included in the index, Zambia has a score of 0. The agency head, for example, is appointed directly by the president, dismissal is at the discretion of the president and there is no formal fixed term specified in the law. The exception is the indicator which concerns the role of the agency head. By contrast, Liberia scores more heterogeneously on the different indicators. As examples, the appointment of the agency head formally needs the consent of the senate, there is a fixed term of four years and political independence is a formal requirement. Nevertheless, while Liberia has the highest score on the index, it is in general not a particularly high score (remember the maximum value is 1).

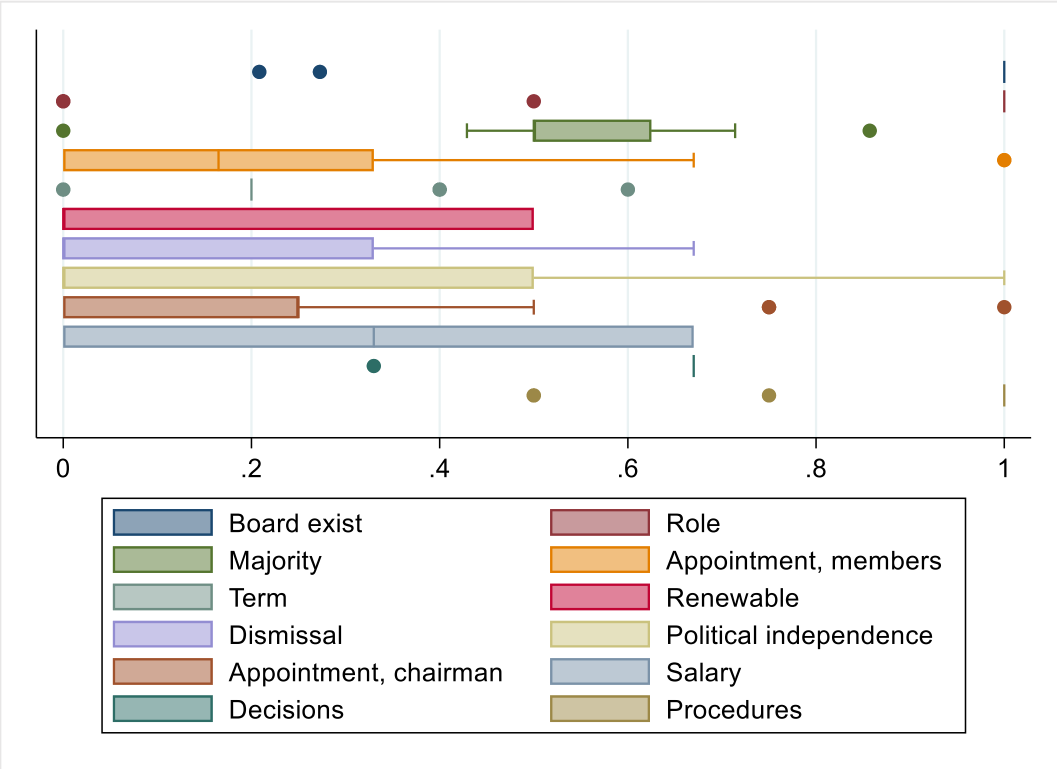
To summarise, there is significant country variation on the individual indicators of agency head status, yet relatively few changes within countries over time. When changes have occurred, they have largely been connected to other amendments to the law. The variation between countries on the individual indicators is reflected in the combined agency head status index. From here we see that SARAs generally have been delegated relatively limited formal autonomy on this dimension, which signals that decision-makers have wished to keep control over the agency head within their reach.

4.4 Dimension 2: Agency board status

Like with the agency head, the formal autonomy of the agency board gives great indications of how much (or little) control decision-makers were willing to give up. This is especially true in relation to how board members are appointed, who is appointed and the conditions around their appointments. However, the potential establishment and role of the board also has significance. In many ways, implementing a governing board adds another layer of separation between the political level and the revenue administration. A governing board will hierarchically be placed above the agency head and can thereby help isolate the agency head and the day-to-day decision-making of the agency from potential political pressures. This is, nevertheless, dependent on how much formal autonomy the board itself possesses. It can, for example, balance political influence with other interests such as technical expertise or private sector concerns if some board members represent these interests (Maggetti & Verhoest, 2014, p. 247). By contrast, it can be less clear what role an advisory board plays as it does not create the same separation.

Many of the agency board status indicators have less variation than the agency head. This is seen in Figure 4.4, where the large majority of countries score the same value on five of the indicators (indicated by the presence of a single vertical line instead of a box). This for example includes the role of the board and how the procedures of the board are regulated. By far the majority of the countries (17 out of 21) have a decision-making board, often referred to in the law as a governing or supervisory board. In contrast, Ethiopia, Mozambique and South Africa (when it had a board, before 2002) have an advisory board. Angola is a special case as it has a decision-making board, but the agency head is the chair of the board and has the power to veto decisions. In 15 out of 21 countries, the board has the power to regulate its own procedures. For four additional countries this is not specified in the law. In Kenya and Tanzania, the minister of finance may regulate the schedule concerning the board's procedures, but within this schedule the board may decide. Mozambique is unique in that the agency head may regulate the procedures of its advisory board.

Figure 4.4 Boxplot of country means on agency board indicators after introduction of a SARA

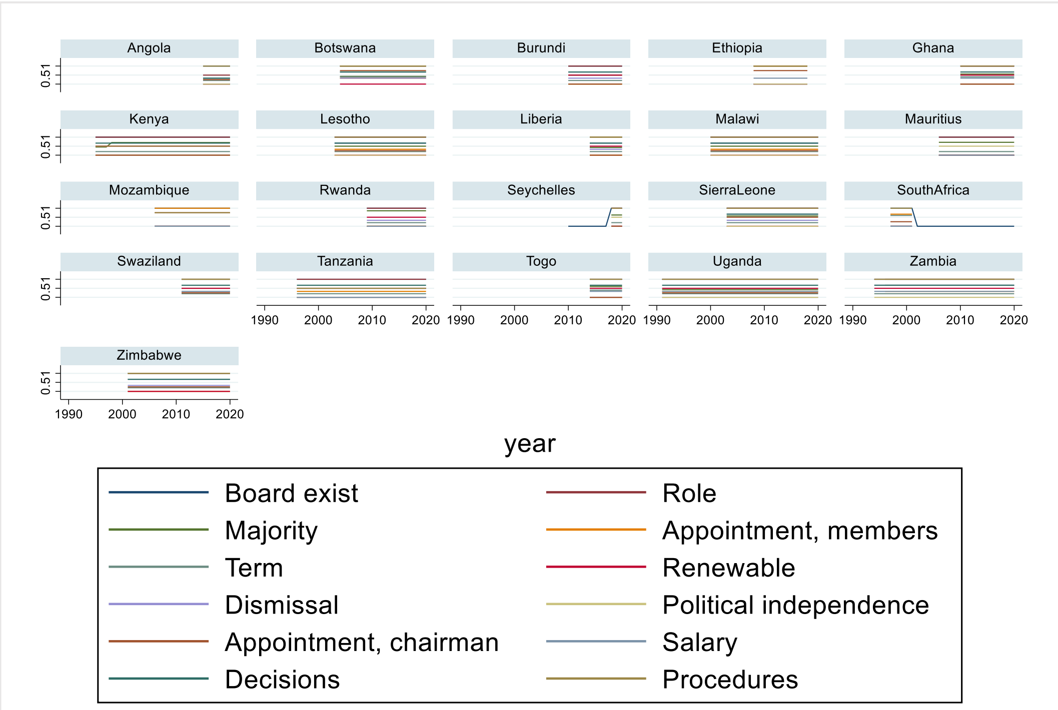


Note: Please see Table 4.2 for the full indicators. As the median on some indicators has the same value as the upper or lower hinge, it is not depicted in the graph. When the majority of countries have the same mean score, this is indicated by the presence of a single vertical line instead of a box.

On other indicators there is more variation between the countries, for example concerning the appointment of the chair of the board. In nine countries the chair of the board is appointed directly by the president. Interestingly, all nine of these countries have decision-making boards. In seven countries, the chair is appointed by the minister of finance or a council of ministers, while the chair in Sierra Leone is appointed by the president but subject to approval of the parliament. In Botswana, Ethiopia (when it had a SARA) and Mozambique, the chair is appointed based on position. In the latter two the agency head also assumes the role of chair of the board, which may be linked to the fact that both countries have advisory boards. In Botswana, the secretary for financial affairs of the Ministry of Finance and Development Planning is specified to be the chair of the agency. Only in Zambia is the chair elected by the board itself from among its members.

Like with agency head status, Figure 4.5 shows that different countries have high (or low) autonomy scores on different indicators. This for example includes some of the indicators described above such as the role and procedures of the board. Furthermore, few changes are made to the formal autonomy of the agency board within countries over time. However, Kenya has amended its law over time, and the Seychelles and South Africa have undergone significant changes.

Figure 4.5 Values on agency board indicators for individual countries over time after introduction of a SARA

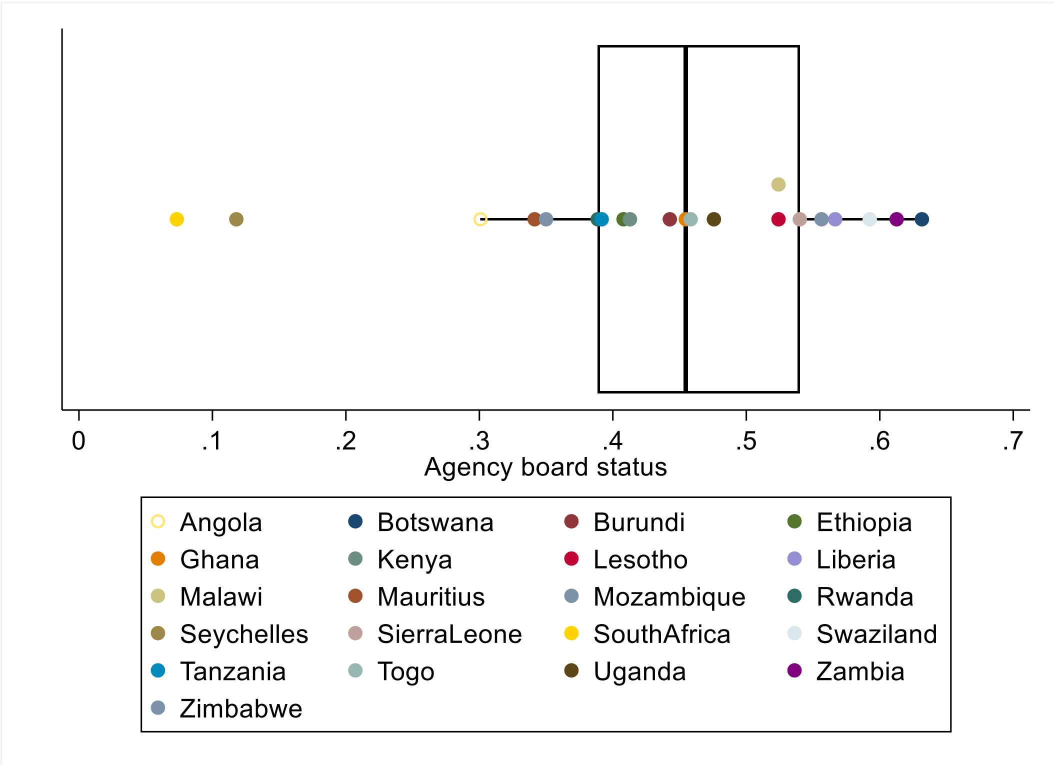


Note: Please see Table 4.2 for the full indicators.

The law in Kenya has been amended to change the number of board members and thereby the composition of the board. The board originally consisted of 11 members, whereof five could be appointed from the private sector. In 1998 this was amended so that the board now consists of 10 members, whereof six can be from the private sector. It has thus changed from a majority of public sector members to a majority of private sector members. In addition to the change in Kenya, the Seychelles and South Africa stand out with significant changes. The first indicator on the agency board dimensions concerns whether the agency even has a board. This is the case for all countries, except for these two. In the Seychelles, a board was not introduced with the establishment of the SARA, but first implemented in 2018. South Africa had the opposite trajectory. A board was introduced with the establishment of the SARA but removed in 2002, when instead an internal advisory committee was set in place.

While it seems to be a slightly more significant change to introduce a decision-making board (as in the case of the Seychelles) than to disestablish an advisory board (as in the case of South Africa), in both cases it is interesting that such considerable changes were made. This is highly noteworthy as it demonstrates that, while rare, significant and very substantial changes have been made to the status of agency boards.

Figure 4.6 Boxplot of country means on index of agency board status after introduction of a SARA



Note: Please see Table 4.2 for the list of indicators included in the index. The Seychelles and South Africa have undergone significant changes regarding the agency board's status due to the establishment/disestablishment of a board over time. Therefore, their mean on the index displayed in this descriptive graph should be treated with caution. Countries with same mean value are stacked vertically.

Figure 4.6 displays the country means on the index of agency board status. Due to the establishment/disestablishment of a board in the Seychelles and South Africa, as well as the fact that both countries' agencies have spent the majority of their existence without a board, their means displayed in Figure 4.6 are somewhat uninformative, although it does demonstrate that they are special cases. Aside from these two special cases, the variation on this index is more compact than on the agency head index. Scores range from a value of 0.3 to 0.63, with a median of approximately 0.45. The formal autonomy of the agency board thus seems to be relatively centred around the mean of the index scale (0.5). At the lower end of the range is Angola. This is due to the fact that

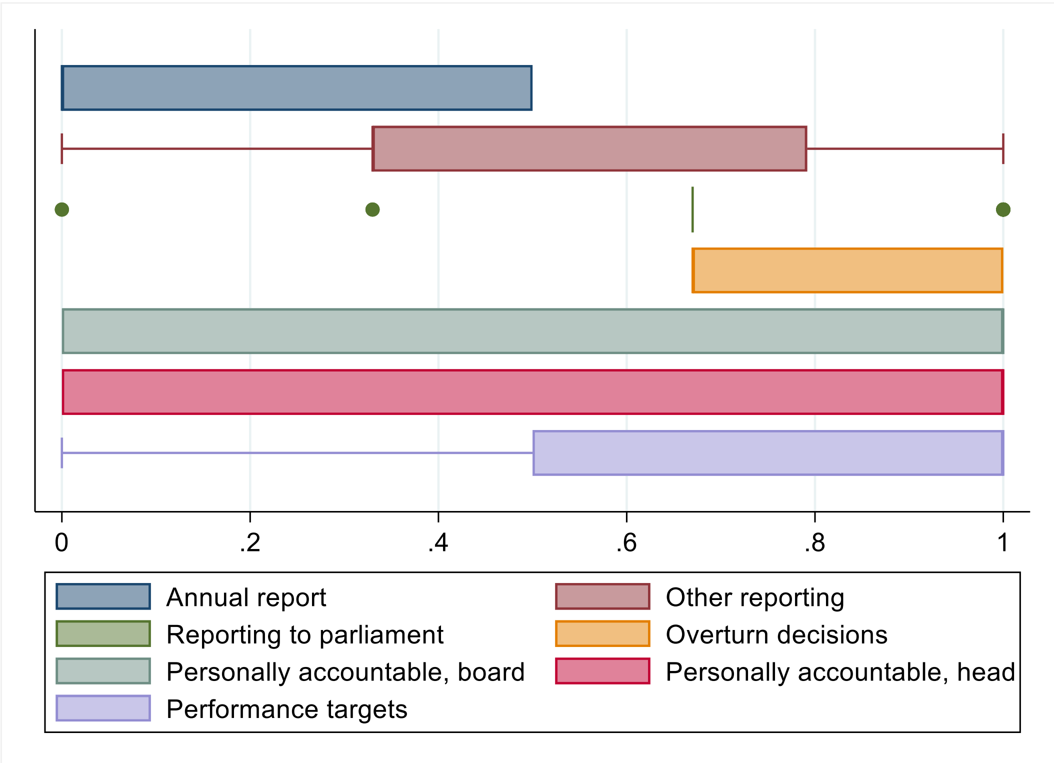
Angola only has an advisory board and much power is vested with the chair (who is also the agency head). Mozambique and Ethiopia (while it had a SARA) are the two other countries with advisory boards and likewise are amongst the lower half. The countries displaying the most autonomy on the index are Botswana and Zambia. This is interesting, as Zambia on the previous index (please see Figure 4.3) had the lowest level of autonomy. Consequently, it is evident that the formal autonomy delegated to agencies can vary significantly on different autonomy dimensions (here agency head status and agency board status).

4.5 Dimension 3: Hierarchical autonomy

Hierarchical autonomy relates to the relationship between the SARA and the political level. In many ways it is intertwined with the notions of control and accountability. Through the law, decision-makers can retain control over the agency by including ex post controls in the legislation, such as reporting requirements and appeal processes or the power to overturn agency decisions (Huber & Shipan, 2002; Verhoest et al., 2004). The level of ex post control that decision-makers choose to include has implications for the agency and its room for manoeuvre. For example, how often does the SARA have to report, to whom does it have to report, and are the reports for information only or for approval? More ex ante controls, such as performance targets, are another way for decision-makers to steer the agency. Direct sanctions related to these controls are often not specified in the law; however, decision-makers will often have other avenues of sanctioning or threatening to sanction. This could for example be through the possibility of dismissing the agency head and/or board, or though limiting financing to the agency. Limiting hierarchical autonomy can thus be a way to control the agency and its actions. Conversely, more hierarchical autonomy can be used to shield the agency from government constraints. Low formal autonomy on the hierarchical dimension can thus lead the agency to cater to political will, while high formal autonomy can give the agency room to steer as it sees fit from a technical perspective. Nevertheless, there is a potential caveat. A complete lack of ex post and ex ante control can also lead the agency to go rogue. Some level of oversight and control might thus be needed to ensure that the agency follows and lives up to its mandated task. Therefore, while more autonomy might be better, some controls might be beneficial to ensure agency accountability.

Figure 4.7 depicts the distribution on the indicators for hierarchal autonomy. On the indicators we see that there is a great deal of variation, with the exception of reporting to parliament. On the indicators regarding ex post reporting, formal autonomy is in general more limited than on the other indicators. Fourteen countries are required by law to present an annual report which requires approval from the government or a minister, while the remaining nine countries have to present an annual report without requirement of approval. In addition to an annual report, six countries are required to report to the government or minister on demand. For example, in Ghana the board is required to submit reports to the minister of finance whenever he/she requires this in writing. In seven countries the agency is required to make frequent reporting, such as in Tanzania, whose law specifies that the agency regularly needs to report to the minister of finance and that the board shall submit a copy of the minutes of each board meeting to the minister. Botswana, Lesotho and Malawi all have more limited reporting requirements; for example, Lesotho has to make an additional annual report of revenue foregone due to exemptions as well as an annual performance appraisal report by the commissioner-general. In five other countries, no additional reporting requirements are specified in the law.

Figure 4.7 Boxplot of country means on hierarchical autonomy indicators after introduction of a SARA

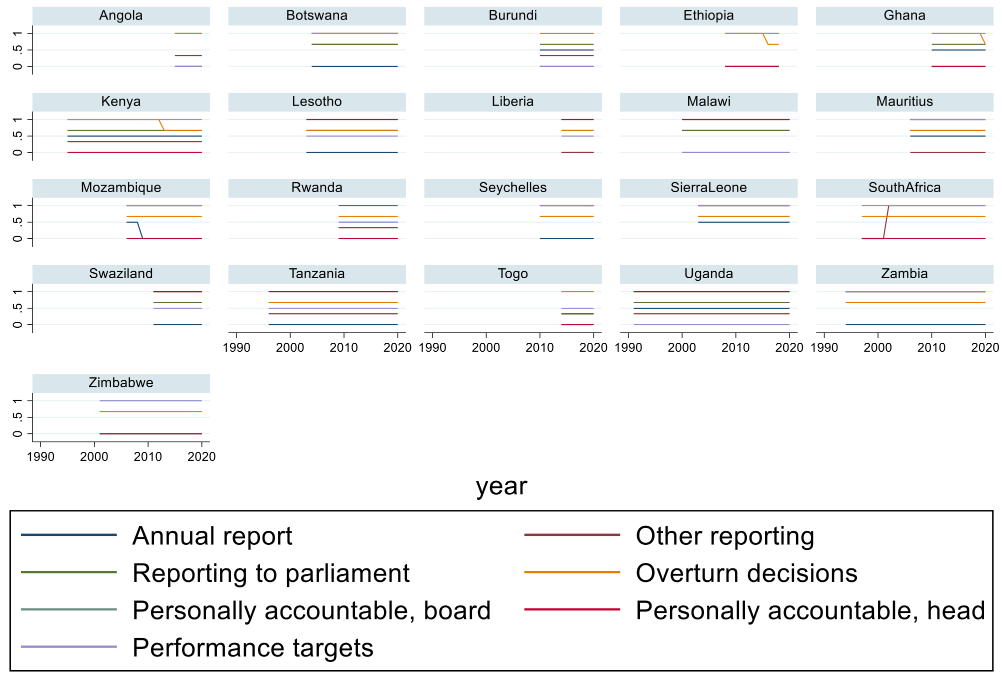


Note: Please see Table 4.2 for the full indicators. As the median on some indicators has the same value as the upper or lower hinge, it is not depicted in the graph. When the majority of countries have the same mean score, this is indicated by the presence of a single vertical line instead of a box.

By contrast, in the ex ante control of setting performance targets, there is generally a higher level of autonomy. In four countries the minister or president may make performance targets, while in six other countries the minister or president may make performance contracts in cooperation with the agency. The remaining ten countries do not specify control over performance targets/contracts in the law. It is thus clear that decision-makers more often specify ex post reporting requirements than ex ante performance requirements in the law.

On a country-by-country basis, Figure 4.8 shows formal autonomy on the individual indicators in individual countries. Again, and as specified above, different countries have differing degrees of formal autonomy on different indicators. For example, in ten countries the agency head can be held personally accountable for proceedings of the agency, or at least no immunity is formally stated. In seven of those countries this also applies to the board members, while the three remaining countries – Ethiopia, Mozambique and South Africa (when it had a board) – only have an advisory board. By contrast, in 11 other countries neither the agency head nor the board members can be held personally accountable for any actions done in good faith.

Figure 4.8 Values on hierarchical autonomy indicators for the individual countries over time after introduction of a SARA



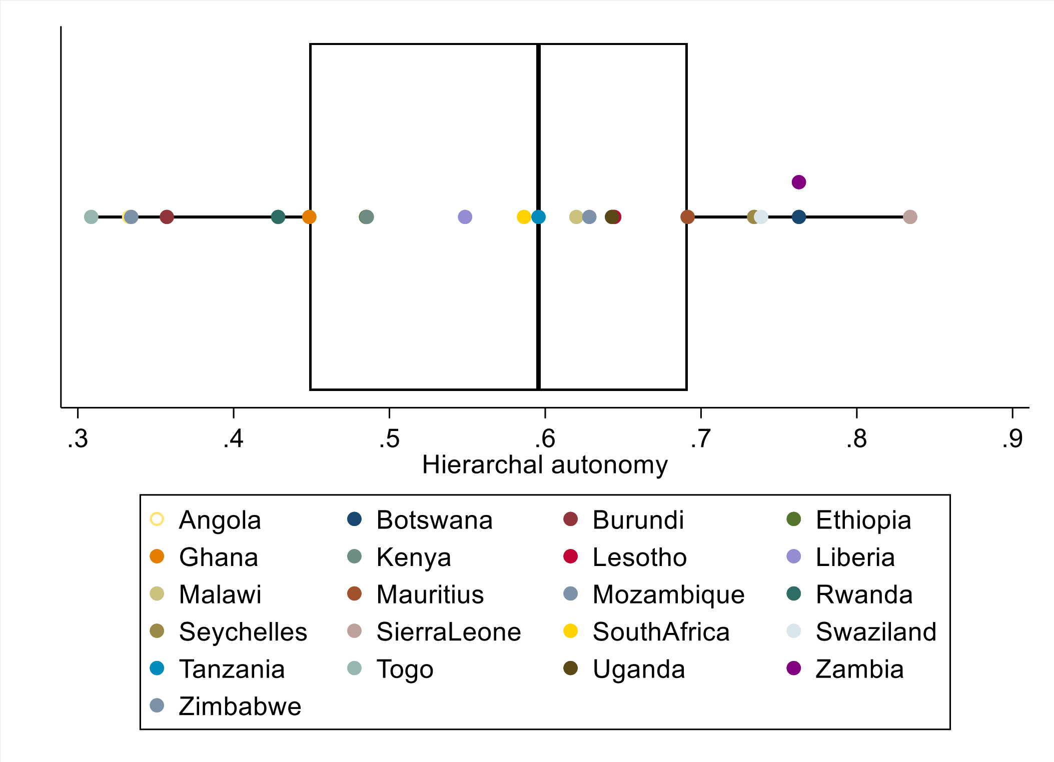
Note: Please see Table 4.2 for the full indicators.

In general, there is a high level of formal autonomy in relation to overturning agency decisions, demonstrated in both Figures 4.7 and 4.8. In no countries does the government or minister have the formal power to overturn decisions (outside of the courts). In the majority of the countries (11 out of 21), there is instead a specialised body in charge of handling tax appeals, for example the Revenue Appeals Tribunal in Lesotho and the Board of Tax Appeals in Liberia. In many cases these specialised bodies are not mentioned in the SARA laws but have their own separate legislation. In seven additional countries no one is formally specified to have the power to overturn agency decisions. Interestingly, Ethiopia, Ghana and Kenya have experienced amendments on this indicator. In Ethiopia a Tax Appeal Commission was introduced in 2016, Ghana established a Tax Appeals Board in 2020 and Kenya initiated a Tax Appeals Tribunal in 2013. They thus all went from a scenario where no external actors (except the courts) could overturn the agencies' decisions to implementing a specialised tax appeals body.

In addition, Mozambique and South Africa have experienced a change over time in relation to the annual report and other reporting obligations, respectively. Initially in Mozambique the law was somewhat vague as it simply stated that the agency had to submit an annual report to the budget subsystem of the state (SOE). In 2009 the law was amended to specify that the agency had to report and also get the approval of the minister of finance. In South Africa the agency previously had to report on income and expenditure and get the approval of the minister of finance. In 2002, the law was amended, and this section of the law was repealed.

Figure 4.9 displays country means on the index of hierarchal autonomy. Compared to the indexes of agency head and board status, there here seems to be more dispersion among the countries, although half of the countries have values ranging between 0.45 and 0.69. In general, there seems to be a higher level of hierarchal autonomy than on the two previous indexes, as demonstrated for example by the fact that the median here is higher, and close to the value of 0.6. At the lower end of the scale, we find Togo, Angola, Zimbabwe and Burundi, with means between 0.3-0.35. At the other end of the scale is Sierra Leone, with the highest value for formal hierarchal autonomy at 0.83. In both the previous two indexes presented, the highest level of formal autonomy was 0.63. Overall, this exemplifies that decision-makers in general have been more willing to delegate hierarchal autonomy to SARAs than autonomy concerning agency head and board status.

Figure 4.9 Boxplot of country means on index of hierarchical autonomy after introduction of a SARA



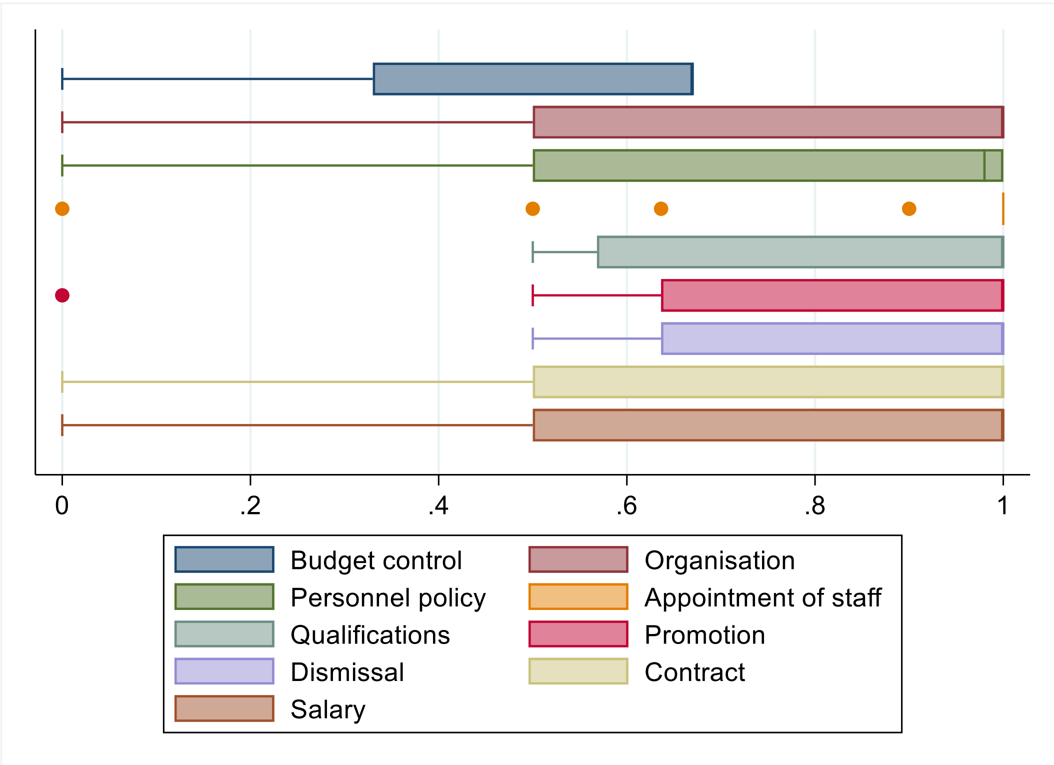
Note: Please see Table 4.2 for the list of indicators included in the index. Countries with same mean value are stacked vertically.

4.6 Dimension 4: Managerial autonomy

One of the central benefits highlighted with the implementation of SARAs was the placement of staff outside the normal civil service scheme. The potential for better terms and conditions could thus attract more competent workers and make hiring and firing practices more efficient (e.g., Devas et al., 2001; Fjeldstad, 2014; Mann, 2004). While this was the idea, how much of the responsibility and power of management was actually placed within the agency? Does agency management, for example, have the freedom to manage staff, budget and organisational structure as they see fit? A low level of formal managerial autonomy implies that decision-makers have actively wanted to retain influence over day-to-day decision-making in the agency. In such cases, the agency management actually has little say regarding and authority over day-to-day management. This can be inefficient as they likely have stronger insights, technical expertise and information about what is needed for the agency to function effectively and how to achieve it. Instead, they can be burdened by rules and regulations that unnecessarily complicate rather than contribute (Kidd & Crandall, 2010, p. 68). Therefore, a higher level of managerial autonomy is generally advised (e.g., Mann, 2004; Taliercio, 2004b).

Figure 4.10 shows that SARAs in general have also received a rather high level of formal autonomy on the individual managerial indicators. This is evident from the fact that on eight out of the nine indicators, some countries have a maximum level of formal autonomy (indicated by the value 1). In addition, more than half of the countries have mean scores between 0.5 (or higher) and 1 on these seven indicators, which is notably high compared to the indicators on other autonomy dimensions. The strongest example concerns appointment of staff. In 19 countries (if we include Zimbabwe before 2017), the agency alone has the power to appoint staff.

Figure 4.10 Boxplot of country means on managerial autonomy indicators after introduction of a SARA

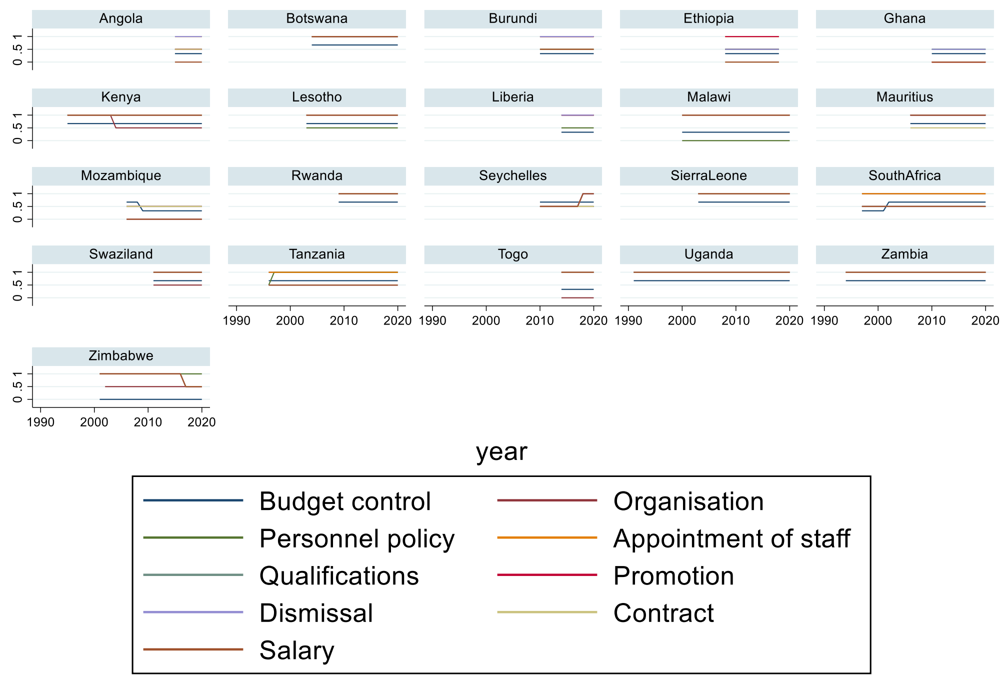


Note: Please see Table 4.2 for the full indicators. As the median on some indicators has the same value as the upper or lower hinge, it is not depicted in the graph. When the majority of countries have the same mean score, this is indicated by the presence of a single vertical line instead of a box.

Ghana, Mozambique, the Seychelles (before 2018) and Zimbabwe (from 2017) are the exceptions. In Mozambique the agency can appoint the general staff, but the minister of finance has the power to appoint the directors-general. In 2009 this was amended to enable the minister to also appoint the deputy directors-general. Since 2017, the appointment of commissioners of the tax authority in Zimbabwe has likewise been subject to approval of the minister. In the Seychelles before 2018, the commissioner-general could appoint staff, but subject to the approval of the minister of finance. Ghana is the most outlying example, as its law specifies that the president has the power to appoint staff. Many indicators on this index will strongly correlate. For example, as staff is formally subject to appointment by the president, it follows that he/she must have the formal power to promote staff as the agency has not formally been provided with this power.

While the power to appoint staff largely lies with the agencies, power to control staffing terms and conditions, such as salary, is not always delegated as equally. In 13 countries (if we include the Seychelles after 2018), the agency can determine staff salaries. However, in four countries (if we include the Seychelles before 2018), salary is determined in coordination with or by the minister or government. In Burundi and Tanzania, the governing board can set salaries, but it has to consult the minister of finance, while in the Seychelles (before 2018) the commissioner-general could determine conditions, though subject to approval of the minister. In South Africa, the terms and conditions of employment are negotiated collectively between the agency and trade unions but are subject to the approval of the minister.

Figure 4.11 Values on managerial autonomy indicators for the individual countries over time after introduction of a SARA



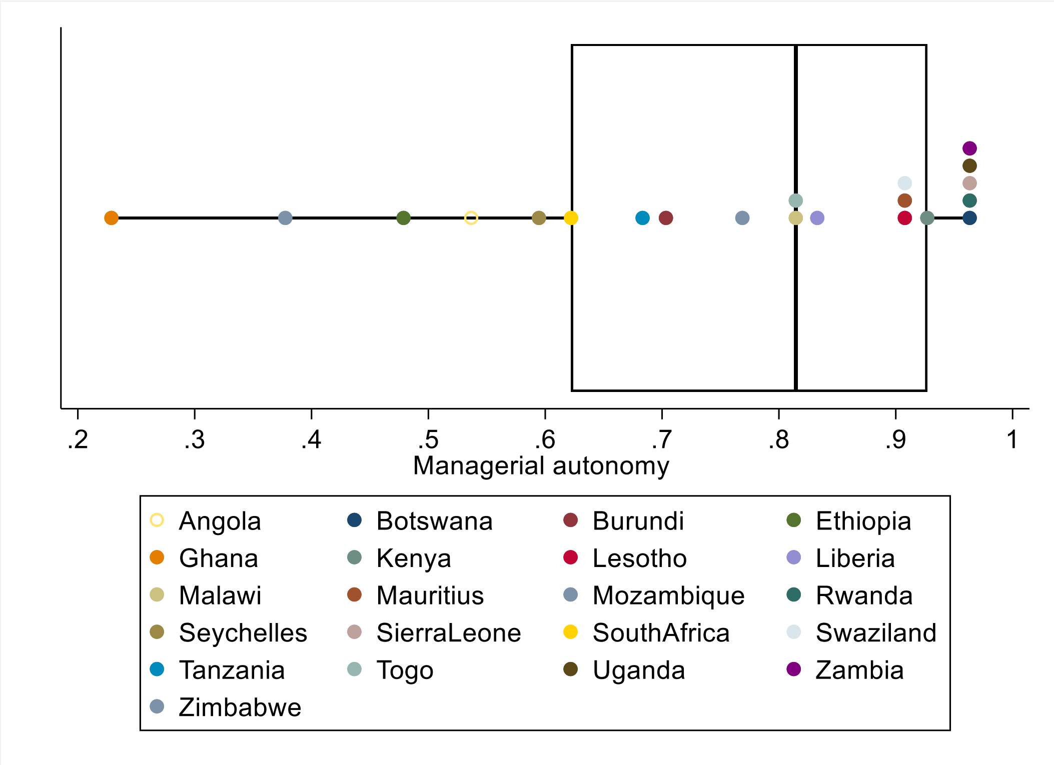
Note: Please see Table 4.2 for the full indicators.

As already indicated in the text above, there is variation between countries but also changes within countries over time. The changes in Seychelles and Zimbabwe regarding appointment of staff and salary are cases in point, although there are additional changes as depicted in Figure 4.11.

One example concerns budget control. It is the indicator of managerial autonomy with the lowest level in general (please see Figure 4.10). In 11 countries, the revenue administration can propose or specify the budget, but it has to be audited externally, while in eight countries control lies with the government/ministry, although upon proposal of the agency. In Zimbabwe the minister of finance can direct how financial records and account should be kept. Before 2009, the agency in Mozambique needed to submit a budget proposal to the budget subsystem of the state. However, after 2009 it also became a requirement to submit the budget proposal to the minister of finance for approval. By contrast, the law in South Africa originally specified that financial records and budgets should be kept in a manner determined by the minister of finance and submitted for approval. This was amended in 2002, to instead have accounts and fiscal records audited by the auditor-general. As might be evident, this somewhat overlaps with the annual reporting requirements of these two countries discussed under hierarchical autonomy. This highlights that despite the theoretical and operational distinction of the different autonomy dimensions, there are at times overlaps.

The combined managerial autonomy index is displayed in Figure 4.12. The relatively high level of formal autonomy on the individual indicators is reflected in the comparatively high level of formal autonomy on the combined index, with a median at approximately 0.81. Furthermore, half of the countries have a mean score on the index between 0.62 and 0.92. It is thus clear that SARAs in general have been delegated a high level of managerial autonomy in sub-Saharan Africa. This is also demonstrated by the fact that Zambia, Uganda, Sierra Leone, Rwanda and Botswana all have a mean score of 0.96. On the other hand, the five countries at the lower end have scores ranging from 0.23 to 0.6. Ghana is the country with the lowest score, followed by Mozambique and Ethiopia.

Figure 4.12 Boxplot of country means on index of managerial autonomy after introduction of a SARA



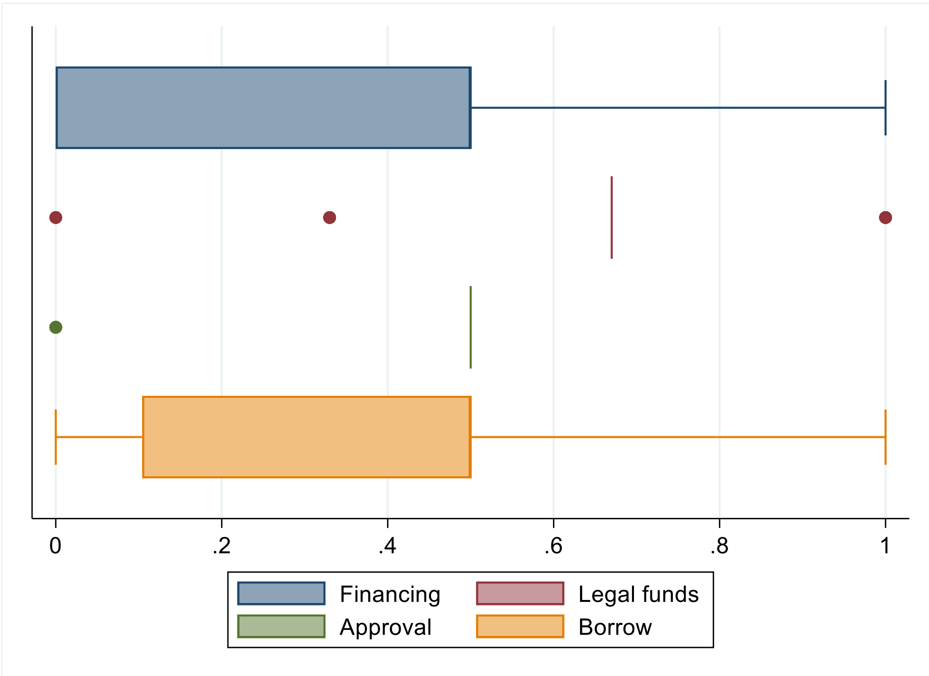
Note: Please see Table 4.2 for the list of indicators included in the index. Countries with same mean value are stacked vertically.

4.7 Dimension 5: Financial autonomy

Money matters, as agencies need financing to carry out their tasks and run effectively. For example, SARAs need money to cover competitive salaries and investments in software. However, retaining power over financing is also a way for decision-makers to retain control over agencies. If the SARA is financed through budget allocations, actors at the political level can potentially use these allocations to either reward or sanction the agency; likewise for other funds if they are subject to political approval. Funding can thus be used in indirect ways to nudge the agency to follow decision-makers' wishes. On the other hand, as taxation (i.e., generating income for the state) seems to be rather politically salient, there might also be limits to how willing decision-makers are to actually cut tax administrations' budgets, even if they have the power or threaten to do so. Furthermore, annual budget allocations can entail some level of uncertainty for the agency, which potentially hinders long-term planning and investments. Therefore it has generally been advised that SARAs should instead retain a fixed percentage of tax collected (Mann, 2004, p. 7; Taliercio, 2004b, p. 8). This is supported by two arguments. First, this would allow decision-makers to set a reasonable limit on collection costs, while at the same time limit their ability to use financing as a way to threaten sanctions or promise incentives for certain actions. Second, in true New Public Management fashion, this is expected to incentivise SARAs to increase tax collection and make it as efficient as possible.

Figure 4.13 presents the distribution on the individual indicators of formal financial autonomy. On two of the indicators regarding financing and borrowing, there is rather large variation between the countries, although the majority of countries have a score between 0 or 0.1 and 0.5. Thus, there is generally a rather low level of financial autonomy on these two indicators. By contrast, on the indicators capturing where funds may legally come from and approval of funds, there is less variation.

Figure 4.13 Boxplot of country means on financial autonomy indicators after introduction of a SARA

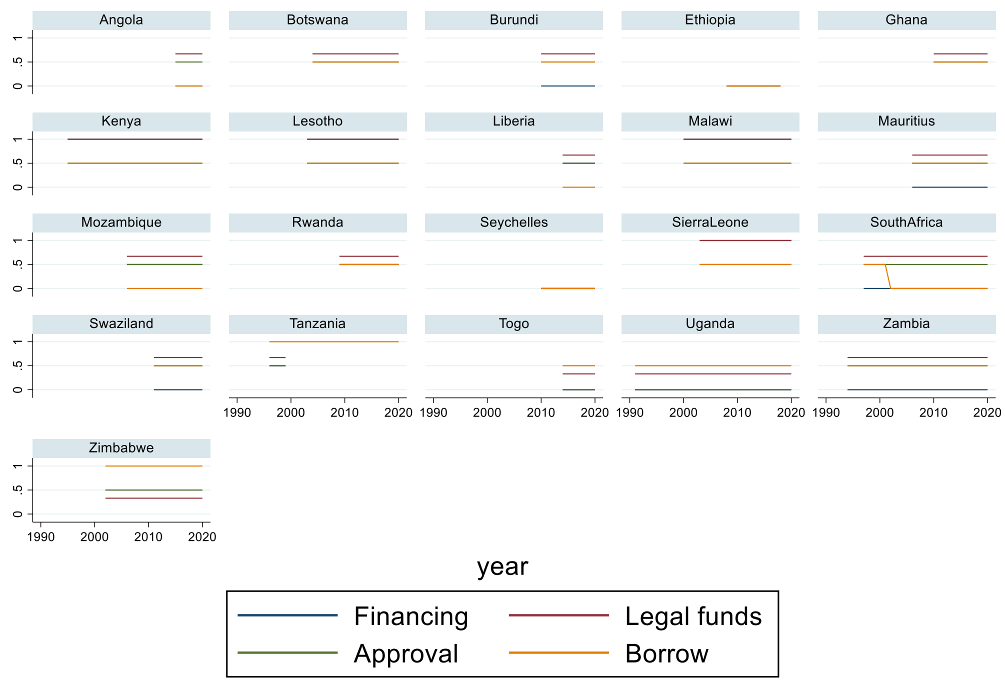


Note: Please see Table 4.2 for the full indicators. As the median on some indicators has the same value as the upper hinge, it is not depicted in the graph. When the majority of countries have the same mean score, this is indicated by the presence of a single vertical line instead of a box.

In 17 countries, some but not all funds need approval from the minister, government or parliament. For example, in Botswana the agency gets an allocation from parliament and may get a percentage as specified by the minister of finance as well as charge fees for services and receive grants and donations without approval. On the other hand, in Ethiopia, the Seychelles, Togo and Uganda, all funds are subject to the approval (or allocation from) the minister, government or parliament. For example, the law in Ethiopia simply states that the agency shall be administered by a budget allocated from the government.

Uganda likewise relies on a budget allocation, in this case from parliament, although the agency there can also receive loans, grants and other money with the approval of the minister of finance. Another way for agencies to get financing to, for example, make investments is by borrowing money. However, not all SARAs are formally given permission to do this. In six countries (including South Africa after 2002), it is not formally specified that the agency is allowed to borrow money. In fourteen countries (including South Africa before 2002), the agency is formally given permission to borrow money, but this is subject to approval. In Zambia and Swaziland, for example, the agency is allowed to borrow money nationally or, with the approval of the minister of finance, from outside the country. In Kenya all loans need approval from the Minister. Only in Zimbabwe and Tanzania is it specified that the agency can borrow money without specifying that this requires some degree of approval from the minister or government.

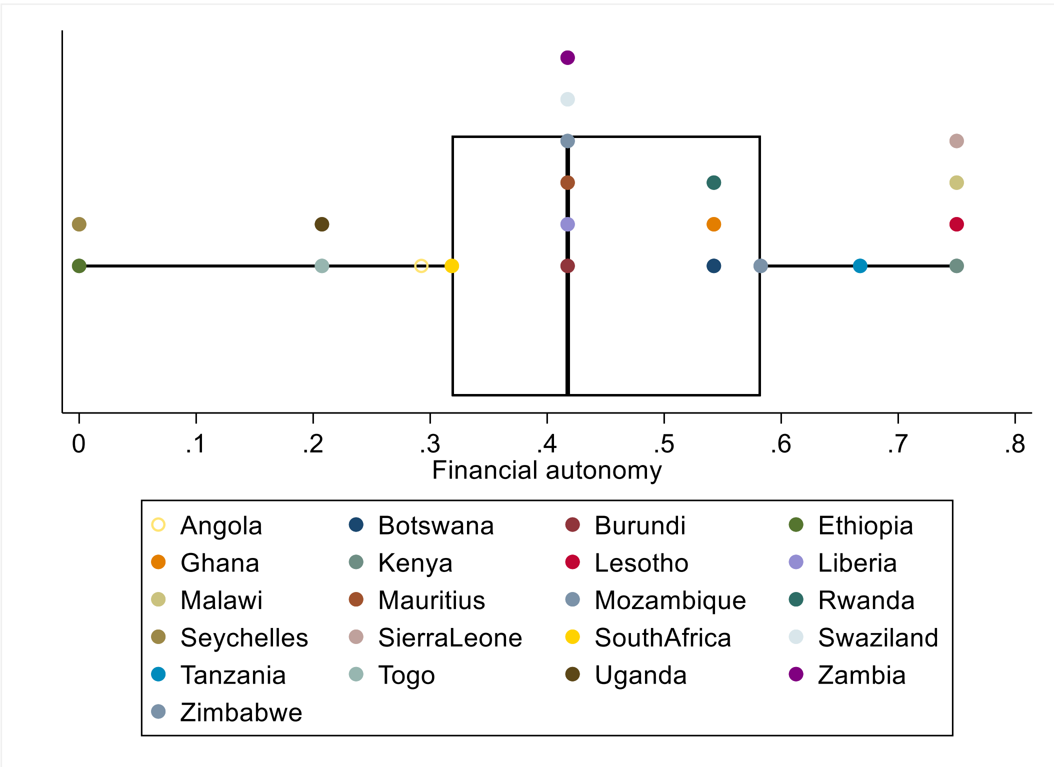
Figure 4.14 Values on financial autonomy indicators for the individual countries over time after introduction of a SARA



Note: Please see Table 4.2 for the full indicators. In Tanzania three of the financing indicators were originally specified in the law, but with an amendment in 2000 the section containing this information was repealed.

Figure 4.14 highlights that almost no country has experienced changes on the four indicators, or at least no changes that affect their coding. The one exception is South Africa, whose revenue law was amended in 2002 so that the section specifying its ability to borrow money was repealed. Furthermore, the section specifying financing, legal funds and approval of funds in Tanzania was repealed in 2000. In ten countries the SARA is primarily financed through annual budget allocations. This is for example the case in Angola, Burundi, Ethiopia, Mauritius, Uganda and Togo. Seven countries have a mixture of budget allocations, performance incentives and collection percentages, including Botswana, Mozambique and Rwanda. Interestingly these two groups of financing contain all SARAs from non-anglophone countries. The last group of Kenya, Lesotho, Malawi and Sierra Leone all primarily rely on financing through a percentage of what is collected. While their coding in the index has not changed over time, it is worth noting that this does not mean that no changes have occurred. In Kenya, financing primarily relied on 1.5 percent of estimated revenue plus 3 percent of revenue actually collected in excess of estimated. In 2006, the first part was amended to state between 1 and 2 percent of estimated revenue, as determined by the minister each year. In Lesotho, the SARA received 2 percent of estimated revenue, until 2017 when this was increased to 3 percent. This indicates that decision-makers can influence financing of the agency even if it relies on a collection percentage. Nevertheless, this seems to require more determination and is less easily done than with an annual budget allocation.

Figure 4.15 Boxplot of country means on index of financial autonomy after introduction of a SARA



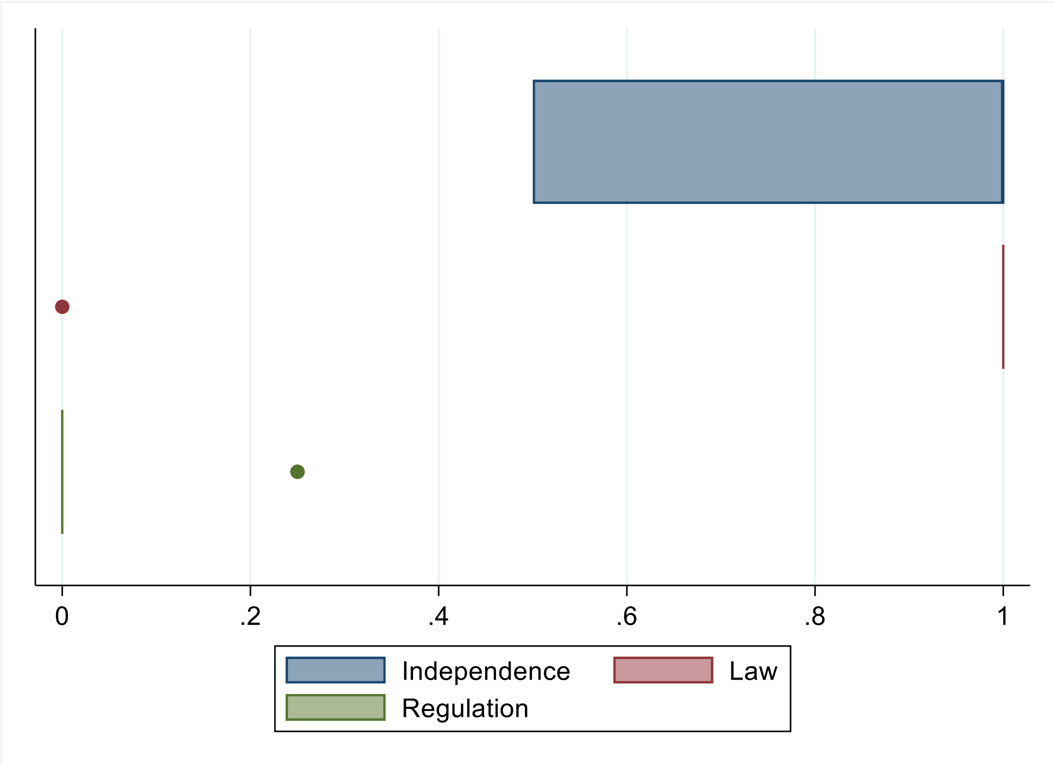
Note: Please see Table 4.2 for the list of indicators included in the index. Countries with same mean value are stacked vertically.

On the combined index of financial autonomy, half of the countries have means that gather between 0.32 and 0.58. At the lower end of the financial autonomy index, we find the Seychelles and Ethiopia. As mentioned above, Ethiopia (while it had a SARA) received its financing through government allocation, while other funds and borrowing options were not mentioned in the law. At the other end of the scale are Sierra Leone, Malawi, Lesotho and Kenya. The median of the observations has the value 0.41, which is also the mean score on the index for six countries. Furthermore, countries are in general more grouped on this index than on those prior; however, this is likely due to the smaller number of indicators. Overall there seems to be a generally lower level of financial autonomy than that for agency board status, hierarchical and managerial autonomy, though higher than on the index of agency head status (please see Figures 4.3, 4.6, 4.9 and 4.12). This thus points to decision-makers having chosen to retain a greater degree of control over agency heads and financing than over the other dimensions mentioned so far. A potential explanation is that decision-makers might have better chances of actually influencing agency actions via precisely these two measures. For example, while decision-makers can specify reporting requirements (related to hierarchical autonomy), they might not be able to influence agency much if they do not also possess the ability to either sanction or reward actions. Control over funds (related to financial autonomy) or agency head appointment (related to agency head status), meanwhile, seem to entail this opportunity.

4.8 Dimension 6: Legal autonomy

While SARAs are by definition placed somewhat outside the traditional government hierarchy and somewhat autonomous, they differ in their legal identity and how much independent status they were given. Some might, for example, be placed under public law, others under private law. There is debate over how much this actually matters, and whether an independent status under public law will actually entail more autonomy (Maggetti & Verhoest, 2014, pp. 246-247). Nevertheless, most research on SARAs argues that those set up with a separate legal character or as a body corporate under private law represent best practice, as they argue this provides the most formal autonomy (Kidd & Crandall, 2006, p. 71; Mann, 2004, p. 5; Taliercio, 2004b, p. 47). One reason is that agencies with corporate body status can own assets as well as sue and be sued, which could potentially ward off political interference. Another aspect is how the law was established. Laws passed by parliamentary act generally entail that there needs to be wider support for reform. It also generally makes the law more difficult to reverse or amend. By contrast, laws passed by presidential decree are generally more subject to the political will of the executive (Mann, 2004, pp. 4-5; Taliercio, 2004b, pp. 48-49). Thirdly, a central avenue for delegating (or retaining) power relates to who is formally authorized to make regulations. Did decision-makers choose to retain this power, or were they willing to give it to the agency, which is closer to the individual taxpayers?

Figure 4.16 Boxplot of country means on legal autonomy indicators after introduction of a SARA

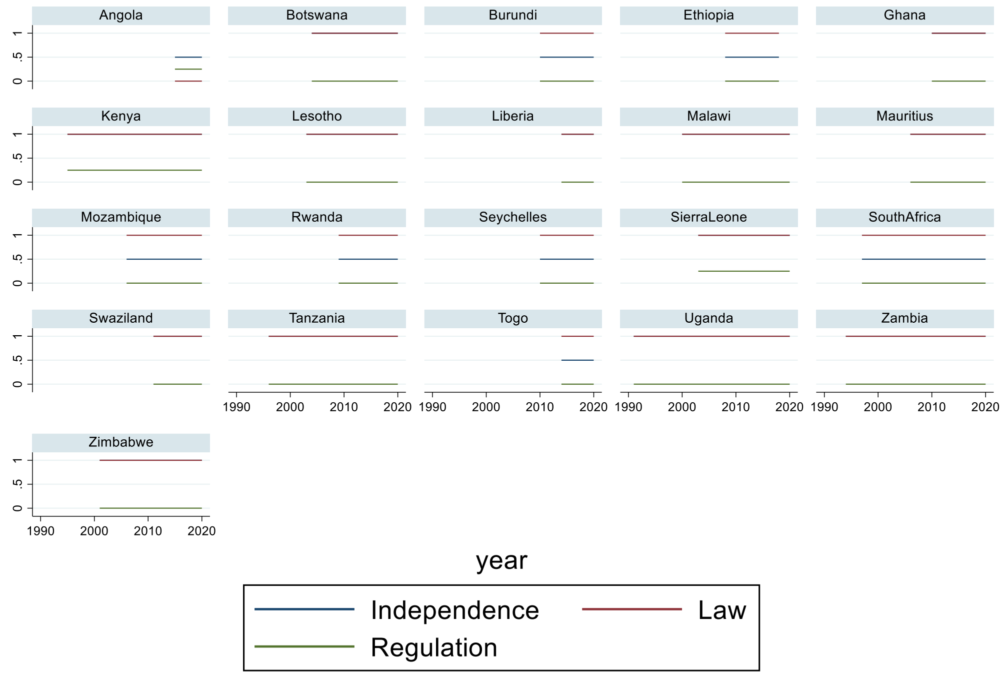


Note: Please see Table 4.2 for the full indicators. As the median on one indicator has the same value as the upper hinge, it is not depicted in the graph. When the majority of countries have the same mean score, this is indicated by the presence of a single vertical line instead of a box.

Figure 4.16 depicts the distribution on the individual indicators for legal autonomy. It is evidently the dimension with least variation on the individual indicators, but it is also the dimension with the fewest indicators.

The indicator with the most variation concerns the independent status of the agency. In all countries the SARAs have some degree of legal independent status. This is the case by definition, since the agency would otherwise not be considered a SARA. In 13 countries the agencies are established as corporate bodies. This is for example the case in Zimbabwe, Zambia and Uganda. In the remaining eight countries, the agency has a legal personality under public law, is a public entity outside the public service or is a decentralised public entity. For example, the agency in Togo is a public establishment but with a personality and administrative autonomy, the agency in South Africa is a state organ within the public administration but outside the public service, and the agency in Ethiopia is an autonomous federal government agency though with its own legal personality. Interestingly, all non-anglophone countries fall into the latter group.

Figure 4.17 Values on legal autonomy indicators for the individual countries over time after introduction of a SARA

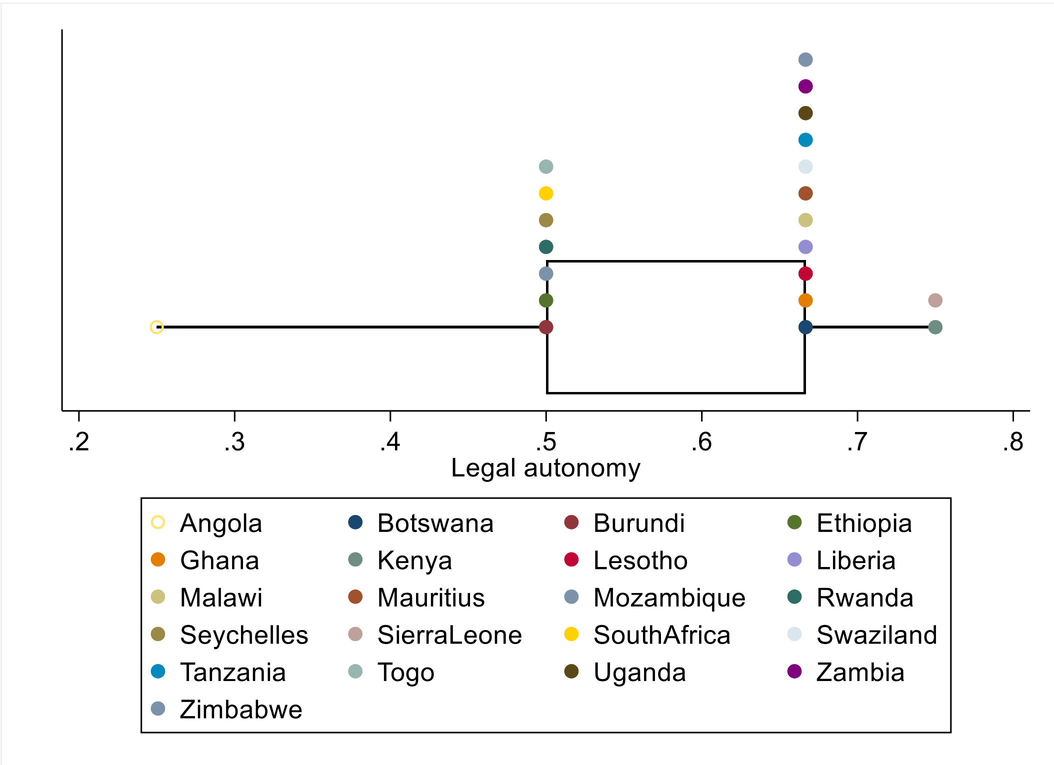


Note: Please see Table 4.2 for the full indicators.

As depicted in Figure 4.17, no country has experienced changes on the legal autonomy indicators over time. This is noteworthy, as it is the only autonomy dimension without any changes within-country over time. Nevertheless, this is not surprising, as both the way in which the legal independence of the agency is stated in its original establishment as well as how laws are passed in a country seem to be very path-dependent and tied to institutional context. As depicted in Figures 4.16 and 4.17, there is also more of a general pattern when it comes to how the law was established and whether SARAs have regulatory power.

In 18 countries, the SARA is not formally given power to individually make regulations. In these countries the agency only has consultative competences, such as advising the minister of finance when he/she requests. For example, in Botswana the agency is formally obliged to study the revenue law and propose potential changes to the minister of finance, but the minister alone is specified to have the power to make regulations. In Ghana the minister of finance may by legislative instrument make regulations upon recommendation from the agency board. Angola, Kenya and Sierra Leone are the three exceptions. In Angola the law is somewhat vague. The agency is subject to the superintendency of the minister of finance, who determines tax policy, yet the law also states that the agency has regulatory autonomy. In Kenya, the agency board is authorised to make regulations for effectuating the provisions of the act which established the SARA. Without restricting this, the law mentions that this particularly regards conditions of service of staff, appointment of staff, code of conduct and discipline, the administration and management of funds and performance targets as specified in the first schedule to the law. However, the Minister may amend this schedule and seems to hold regulatory power in other areas. A similar specification is present in the law in Sierra Leone. In general, SARAs are rarely formally delegated power to make regulations. Instead, SARAs in general are very likely to be established through the national legislative body. In Burundi the law was adopted by the national assembly and senate, although in most cases this means through parliamentary acts, such as in Ghana and Kenya. In all but one country was this the case. In Angola, the law was passed by presidential decree.

Figure 4.18 Boxplot of country means on index of legal autonomy after introduction of a SARA



Note: Please see Table 4.2 for the list of indicators included in the index. As the median of this index has the same value as the upper hinge, it is not depicted in the graph. Countries with same mean value are stacked vertically.

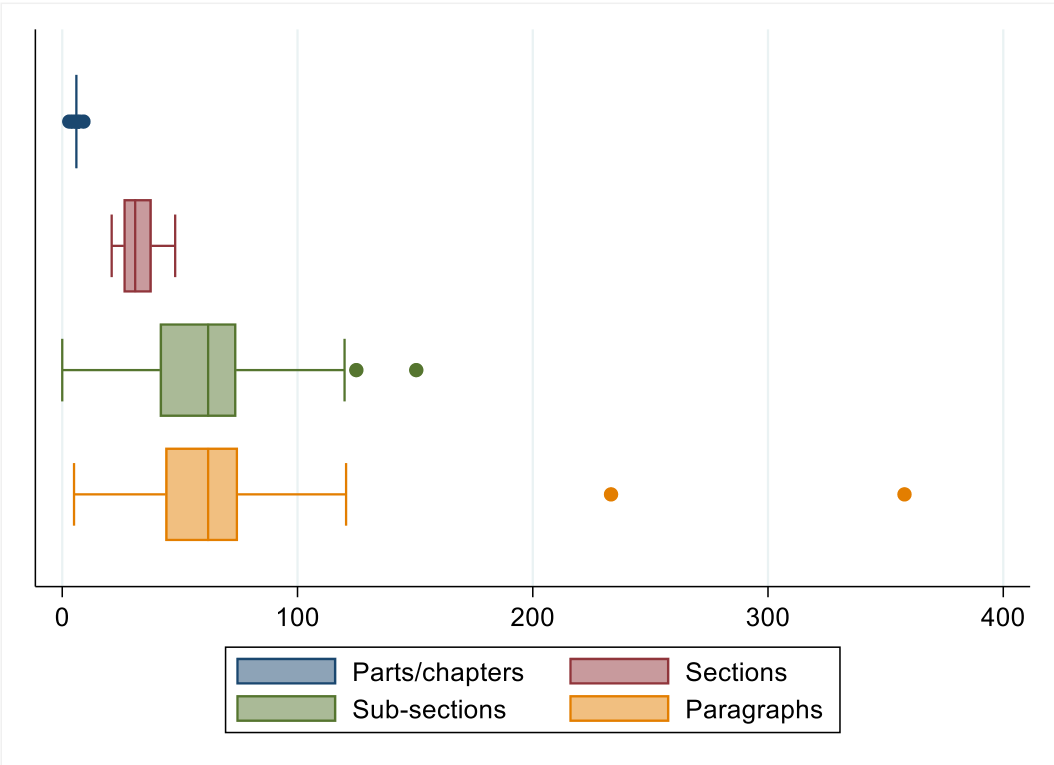
As indicated above, there is in general less variation on the individual indicators of legal autonomy, as well as fewer indictors in the index. This is also reflected in the combined index as depicted in Figure 4.18. Most countries seem to cluster into two groups. One group of seven countries have a mean score on the index of 0.5, while the other group, consisting of 11 countries, have a mean score of 0.66. At the far end of the index is Angola with mean of 0.25. This is largely due to the fact that Angola is the only country whose law was established through presidential decree. At the other end of the index are Sierra Leone and Kenya with a value of 0.75. This is due to the fact that both have agencies whose laws were passed through the national assembly, the agencies are legally body corporates and they have some degree of regulatory power. Due to the small number of indicators included in the index, each indicator matters greatly for the score of each country's legal autonomy. Overall, what is notable here is how relatively little variation there is on the index.

4.9 Dimension 7: Level of detail

The last of the autonomy dimensions included regards the level of detail in the law. This is here measured through the number of parts, sections, sub-sections and paragraphs. While some might contest whether this directly relates to autonomy, Huber and Shipan (2002) have argued and shown that the length of laws is actually a good measure for how much discretion decision-makers are willing to delegate to agencies. This can be done by comparing the length of laws on the same topic. Their point of departure is the classically presented tension concerning bureaucrats' expertise. On the one hand, politicians delegate discretion to bureaucrats as they need their expertise. On the other hand, this expertise can be used against decision-makers to counter their preferences (Huber & Shipan, 2002, p. 18). Their argument is that shorter laws give agencies more discretion as well as leeway to make their own interpretations. This would, for example, allow agencies to draw on their expertise to steer agency actions as they see fit or even to influence policy-making. In contrast, longer laws are more likely to specify agency actions and limit their discretion. Decision-makers can thereby micromanage the agency by for example specifying organizational design, or specifying in detail what the agency can and cannot do or how it should operate. This imposes restrictions on agency actions and limits its opportunities for steering, which instead are replaced with following the specific wishes of decision-makers. While a crude measure, shorter laws could thus imply more formal autonomy and longer laws could imply less.

While I include this measure, I am more hesitant of its interpretation in developing countries. First, there is a high concentration of power with the political leader in many sub-Saharan African countries (Bratton & Van de Walle, 1997; Roll, 2014; Van de Walle, 2001). As such, lack of specification in a law gives not only the agency leeway for interpretation, but also the executive. Huber and Shipan (2002) also discuss the importance of the institutional arrangement when the interpretation of detail in the law is made; for example, national assemblies might make long and specific laws to limit presidential influence. Therefore, it is possible that longer laws might not only be used to control the agency, but possibly also protect the agency from interference. Second, in some countries the length of the law might say more about the capacity of the legislative body than the intentions of the decision-makers. Therefore, while I do include this measure, these contrasting perspectives should be kept in mind.

Figure 4.19 Boxplot of country means on the level of detail in the law after introduction of a SARA

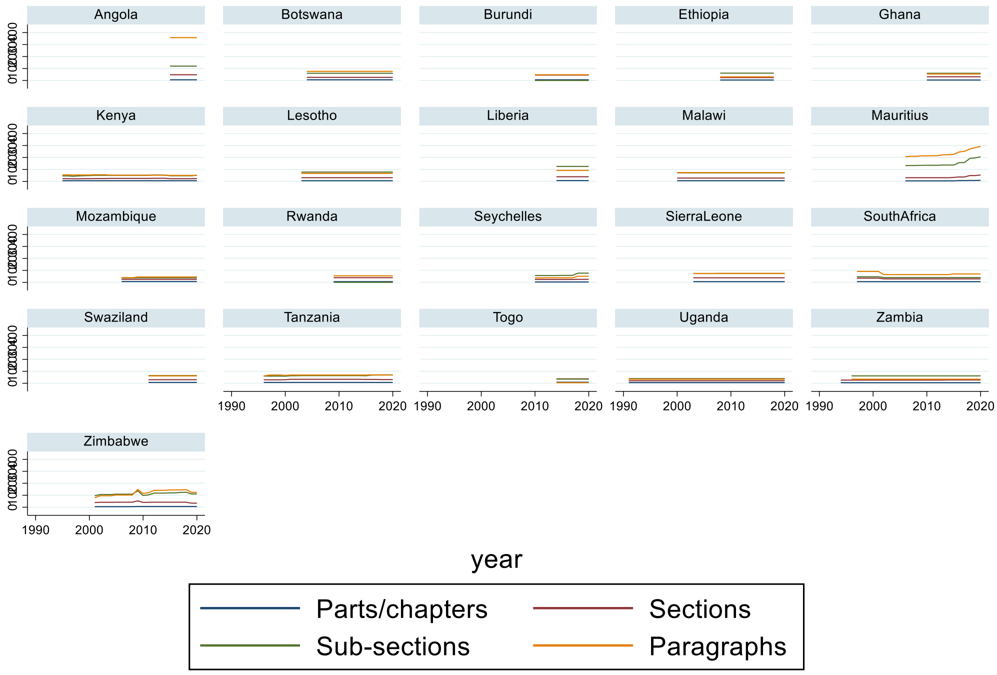


Note: This graph includes the mean number of parts/chapters, sections, subsections and paragraphs in individual countries' laws over time. This is done as it would otherwise be skewed towards SARAs with much longer timespans than others. The text below instead includes the actual minimum and maximum values.

Figure 4.19 shows how detailed the SARA laws of different countries are based on their mean number of parts/chapters, sections, sub-sections and paragraphs over time. This is done to display the distribution between countries. However, as will be explained below, the level of detail changes substantially for some countries over time. Therefore, the ranges described in the following might differ slightly from the graph.

All countries have laws with between three and nine parts/chapters, and 21 to 53 sections. However, the more detailed the level, the larger the differences between countries. The number of sub-sections ranges from 0 in Burundi continuously to 205 in Mauritius in 2020. Furthermore, the number of paragraphs ranges from 5 in Togo to 358 in Angola.

Figure 4.20 The level of detail for the individual countries' laws over time (after introduction of a SARA)

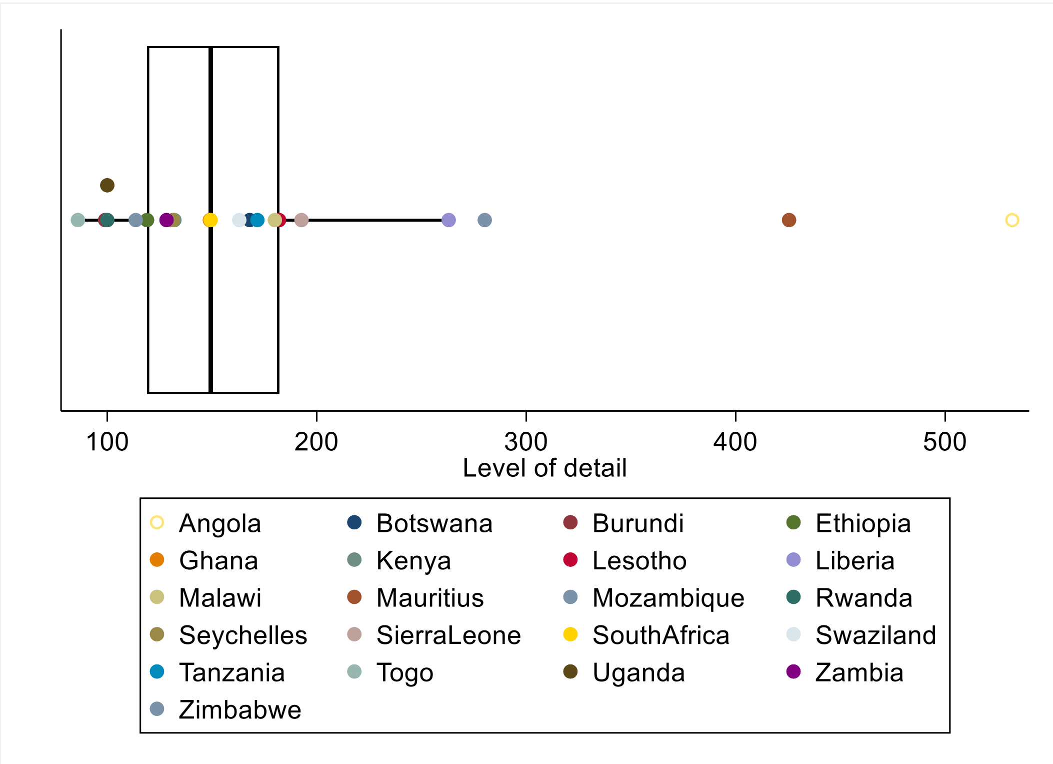


Note: Please see Table 4.2 for the full indicators.

Figure 4.20 shows how different countries have different levels of detail in their laws. One striking feature is the differences between countries. Some countries have experienced no changes to the level of detail in their laws. This is for example the case Burundi, Lesotho and Malawi. By contrast, other countries have experienced several changes to the level of detail in their laws. The greater the level of detail, the greater the number of changes. Only two countries have experienced changes to the number of parts/chapters in their law. In Mauritius the number of parts/chapters in the law has been increased from five to nine over time, and in Zimbabwe from five to six. In contrast, seven countries have experienced changes to the number of sections in their law. Some countries have experienced both increases and decreases in the number of sections in the law. This is the case for Kenya, Tanzania and Zimbabwe. The number of sections in the law has been increased from 31 to 53 in Mauritius, from 24 to 25 in the Seychelles and from 27 to 28 in Zambia, while it has been decreased from 35 to 29 in South Africa. Almost the same seven countries have experienced changes to the number of sub-sections in their laws, and very much in the same direction. Kenya, Tanzania and Zimbabwe have both increased and decreased the number of sub-sections in their laws over time. The number of sub-sections in the law increased from 132 to 205 in Mauritius, from 37 to 38 in Mozambique and from 57 to 77 in the Seychelles, while it decreased from 47 to 40 in South Africa. Furthermore, the number of paragraphs has both increased and decreased in Kenya and Zimbabwe, while it has decreased in South Africa. In contrast, the number of paragraphs in the law has increased from 205 to 292 in Mauritius, from 39 to 45 in Mozambique, from 37 to 51 in the Seychelles, from 74 to 75 in Sierra Leone, and from 61 to 70 in Tanzania.

Some countries, especially Mauritius, have increased the level of detail of their laws over time. South Africa has decreased the detail in its law, although these decreases all took place in 2002 and largely related to the disestablishment of the advisory board. Other countries, such as Kenya, have experienced minor increases and decreases to the level of detail in their laws over time.

Figure 4.21 Boxplot of country means on index over level of detail after introduction of a SARA



Note: Please see Table 4.2 for the list of indicators included in the index. Countries with same mean value are stacked vertically.

Figure 4.21 shows the mean score of the different countries on the combined index of detail of the law. The index is simply a summation of the number of parts/chapters, sections, sub-sections and paragraphs. It shows an extensive range in the level of detail. At the lower end of the scale is Togo with a combined score of 86, followed closely by Burundi with a score of 99 and Rwanda and Uganda with a score of 100. Seven countries score between 100 and 150, and six countries between 150 and 200. The level of detail in Liberia and Zimbabwe is respectively 263 and 280 – that is, more than three times as detailed as the law in Togo. Two additional countries in particular stand out: the level of detail in Mauritius at 425 and Angola with 532.

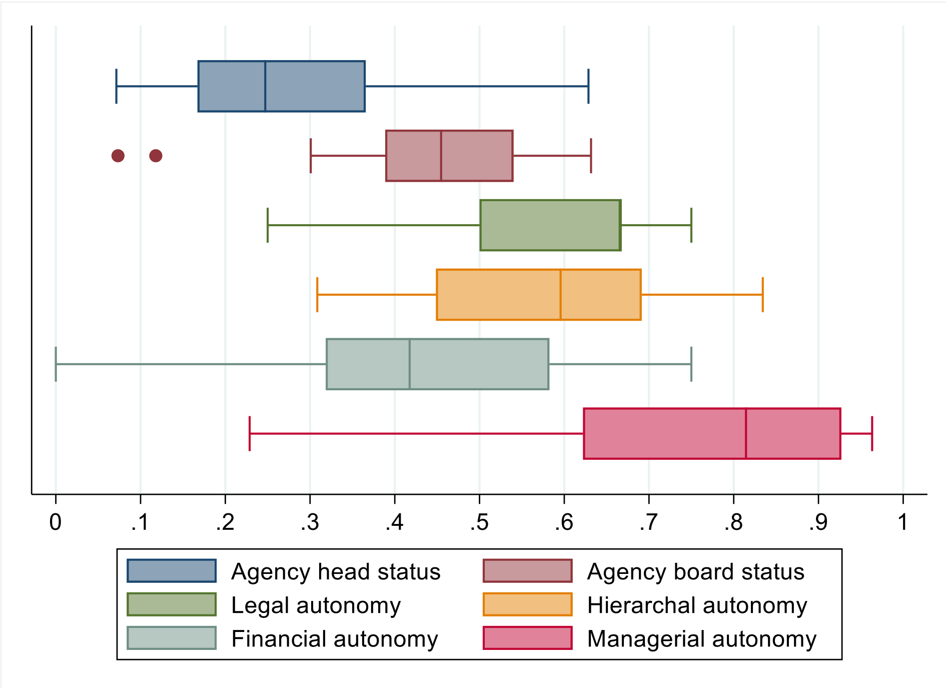
It should be noted, however, that the level of detail might also be influenced by other factors such as language, tradition for formulations in laws and specifications in laws. For example, in a few countries, certain information regarding the SARA is placed not in the law itself, but in attached schedules. To give an example, in Tanzania the procedures of the board are specified in the second schedule attached to the law. Nevertheless, the main information concerning the SARA will typically be in the law and therefore such schedules are not included in the coding of the level of detail in the law. Angola is a special case as its SARA was established and specified in two laws: Decreto Presidencial n.º 324/14, which very briefly establishes the SARA but without much other information, and Decreto Presidencial n.º 325/14, which provides all the specifications of the SARA. The coding primarily relies on the latter as this contains all the information needed for the coding and therefore was also the basis for the coding in relation to the level of detail. While it is unique that Angola has two laws, this latter law is simply much more detailed and much longer than the SARA laws of any other country. For example, it specifies the individual departments of the SARA and their roles. In contrast, the shortest laws from Burundi and Togo neither make such specifications in the law nor have any attached schedules regarding it.

4.10 Comparing the indexes

The previous sections have presented and explained in detail the different indicators and combined indexes of each formal autonomy dimension. This section makes a short comparison of the formal autonomy indexes.

As displayed in Figure 4.22, it varies how much formal autonomy decision-makers in general have been willing to delegate to SARAs on different dimensions. The observant reader will notice that the index concerning the level of detail of the law is not included in the figure. This omission was made for two reasons. First, as it is a count for the level of detail in the law, it runs on a different scale than the other indexes. Second, while Huber and Shipan (2002) argue that longer laws imply less formal autonomy, this can be debated, especially in the context of sub-Saharan Africa. Therefore, it is less clear what exactly makes up a high or low level of formal autonomy on that index.

Figure 4.22 Boxplot of country means on formal autonomy indexes after introduction of a SARA



Note: The indexes have a scale from 0, indicating no autonomy, to 1, indicating maximum autonomy. As the median on the legal autonomy index has the same value as the upper hinge, it is not depicted in the graph.

The index with the least dispersion regards agency board status, which is also relatively centred around the mean of the scale and with a median at 0.45. Nevertheless, as mentioned there are two outliers, as the SARAs in the Seychelles and South Africa at times did not have a board. Also relatively centred although slightly above the mean of the scale are the indexes for legal and hierarchical autonomy. The median is 0.66 for the former and approximately 0.59 for the latter. On these three indexes, decision-makers have thus been willing to delegate a moderate level of autonomy in general. More dispersed is the distribution on the managerial autonomy index. Nevertheless, it is clearly the dimension where decision-makers in general have been willing to delegate the highest level of autonomy, with a median score of 0.81. This could indicate that managerial autonomy is less politically sensitive to delegate, yet also that there are other and perhaps more efficient ways for decision-makers to exert some level of control over the agencies. Furthermore, it also seems to make sense for efficiency purposes to delegate day-to-day management, such as employment of staff, to managers who have more information about the needs of the SARA. Meanwhile, the two indexes with the lowest general level of formal autonomy are agency head status and financial autonomy, with medians of respectively 0.25 and 0.41. While both indexes have a relatively large dispersion, these lower scores indicate that decision-makers have chosen to a greater degree to retain some control over these two dimensions by limiting the formal autonomy delegated. As debated previously, this might be due to the fact that influencing the agency head or the agency financing are also more clear-cut ways for decision-makers to retain some level of influence over agency action. These two dimensions can potentially be avenues for (threatening) sanctions or (promising) rewards if the agency follows the decision-makers' wishes. This will be debated further in the following chapter.

4.11 Conclusion

SARAs have been introduced in a wide range of sub-Saharan African countries based on the idea that more autonomous revenue agencies will perform better. Yet while the idea of creating more autonomous agencies was presented as a best practice and blueprint reform, relatively little effort has gone into examining the formal autonomy actually delegated to different SARAs. Without understanding these differences in formal delegation, it is difficult to capture and understand the differences between SARAs, let alone to examine whether these differences actually matter for performance. In this chapter, I therefore set out to descriptively present the variation between SARAs in different countries as well as internal changes over time. The chapter shows how there is substantial variation between countries, while less variation within countries over time. Nevertheless, some countries have experienced significant amendments to their SARA laws. This was examined on the basis of an operationalisation of formal autonomy and its different dimensions. On this basis, I created an original and novel dataset was created regarding the formal autonomy delegated to SARAs in the laws establishing them. This led to the coding and creation of seven indexes regarding the formal autonomy delegated to SARAs: (i) agency head status, (ii) agency board status, (iii) hierarchical autonomy, (iv) managerial autonomy, (v) financial autonomy, (vi) legal autonomy, and (vii) the level of detail in the law. The chapter informs us of the formal autonomy delegated to SARAs, thereby advancing our knowledge of the relationship between SARAs and governments as first theorised about in Chapter 2. The purpose of this chapter was thus to describe differences in the delegation of formal autonomy to SARAs in an effort to enable us to tell the difference between them. Building on these findings, the following chapter will take the next logical step by examining quantitatively whether these differences in SARAs' formal autonomy have an effect on tax performance.

Chapter 5. Does formal autonomy matter for tax performance?

SARAs are not identical. Across the countries where they have been established, they have been delegated different levels of formal autonomy, been given power to do different things and are not equally isolated from political interference. This diversity of SARAs was demonstrated in Chapter 4 through the construction and depiction of seven indexes covering dimensions of formal autonomy. This chapter takes the next step by quantitatively examining whether the formal autonomy of a SARA actually matters for its performance, measured by tax-to-GDP ratios. The general notion, building on classical New Public Management ideas, was that more autonomous agencies would perform better. From Chapter 3 we also know that implementing a SARA does have an initial, although short-lived, positive effect on direct tax revenue. What we don't know for certain is whether this effect is actually driven by SARAs' more autonomous status or by other factors. In addition, if more autonomy is just better, we should expect more autonomous SARAs to perform better. This chapter therefore examines in greater depth whether formal autonomy in fact matters for tax performance and whether some dimensions of formal autonomy matter more than others, and discusses the implications and potential explanations of the results.

The foregoing chapters have presented the theoretical expectations regarding SARAs and their ability to increase performance (Chapter 2), the average effect of implementing a SARA in sub-Saharan Africa (Chapter 3) and how SARAs actually differ, as demonstrated through indexes of their formal autonomy (Chapter 4). Building on these arguments, this chapter proceeds by examining whether the formal autonomy delegated to SARAs in fact has an effect on tax performance. First, the data is presented and quantitative analyses are conducted. These analyses examine the effect of the seven formal autonomy indexes as well as a combined index on tax performance. Second, these results are discussed, highlighting implications for our expectations of existing SARAs and the future implementation of SARAs.

5.1 Data

The data and model specification used in this chapter closely correspond to Chapter 3. For this reason, all details regarding the dependent variables (total, direct and indirect tax-to-GDP) as well as control variables will not be repeated. As suggested by Dom (2019) and confirmed in Chapter 3, dynamic models should be used as the tax revenue one year will be significantly related to the tax revenue of the previous year. Therefore, the analysis in this chapter excludes the static models. The central difference between Chapter 3 and the models here is the change of the measurement of SARAs from dichotomous to continuous variables. Chapter 3 examined the average effect of implementing a SARA in sub-Saharan Africa as well as the length of the effect. Instead, this chapter includes the formal autonomy indexes presented in the foregoing chapter, including a combined index. This is done to examine whether the autonomy delegated to SARAs matters for performance, and whether some dimensions of autonomy matter more than others.

Six of the seven indexes of formal autonomy dimensions run from a scale of 0, indicating no autonomy, to 1, indicating a maximum level of autonomy. The exception is the index concerning the level of detail in the law, as it is less theoretically clear whether an increased level of detail indicates a high or low level of formal autonomy. All seven indexes are constructed by taking the mean of the respective autonomy dimension indicators for each country each year (please see Table 4.2 for elaboration on the indicators). This method was used for several reasons. First, it gives each indicator equal weight. As discussed in Chapter 4 any other weighting strategy would be based on arbitrary and subjective guesses; thus the simplest method also seems the soundest. Second, it allows for the creation of values on the index even if one indicator for a country is missing. The fact that some indicator values are missing for some countries is inherently interesting as it tells us something about what is and isn't specified in individual countries' laws. Using the mean thus makes sense theoretically and is better than trying to find a suboptimal methodological solution. For example, imputing the mean of all other countries' values on the missing indicator would, in a sense, even it out for the country in which it was missing. Yet this would create another issue as that indicator mean will change over time (either due to changes in one country or simply because more and more countries reform over time). The country with the missing values on the indicator would thus have imputed index values that fictively changed over time, but which had nothing to do with changes within the country. This could lead to faulty results and misinterpretations. Nevertheless, to make sure that one indicator does not drive the entire index value, a limit of maximum two missing values was implemented.

All values on the indexes before SARA reform were coded as 0. This was done as the previous revenue administrations were part of the traditional government hierarchy and therefore by definition can be expected to have had no formal autonomy. In the case of the level of detail in the law, this could be done because the law did not exist before reform and therefore the level of detail must be 0. This decision was theoretically founded, but it also solves a methodological problem as it then allows for the use of country fixed effects. This is due to the fact that it creates within-country differences. Without this and due to the relatively few changes in individual SARAs over time, the analysis would otherwise have relied on between-country comparison and not allowed for country fixed effects. Fixed effects are relevant to include as they control for country-specific factors that do not vary over time but that might nevertheless affect both the formal autonomy delegated to SARAs and tax revenue in specific countries. This could for example relate to political institutions. Because there are so many potentially relevant country-specific factors, it would be difficult to include them all in the analysis; yet their exclusion would likely lead to omitted variable bias. It is thus likely that the alternative of relying on models without country fixed effects would lead to many significant but spurious results as the formal autonomy index would simply capture some of the country-specific variations that could not be controlled for. This is accommodated by the models used here. Furthermore, coding as 0 the index values before SARA reform has the benefit that the dataset goes from being unbalanced to balanced, thus giving equal priority to all countries. This is because of the difference in when countries underwent their SARA reforms, the first being Uganda in 1991[11] and the most recent (included in the dataset) being Angola in 2015.[12] The balanced dataset used in the following analysis spans from 1980 to 2019.

In addition to the seven individual indexes, one combined index of formal autonomy is included. This index is a combination of the 1) agency head status, 2) agency board status, 3) hierarchical autonomy, 4) managerial autonomy, 5) financial autonomy and 6) legal autonomy indexes. It likewise runs from a scale of 0, indicating no autonomy, to 1, indicating a maximum level of autonomy. The seventh index concerning the detail of the law is left out as it is theoretically less clear whether an increased level of detail indicates a high or low level of formal autonomy (please see Section 4.9 for further elaboration). I am mostly interested in the individual indexes as these contain interesting and substantial variation between SARAs that might be lost if combined. Never-

[11] Some might argue that Ghana was the first to reform, as in 1985/86 it created three separate revenue entities. Nevertheless, these were brought back under the MoF in the early 1990s, before being separated again in the late 1990s. They were first unified into one operational SARA in 2010 (see e.g., Chapter 1 and Appendix F)

[12] Namibia is the latest country to reform as its SARA became operational in 2021. Yet, this is outside the scope of this analysis, which spans from 1980 to 2019.

theless, the individual indexes might separately have insufficient power or potentially be correlated, leading to the issue of multicollinearity. Therefore, the combined index is included in the analysis as a stronger test of whether or not formal autonomy matters for performance. Yet this combined index cannot inform us whether some dimensions of formal autonomy matter more than others.

5.2 The (lack of) effect of formal autonomy

Tables 5.1, 5.2 and 5.3 depict the effect of the formal autonomy indexes on total, direct and indirect tax revenue respectively. On total tax revenue, the first six individual indexes concerning the formal autonomy dimension have no effect. This is depicted by Models 8 and 9 in Table 5.1. While the first six individual indexes have no statistically significant effect on total tax revenue, there are some divergences in their effect on direct and indirect tax revenue. In Models 8 and 9 in Table 5.2, managerial autonomy has a statistically significant negative effect on direct tax revenue, both including and excluding natural resource rents. In addition, agency head status has a positive and statistically significant effect on direct tax revenue, including natural resource rents. While managerial autonomy and agency head status only have a statistically significant effect on direct tax revenue, they are the only two autonomy dimensions which have the same direction on all three dependent variables (including and excluding natural resource rents), as depicted by Models 8 and 9 in Table 5.1, 5.2 and 5.3. As depicted in Table 5.3, agency board status and hierarchical autonomy have a positive effect on indirect tax revenue.

The seventh index concerning the level of detail has a negative statistically significant effect in Model 9 on Table 5.1, which includes natural resource rents in the dependent variable of total tax revenue. When the level of detail increases by 100, total tax revenue decreases by approximately 5.7 percent[13] on average. Likewise, the level of detail has a negative and statistically significant effect in Models 10 and 11. In contrast, the level of detail has a positive sign in Table 5.2, where direct tax revenue is the dependent variable, although it is only statistically significant in Model 10. In Table 5.3, where the dependent variable is indirect tax revenue, the effect of the detail of the law differs across models but is statistically significant in none.

[13] The level of detail index has been rescaled for ease of interpretation, so a change from 0 to 1 indicates an increase of 100 in the level of detail. Furthermore, as the dependent variable has been log-transformed, the actual percentage change is (exp(-0.057)-1)*100= -5.5%, although for simplicity and as the coefficients in the tables roughly correspond to the actual percentage changes, these are reported in the text. This will likewise be the case for reporting on other effects.

While the individual indexes did not have an effect on total tax revenue, the combined formal autonomy index does. When the combined index increases from 0 (no formal autonomy) to 1 (maximum level of formal autonomy), the level of total tax revenue excluding natural resource rents increases by roughly 20 percent on average, as depicted in Model 10, Table 5.1. When natural resource rents are included in the total tax revenue, it increases by roughly 32 percent, as depicted in Model 11. Table 5.2 depicts the results on direct tax revenue and provides a very different picture. Here the combined index has a negative, though not statistically significant, effect. This is the case when direct tax revenue both includes and excludes natural resource rents, as demonstrated in Models 10 and 11. In Table 5.3, the effect on indirect tax revenue is likewise insignificant, although the direction is positive.

Across Tables 5.1, 5.2, and 5.3 we thus see that the effect of the autonomy indexes differs both in direction and significance, or lack thereof. One possible explanation is of course the different dependent variables used across the tables. In other words, different dimensions of formal autonomy may simply affect different tax revenues in contrasting ways. However, theoretically one would expect that the formal autonomy indexes would at least have the same positive direction (or perhaps negative, in the case of the index concerning the level of detail); however, that is not what we find. Furthermore, as a robustness check, the same regressions were run but where yearly changes of the dependent variables were used instead of log-transforming them and without the lag. In these robustness checks, the effects of the indexes of formal autonomy on total tax revenue differ in size, direction and significance from the ones depicted in Table 5.1. For example, the effect of the combined index is insignificant in the robustness check and the direction differs, while the legal autonomy index is suddenly large and significant. Likewise, in the robustness check of direct and indirect tax revenue, there is instability in the effects. This instability in effect of the formal autonomy indexes on the different dependent variables (total, direct and indirect tax revenue) and different models (log-transformed with lag or changes) indicates that the significant effects in Tables 5.1, 5.2 and 5.3 are likely due to spurious correlations. The results are thus not robust to different model specifications. Overall, there are thus few and unsystematic effects of the formal autonomy indexes, including the combined index, indicating a null finding.

Table 5.1: Effect of formal autonomy indexes on total tax revenue

	Log of total tax to GDP										
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Dimension 1:	0.158							0.021	0.094		
Agency head status	(0.083)							(0.115)	(0.139)		
Dimension 2:		0.142^{*}						0.135	0.091		
Agency board status		(0.060)						(0.100)	(0.116)		
Dimension 3: Hierarchical autonomy			0.072					0.004	-0.019		
			(0.039)					(0.088)	(0.083)		
Dimension 4: Managerial autonomy				0.061				-0.102	-0.095		
				(0.033)				(0.111)	(0.066)		
Dimension 5:					0.111			0.055	0.215		
Financial autonomy					(0.056)			(0.089)	(0.109)		
Dimension 6:						0.091		0.145	0.127		
Legal autonomy						(0.045)		(0.175)	(0.111)		
Dimension 7:							-0.001	-0.021	-0.057^{**}	-0.025^{*}	-0.058^{**}
Level of detail							(0.011)	(0.011)	(0.018)	(0.010)	(0.017)
Combined formal										0.201^{*}	0.320^{***}
autonomy index										(0.080)	(0.076)
Lag of dependent	0.609^{***}	0.596^{***}	0.606^{***}	0.602^{***}	0.589^{***}	0.600^{***}	0.629^{***}	0.573^{***}	0.599^{***}	0.578^{***}	0.617^{***}
variable	(0.052)	(0.052)	(0.053)	(0.054)	(0.055)	(0.053)	(0.051)	(0.060)	(0.055)	(0.061)	(0.058)
Total tax incl. natural resource rents	No	No	No	No	No	No	No	No	Yes	No	Yes
Control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adj. R^2	0.729	0.732	0.730	0.730	0.725	0.731	0.714	0.725	0.743	0.727	0.740
Countries	17	17	17	17	17	17	18	17	18	17	18
N	450	450	450	450	432	450	476	432	480	432	480

Cluster-robust std. errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. All models include year and country fixed effects. Zimbabwe is an extreme outlier as its financial crisis occurred the years following its SARA reform, while the Gambia has no information on the independent indexes. Zimbabwe and the Gambia are therefore excluded. Control variables included in all models, but not depicted: GDP, trade openness, urban population, agriculture, VAT reform, liberal democracy, impartial public administration, age dependency (old/young), IMF crisis and non-crisis program, public sector corruption, aid and aid dependency from France and United Kingdom. Source: Dependent variables from UNU-WIDER (2021). Independent variables coded by author. Please confer Appendix A, B and E for further information regarding variable sources and coding.

Table 5.2: Effect of formal autonomy indexes on direct tax revenue

	Log of direct tax to GDP										
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Dimension 1:	0.163							0.033	0.485*		
Agency head status	(0.106)							(0.202)	(0.172)		
Dimension 2:		0.078						-0.034	-0.127		
Agency board status		(0.049)						(0.113)	(0.121)		
Dimension 3: Hierar-chical autonomy			0.097*					0.095	-0.009		
			(0.041)					(0.088)	(0.086)		
Dimension 4: Mana-gerial autonomy				0.038				-0.165*	-0.211**		
				(0.035)				(0.074)	(0.069)		
Dimension 5:					0.066			-0.038	-0.068		
Financial autonomy					(0.043)			(0.087)	(0.075)		
Dimension 6:						0.090		0.109	0.209		
Legal autonomy						(0.044)		(0.162)	(0.191)		
Dimension 7:							0.032*	0.043	0.027	0.052**	0.025
Level of detail							(0.013)	(0.023)	(0.031)	(0.016)	(0.027)
Combined formal au-tonomy index										-0.067	-0.004
										(0.058)	(0.107)
Lag of dependent var-iable	0.658***	0.658***	0.645***	0.661***	0.646***	0.644***	0.654***	0.638***	0.692***	0.632***	0.696***
	(0.043)	(0.044)	(0.040)	(0.046)	(0.049)	(0.041)	(0.044)	(0.051)	(0.032)	(0.049)	(0.037)
Direct tax incl. natural resource rents	No	No	No	No	No	No	No	No	Yes	No	Yes
Control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adj. R^2	0.868	0.868	0.869	0.868	0.866	0.869	0.869	0.868	0.873	0.868	0.871
Countries	18	18	18	18	18	18	19	18	17	18	17
N	410	410	410	410	392	410	428	390	408	390	408

Cluster-robust std. errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. All models include year and country fixed effects. Zimbabwe is an extreme outlier as its financial crisis occurred the years following its SARA reform, while the Gambia has no information on the independent indexes. Zimbabwe and the Gambia are therefore excluded. Control variables included in all models, but not depicted: GDP, trade openness, urban population, agriculture, VAT reform, liberal democracy, impartial public administration, age dependency (old/young), IMF crisis and non-crisis program, public sector corruption, aid and aid dependency from France and United Kingdom. Source: Dependent variables from UNU-WIDER (2021). Independent variables coded by author. Please confer Appendix A, B and E for further information regarding variable sources and coding.

Table 5.3: Effect of formal autonomy indexes on indirect tax revenue

	Log of indirect tax to GDP										
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Dimension 1: Agency head status	0.169							0.104	0.165		
	(0.124)							(0.167)	(0.160)		
Dimension 2: Agency board status		0.106						0.334^{**}	0.323^{*}		
		(0.064)						(0.104)	(0.117)		
Dimension 3: Hierarchical autonomy			0.050					0.210^{*}	0.179		
			(0.046)					(0.096)	(0.109)		
Dimension 4: Managerial autonomy				0.035				-0.066	-0.085		
				(0.038)				(0.137)	(0.059)		
Dimension 5: Financial autonomy					0.046			-0.040	-0.004		
					(0.054)			(0.139)	(0.139)		
Dimension 6: Legal autonomy						0.042		-0.271	-0.293		
						(0.047)		(0.187)	(0.186)		
Dimension 7: Level of detail							0.005	-0.006	0.008	-0.025	-0.013
							(0.014)	(0.031)	(0.031)	(0.026)	(0.025)
Combined formal autonomy index										0.140	0.121
										(0.115)	(0.111)
Lag of dependent variable	0.593^{***}	0.590^{***}	0.598^{***}	0.598^{***}	0.595^{***}	0.599^{***}	0.622^{***}	0.576^{***}	0.583^{***}	0.587^{***}	0.594^{***}
	(0.042)	(0.040)	(0.040)	(0.041)	(0.044)	(0.041)	(0.042)	(0.045)	(0.044)	(0.047)	(0.045)
Indirect tax incl. natural resource rents	No	No	No	No	No	No	No	No	Yes	No	Yes
Control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
adj. R^2	0.533	0.534	0.532	0.531	0.526	0.531	0.534	0.525	0.561	0.526	0.561
Countries	18	18	18	18	18	18	19	18	17	18	17
N	403	403	403	403	385	403	423	385	417	385	417

Cluster-robust std. errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. All models include year and country fixed effects. Zimbabwe is an extreme outlier as its financial crisis occurred the years following its SARA reform, while the Gambia has no information on the independent indexes. Zimbabwe and the Gambia are therefore excluded. Control variables included in all models, but not depicted: GDP, trade openness, urban population, agriculture, VAT reform, liberal democracy, impartial public administration, age dependency (old/young), IMF crisis and non-crisis program, public sector corruption, aid and aid dependency from France and United Kingdom. Source: Dependent variables from UNU-WIDER (2021). Independent variables coded by author. Please confer the Appendix A, B and E for further information regarding variable sources and coding.

5.3 Is formal autonomy then trivial? Discussion and implications of results

The above results largely point to a null finding, which begs the questions of why is there no effect of formal autonomy, what this result implies for the findings in Chapter 3, and whether we should even care about formal autonomy. In this section these questions will be discussed. The discussions point to the need for further understanding of *whether* SARAs' autonomy is consequential, and if so, *how* it matters and *what* it affects.

Is tax-to-GDP simply a poor measure?

Measuring tax performance is not easy. The dependent variables used in the models above relied on tax-to-GDP ratios from the Government Revenue Dataset (UNU-WIDER, 2021). This dataset provides the most comprehensive cross-country revenue data available. Nevertheless, much data regarding sub-Saharan Africa is not without its problems, and even the Government Revenue Dataset has its limitations (Ahlerup et al., 2015; Jeppesen, 2021b; Jerven, 2013; Prichard et al., 2014). For example, some countries do not report tax revenue exclusive of natural resource rents or disaggregate total tax revenue into direct and indirect tax (or even further, to e.g., trade tax and corporate income tax). In addition, while tax revenue as a percentage of GDP has increased in many sub-Saharan African countries, the regional average has only increased by approximately three percentage points over the last three decades (UNU-WIDER, 2021). This has two potential implications for the above results. First, it indicates that it may be difficult to significantly increase tax revenue relative to GDP, even if a country introduces a more autonomous and/or efficient revenue administration. To collect tax revenue, there first and foremost needs to be a surplus produced in the economy to tax. An argument could thus be that even better tax administrations cannot work miracles, but are subject to the economic environment in the country. In such cases, the formal autonomy of SARAs may matter for their efficiency but does not affect the taxing environment or the surplus in the country's economy. The lack of effect is thus instead related to the lack of, for example, economic diversification and the needed preconditions to secure it (Bak et al., 2021).[14] This relates to the question of what can be expected of institutional engineering if it occurs

[14] I am the co-author of this reference. The reference here is a UNU-WIDER working paper and is an earlier and longer version of the co-authored article attached to my dissertation (Jeppesen et al.), which has a revise and resubmit with the Journal of Institutional Economics.

in adverse economic structure (see Jeppesen et al., 2022). In other words, it highlights the importance of the context within which a SARA is established. Second and following logically from this, it could be argued that tax-to-GDP ratios are simply a poor measure of performance, even if they are one of the best comparable measures available. Thus, if alternative measures were used, the results might look different. Some alternative performance measures could be, for example, i) ability to reach revenue targets, ii) tax effort (ratio of actually collected to predicted tax revenue), iii) collection efficiency, iv) expansion of the tax base or v) limiting tax exemptions and/or avoidance, just to name a few. Such alternative measures are nevertheless hard to come by, especially across both countries and time. Furthermore, they are not without issues. For example, many SARAs are involved in the setting of revenue targets or provide data for setting the target; therefore their ability to reach targets should be expected, and not necessarily a sign of great performance but perhaps instead of policy influence. Another example is that reliable tax effort estimates from sub-Saharan Africa are hard to come by, especially over time, and tax effort can in general be difficult to estimate and sensitive to specification (McNabb et al., 2021; Moore et al., 2018). Thirdly, the push to increase the tax base has in some countries led to 'registration obsession', where the taxpayer registration databases are flawed and filled with inactive taxpayers (Mayega et al., 2019; Moore, 2020). Despite these issues with alternative performance measures, it is indeed very possible that the formal autonomy of SARAs might have shown a different effect on other performance measures. This points to the need for first generating a better understanding of *what* exactly we can expect SARAs to affect, in order to avoid a scramble for positive results. Thus, I concede that while tax-to-GDP seemed the best available option, it was not a perfect choice, and further analysis with alternative performance measures is indeed warranted.

This points to the need for a greater understanding of *what* SARAs affect. Before conducting further quantitative analyses, it would thus be beneficial to know more about the substance of what we can and cannot expect SARAs to influence. For example, while SARAs were expected to increase tax revenue, there have also been countertrends that could make this difficult. One clear example is the push for policies of trade openness, which has led to a general decline in trade taxes (please see Chapter 3 and Jeppesen, 2021b). In such cases it seems illogical to expect that SARAs would increase this revenue source, and perhaps thereby also total tax revenue, as trade tax (at least historically) has made up one of the largest proportions of total tax (c.f. UNU-

WIDER, 2021).[15] There is thus much room for further knowledge and elaboration concerning what SARAs influence.

Does formal autonomy translate into actual autonomy?

As explained in Chapter 4, one can make a distinction between formal (de jure) and actual (de facto) autonomy. Another central discussion in relation to the null finding regards this distinction. While formal autonomy is evidence of decision-makers' intentions when establishing a SARA, this is the autonomy provided through the law and does not necessarily reflect the actual autonomy the agency experiences in practice. To illustrate, a SARA might be delegated low formal autonomy in relation to agency head and agency board status, where the agency head and board members are directly appointed and dismissed by the president. However, this does not necessarily imply that the president will take advantage of this power and use it for political gains or interference. If the president decides to appoint the agency head and board members based on meritocracy rather than political ideology or support, then the low level of formal autonomy might not translate into low de facto autonomy. Instead, this simply means that there is substantial room and potential for political interference. On the other hand, a SARA might have a high level of formal autonomy but indirectly be undermined through other avenues – for example, if politicians publicly criticise the agency for poor performance or a lack of public goods that limit taxpayer trust. This relates to Carpenter's (2001) argument that actual autonomy has to be earned and is not granted by law. It is therefore closely tied to reputation and continuously has to be protected. In a somewhat similar vein, Evans (1995) argues that autonomy needs to be embedded to be effective for developmental purposes, which requires connectivity and intimate links with societal groups. Similar arguments about embeddedness and external reputation are part of Roll's (2014) argument for the emergence of pockets of effectiveness. It is thus also possible that the null fining is not due to a poor dependent measure, but instead that formal autonomy is in itself insufficient to influence revenue performance and does not always translate into actual autonomy. It thus begs the question of when formal

[15] As another robustness test, the analyses in Tables 5.1 and 5.3 were also conducted with controls for trade tax-to-GDP. In these tests there was more consistency across models, as agency head status and level of detail in most cases then showed a positive and statistically significant effect, while the combined index showed a negative effect. Nevertheless, for example with total tax, these results may simply be due to the fact that trade tax is one of the state's central revenue sources and the results thereby come to rely more on the direct tax revenue than before. It thus leads to the same conclusion of few and unsystematic effects.

autonomy translates into de facto autonomy, and thereby what can and cannot be expected on the basis of formal autonomy. Consequently, this calls for a better understanding of *whether,* and if so *how,* SARAs' autonomy has an effect.

Is formal autonomy simply unimportant?

The findings in this chapter have implications for the findings in Chapter 3. If the level of formal autonomy is not important for performance on direct tax revenue (as shown in Table 5.2.), but the presence of a SARA is (as shown in Chapter 3), this latter positive effect might not be caused by SARAs' higher level of (at least formal) autonomy. Aside from tax performance, other rationales exist for implementing SARAs, such as to signal change and create perceptions of legitimacy among taxpayers. Furthermore, limiting corruption among tax administration agency officials was also a stated rationale; where this happened, it may have been due to, for example, trial periods when they were first transferred to the newly created agencies although it was unsustained over time (Fjeldstad, 2003; Jeppesen, 2021a). These might drive the effect of SARAs found in Chapter 3, more than the (formal) autonomy of SARAs. This could also explain why the positive effect of SARAs on direct tax revenue is only observed in the initial years and not sustained over time.

While formal autonomy might not significantly influence tax-to-GDP ratios, it does not necessarily imply that formal autonomy is insignificant. As argued above, tax-to-GDP might simply be the wrong dependent measure. However, it is also possible that the combination and context of formal autonomy matters for how individual SARAs function. The quantitative results are average effects, and as argued in Jeppesen (2021b), there may thus simply be significant country differences. Despite this null result in the quantitative analysis, one central finding is that SARAs differ quite substantially in their formal autonomy. Decision-makers thus through the law have adjusted the setup of their SARAs to their specific contexts and preferences. We can thus use formal autonomy to understand these differences, even if they do not directly or in isolation affect tax-to-GDP ratios. Instead, formal autonomy might have other effects, such as to provide the agency with more legitimacy among taxpayers, guard the agency against political interference in some countries, or display decision-makers' intentions. It may also be that some forms of formal autonomy are just more important than others, but that the individual autonomy indexes had insufficient power to show this. Furthermore, the autonomy indexes also highlight that not everything in sub-Saharan African countries is informal. There are formal rules which agencies, citizens and others can legally demand be followed. This in itself gives formal autonomy and rules value.

Some of these suggestions are speculative, yet they highlight that it is not warranted to conclude that formal autonomy is unimportant. Instead, it calls for a better understanding of *when* and *how* the formal autonomy of SARAs matters.

5.4 Conclusion

In this chapter, I explored the effect of SARAs' formal autonomy on tax performance. This was explored through the usage of seven indexes of different dimensions of the autonomy legally delegated to SARAs, as well as a combined formal autonomy index. For the dependent variables, total, direct and indirect tax-to-GDP measures were applied. Overall, I find few and unsystematic effects of formal autonomy, indicating a null finding. Thus, the analysis does not support the general expectation that more autonomy will lead to better tax performance. Nevertheless, three important discussions follow from this result. First, one could argue that tax-to-GDP might be an insufficient dependent variable. This points to importance of structural conditions as discussed in Jeppesen (2021a) and Jeppesen et al. (2022). In addition, it points to the need for further substantial explorations and understandings of *what* exactly we can expect SARAs to affect. Second, it begs the question of when formal autonomy does and does not translate into de facto autonomy, as well as the importance of formal autonomy in and of itself. This calls for a better understanding of *whether,* and if so *how,* SARAs have an effect. Third, it calls into question whether formal autonomy is simply unimportant. This conclusion seems unwarranted as formal autonomy, for example, conveys a great deal about the differences between SARAs and decision-makers' intentions. Instead of *whether*, the important question seems to be *when* and *how* formal autonomy plays a role.

While this chapter does not find an effect of SARAs' formal autonomy on tax performance, it points to the need for further substantial understandings regarding *whether*, *when* and *how* the autonomy of SARAs matters and *what* it actually matters for. Better understandings of these questions will in and of themselves have much added value, but will also provide the basis for better quantitative and comparative analysis in the future. To gain such knowledge, further case studies with a specific focus on the importance of SARAs' semi-autonomous status seem particularly relevant. This will therefore be the focus of the following chapters.

Part III

Chapter 6. The case of the Zambia Revenue Authority

Part II of this dissertation explored the formal differences between the setup of various SARAs in sub-Saharan Africa and quantitatively examined whether more formal autonomy leads to better performance, measured as tax-to-GDP ratios. Chapter 5 found that this was not the case, and discussed different reasons for and implications of this finding. One central argument was that formal autonomy does not necessarily translate into de facto autonomy, and that tax-to-GDP ratios might be an insufficient dependent variable. To advance our understanding of SARAs and their effect, Part III therefore zooms in on a single case to more deeply examine *whether* autonomy actually matters, and if so, *when*, *how* and for *what*. This will be examined through an interview-based case study of the Zambia Revenue Authority (ZRA), focusing primarily on the period between 2015-2021. The ZRA is an interesting case in and of itself, yet it also offers indications of how we might expect SARAs' autonomy to influence their functioning more broadly. This chapter focuses on introducing the ZRA as a case, the broader political economic context in which it is embedded and the methodological approach of the case study. It thus functions as a transitional chapter from the quantitative analysis to the case study.

This chapter first presents the case selection of the ZRA. Second and closely related, it explains the formal autonomy delegated to the ZRA through the law and introduces the ZRA as a case. Third, the political economy of and context in Zambia is briefly presented. Fourth, the chapter explains the methodological approach of the case study, including (the issue of) getting access, the type of interviews conducted and the coding of the conversations.

6.1 Why ZRA?

To advance our understanding of the impact of implementing SARAs, and in particular the effect of the autonomy they possess, more in-depth knowledge is needed. *Whether*, *when* and *how* the autonomy of a SARA actually matters and *what* it matters for are explorative questions that require substantial and comprehensive knowledge of a specific case.

In sub-Saharan Africa, 23 countries have implemented a SARA. As explained and depicted in Chapter 4, these SARAs are not identical but differ in how much formal autonomy they have been delegated and thereby in their setups. Furthermore, they diverge across the different formal autonomy dimensions in terms of how much (or little) autonomy they possess. The implication is that with respect to formal autonomy, there is not a straightforward, for example, typical or deviant case (Gerring, 2006; Seawright & Gerring, 2008). However, the aim of the forthcoming case study is also not to deeply examine the relationship between the independent and dependent variables from the quantitative analysis (Lieberman, 2005). I am thus not interested in a nested analysis examining how formal autonomy influences tax-to-GDP ratios in a specific SARA or in a nested analysis exploring why there is not a causal relationship between these two variables (Lieberman, 2005). Rather, the following case study goes beyond nested analysis. The aim of this case study is to explore the de facto autonomy of a SARA, how this relates to the formal autonomy it is delegated and whether, when and how autonomy has an influence. For this purpose, all 23 SARAs in sub-Saharan Africa would in and of themselves be interesting cases to explore, although they would likely differ (Flyvbjerg, 2006). This is both due to the autonomy they enjoy but also to the political and economic contexts in which they are embedded. Among the SARA-reformed countries are, for example, island states such as Mauritius and landlocked countries such as Uganda; low-income countries such as Liberia and upper-middle-income countries such as South Africa; and francophone countries such as Togo and anglophone countries such Kenya, just to name a few of the different examples. Despite these differences, there are also some similarities between the SARAs in sub-Saharan Africa and their contexts; for example, SARAs in sub-Saharan Africa generally have a governing board,[16] while SARAs in the Latin American region instead have a so-called CEO model (Taliercio, 2004b). In addition, the SARAs in sub-Saharan Africa have been implemented in countries with some level of political, cultural and historical similarities (Landman, 2003). These differences and similarities of course have implications for the generalisability of the chosen case, as the study will provide extensive insights into the ZRA specifically and provide more hypothesis-generation implications for how other SARAs' autonomy may (or may not) matter in sub-Saharan Africa and perhaps even beyond.

The ZRA is by itself an interesting case to explore. Yet there are also some theoretical and practical reasons behind the case selection. First of all, Zambia was one of the first countries in sub-Saharan Africa to implement a SARA, in 1994. While autonomy is ever-changing, the actual autonomy we see today in the ZRA is not due to an ongoing implementation process characterised by a

[16] There are nevertheless some exceptions, as explained in Chapter 4. South Africa only has an advisory board, while Angola has the superintendent setup as in Latin America.

great number of changes, but has been somewhat more stabilised. This is a benefit over more recently SARA-reformed countries such as Angola, which implemented its SARA (the Administração Geral Tributária) in 2015. The longer history of the ZRA also means that there are previous studies concerning the ZRA and taxation in Zambia to build and advance upon (e.g., Cheelo & Hinfelaar, 2020b; Di John, 2010; Gray & Chapman, 2001; Von Soest, 2007). Second, while the ZRA case is unique in the sense that Zambia is heavily dependent upon its copper production, it is more typical in the sense that is a Southern African country with anglophone roots. For many years, it was mainly the anglophone counties from this region in sub-Saharan Africa that had implemented a SARA (Fjeldstad & Moore, 2009; Moore, 2014). Choosing a francophone or Lusophone country, such as Togo or Mozambique, would thus potentially yield more unique findings, given their colonial history, where for example it is argued that francophone countries are often more centralised. In addition, there was a practical consideration with choosing an Anglophone country in terms of my language skills and ability to conduct meaningful interviews. Third, as will be presented below, the ZRA is an interesting case in terms of the formal autonomy delegated to the agency. For example, it has low agency head autonomy but high managerial autonomy. It is thus a good case for exploring the link between formal and de facto autonomy as well as whether different forms of autonomy matter and, if so, how. The fact that it has divergent levels of formal autonomy on different dimensions is also not unique to the ZRA, but rather is the case for most SARAs. The ZRA's formal autonomy will be elaborated upon in the next section, while its de facto autonomy will be explored in following analytical chapter.

The purpose of the ZRA case study is to explore whether, when and how autonomy matters. This is expected to be very dependent on many different factors, such as how much formal autonomy the ZRA enjoys, how political actors influence the de facto autonomy of the agency, the context in which the ZRA is embedded and how it operates given these factors. The findings of the case study are thus not necessarily directly generalisable to other countries, which in any case is not the aim. Instead, the aim of the case study is to advance our understanding of the effect of a specific revenue administration's autonomy. It thus seeks to explore the meaning and impact of the ZRA's autonomy. In addition to advancing our understanding of the impact of autonomy in this specific case, this will likely lead to relevant insights regarding what might be expected for other countries' SARAs. Consequently, the ZRA case study might also point to interesting relationships and effects that could be relevant for other SARAs and thus also have added value in terms of hypothesis generation and theory building. It thus potentially helps to further inform the triangular model from Chapter 2.

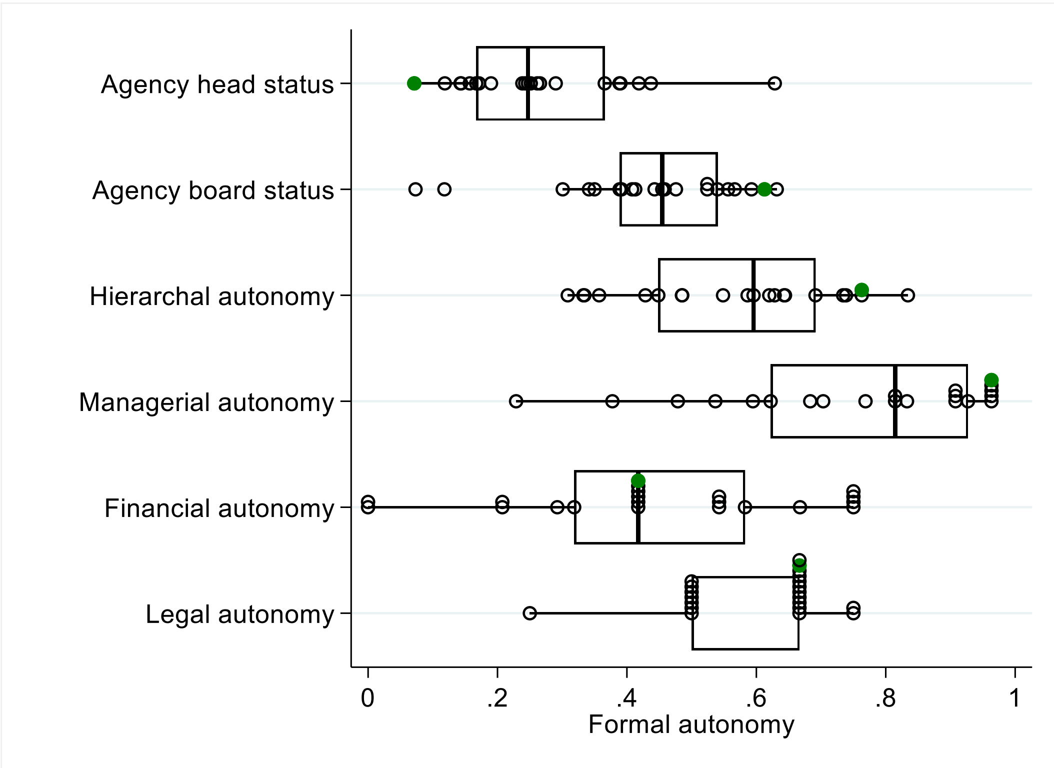
6.2 Introducing the case of the ZRA

In 1994, the Zambia Revenue Authority (ZRA) was established, merging the former revenue departments under the Ministry of Finance into one unified administration detached from the ministry and traditional civil service scheme ('The Zambia Revenue Authority Act,' 1993). Following the reintroduction of multiparty system in Zambia in 1991, Zambia became a donor darling and received substantial international support (Rakner, 2003). In that context, Zambia also began implementing many structural adjustment programs and embarked on privatisation efforts, including of the copper mines. As part of these economic liberalisation reforms, there was also a substantial focus on increasing domestic revenue mobilisation and thus on reforming the tax system. For example, tariffs were decreased and VAT was introduced (Di John, 2010). The ZRA was part of this broader reform context, and was largely introduced based on donor encouragement, especially from the British development agency and the IMF (Gray & Chapman, 2001; Von Soest et al., 2011). Like SARAs in general, the ZRA was built on New Public Management ideas such as increased remuneration to employees and more managerial discretion, as explained in Chapter 3 and Jeppesen (2021b). Formally, the operations of the ZRA are overseen by a governing board, while the commissioner-general is the chief executive officer of the agency ('The Zambia Revenue Authority Act,' 1993; ZRA, 2021a). The agency is mandated to assess and collect taxes, duties, levies and fees as well as enforce revenue legislation, provide statistics to the government and advise the government on tax policy ('The Zambia Revenue Authority Act,' 1993; ZRA, 2021a). These aspects all relate to the setup of the agency and the formal delegation of powers and responsibilities it received through the ZRA Act ('The Zambia Revenue Authority Act,' 1993). The functioning of the ZRA, its operation and its de facto autonomy will be discussed in the following chapters. Yet to explore whether, when and how the autonomy of the ZRA matters (Chapter 8), we first need to explore the actual autonomy of the ZRA and how it relates to the formal autonomy the agency has been delegated (Chapter 7). To do so, a good point of departure is therefore to briefly describe the formal autonomy of the ZRA, which was analysed in Chapter 4. This also helps to clarify the ZRA as a case (at least in terms of formal autonomy) in a more comparative perspective and describe its setup.

The formal autonomy of the ZRA

Figure 6.1 depicts the formal autonomy of the ZRA compared to other SARAs in sub-Saharan Africa on the formal autonomy indexes presented in Chapter 4. The formal autonomy of the ZRA is marked by the green dot. The ZRA has the lowest formal autonomy in relation to agency head status of all sub-Saharan African SARAs. It is, so to speak, an extreme case on this particular dimension. This is interesting as it intuitively makes sense that agency head status might be one of the most important autonomy dimensions, as other forms of autonomy such as managerial and hierarchical autonomy might be influenced by it. This was discussed in the foregoing chapters, but the relationship and relative importance of these autonomy dimensions will be explored more in-depth in the forthcoming case study chapters. In addition, it is thus interesting to explore whether this low level of formal agency head status also corresponds to and influences the de facto autonomy of the agency head and, furthermore, whether, when and how it matters for the functioning of the ZRA.

Figure 6.1 The formal autonomy of the ZRA on the different autonomy indexes

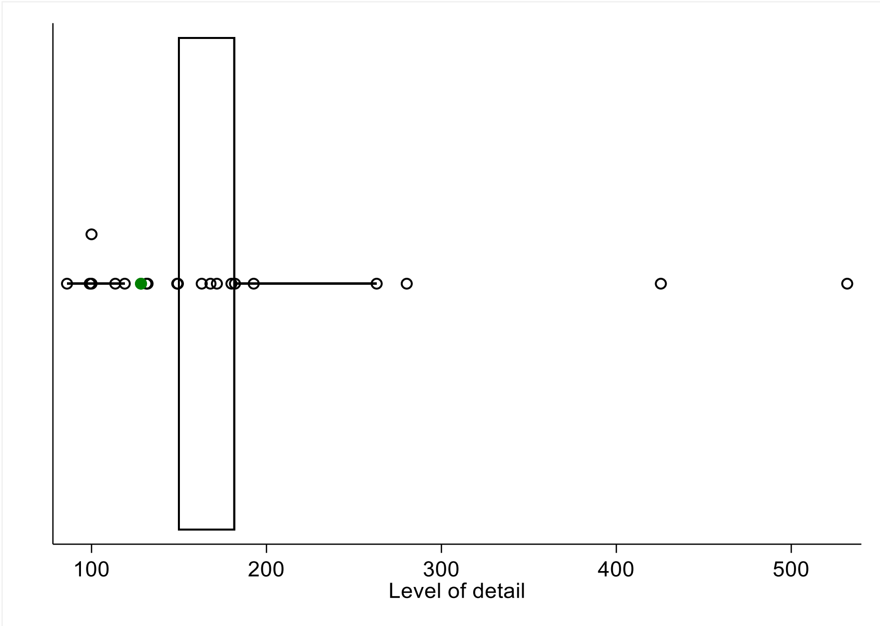


Note: The ZRA is marked with a green dot. The indexes are scaled from 0, indicating no autonomy, to 1, indicating maximum autonomy. As the median on the legal autonomy index has the same value as the upper hinge, it is not depicted separately but by a thicker upper hinge. Countries with same mean value are stacked vertically. Please see Chapter 4 for information on the boxplots of the different indexes and Table 4.2 for the list of indicators included in the different indexes.

In contrast to the ZRA's level of formal autonomy concerning agency head status, it has high formal autonomy on agency board status, hierarchical autonomy and managerial autonomy. On all three of these autonomy dimensions, the ZRA either has the highest or second-highest autonomy score on the indexes (scores that are shared with other countries). Concerning financial autonomy and legal autonomy, the ZRA has the median formal autonomy score.

Figure 6.2 depicts the level of detail in the ZRA Act compared to the level of detail in the laws establishing other SARAs.

Figure 6.2 The level of detail in the ZRA Act relative to other SARAs' level of detail



Note: The ZRA is marked with a green dot. As the median has the same value as the upper hinge, it is depicted by a thicker upper hinge. Countries with same mean value are stacked vertically. Please see Chapter 4 for information on the boxplot and Table 4.2 for the list of indicators included in the index. The values here are means of the level of detail in the different countries' laws.

Figure 6.2 shows that the ZRA is among the SARAs with a relatively low level of detail in its law. The law is thus not particularly specified, which means that there is relatively large room for discretion. The question is whether this discretion is used and, if so, whether it is used by the agency, the executive (president) or other actors.

The ZRA thus has very different levels of formal autonomy on different dimensions. It is variously among the SARAs with the lowest, highest, and average levels of autonomy, depending upon the dimension. These variations are interesting as they leave room to explore and provide insights regarding whether formal autonomy translates into de facto autonomy, whether this is clearer on specific dimensions and whether some forms of autonomy matter more than others. The case study does not take its point of departure in these formal autonomy dimensions, but instead in the actual autonomy highlighted by interviewees. Nevertheless, the relationship between the de facto autonomy described by interviewees and the formal autonomy delegated to the agency will be discussed in Chapter 7. This examination of the ZRA's actual autonomy and how it relates to its formal autonomy is the first step before subsequently exploring whether, when and how autonomy actually matters in Chapter 8.

First, however, the remaining part of this chapter will briefly present the context in which the ZRA is embedded and the methodological approach to the case study.

The broader Zambian context

The ZRA does not exist in a vacuum. Its autonomy and performance are shaped and influenced by the broader political and economic context in which it is embedded. To provide some background for the reader, this section very briefly presents a short overview of some key aspects of the broader Zambian context.

Zambia is a landlocked country in southern Africa. It is anglophone but home to many different ethnolinguistic groups, which have traditionally played a significant role in partisan preferences (Resnick, 2022). Zambia introduced multiparty elections in 1991, following almost two decades (1973-1991) of one-party rule under Kenneth Kaunda from the UNIP as president. This change quickly led to a substantial increase in donor support, effectively making up around 40 percent of the Zambian budget (Banda et al., 2020). While a structural adjustment program had been initiated under President Kaunda, large-scale economic liberation and privatisation efforts followed the multiparty election in 1991. This liberalisation included the privatisation of the mining sector, which is the economic backbone of the country (Fraser & Lungu, 2007; Hinfelaar & Achberger, 2017; Rakner, 2003). Zambia is one of the largest copper exporters in the world, and its economy is heavily dependent on and influenced by international copper prices. This also explains the economic and political importance of the mining sector and Copperbelt region (Rakner, 2017). During Zambia's liberalisation period, civil society expanded; yet, while multiparty elections had been introduced, the constitution still provided a high concentration of power with the office of the president (Hinfelaar et al., 2021). This means that once in power, the president has substantial influence and control. It has been argued that through elections, political elites compete for access to and control over political and economic resources to be used for patronage, supporting allies and undermining opposition, thus characterising Zambia as having a competitive clientelist political system (Cheelo & Hinfelaar, 2020a; Hinfelaar & Achberger, 2017). This has persisted over time, and elections have generally been an uneven playing field despite some changes in the president and governing party. Increasing authoritarianism and clientelism especially characterised the period on which the case study focuses, 2015–2021. While the Patriotic Front had been the governing party since 2011, there was a change in president following the death of President Michael Sata in 2014. He was replaced by Edgar Lungo, who became president in a by-election in 2015. Lungo subsequently won the presidential election in 2016, which was characterised by increased authoritarian tendencies, for example decreased room for opposition parties and civil society and increased violence and intimidation. The period of President Edgar Lungo's rule from 2015-2021 can be described as one of significant democratic backsliding. For example, intimidation and violence by the Patriotic Front's party cadres caused a number of grievances and negatively impacted citizens' everyday lives (Beardsworth & Krönke, 2022; Resnick, 2022). Lungo's time in office also saw increased control over state institutions such as the judiciary and police as well as repression of civil society and the media (Hinfelaar et al., 2020; Resnick, 2022). While the Patriotic Front presented itself as a pro-poor party, it has been argued that President Lungo did not appeal as much to the urban poor and, due to his decreasing popularity, increasingly resorted to ethnic nationalism (Fraser, 2017; Hinfelaar et al., 2020).

When Lungo became president, donor support had also significantly declined. Zambia had recently been reclassified as a lower middle-income country, giving it access to private loans. This change also led to decreasing influence from traditional Western donors and increasing Chinese presence. The access to increased borrowing options was exploited by the Patriotic Front and an extensive amount of debt was incurred, argued to have been used for cooption, patronage and corruption in, for example, road projects (Beardsworth et al., 2021; Hinfelaar et al., 2020; Resnick, 2022). The debt load became increasingly unsustainable and in 2020 Zambia defaulted on its Eurobond loans. The rule of the Patriotic Front can thus also be characterised as a period of economic mismanagement. This was intensified by increasing inflation, a depreciation of the kwacha (the Zambian currency) due to decreasing copper prices and many lenders' unwillingness to renegotiate debts with Lungo. An example of both increasing authoritarian tendencies and poor economic management was President Lungo's decision to replace the Governor of the Bank of Zambia in 2020. The Bank of Zambia was arguably the most autonomous public institution in Zambia up to this point, but the president fired its highly regarded governor without due process or cause and replaced him with a political ally who had only minimal credentials (Cheelo & Hinfelaar, 2020a).

Economic issues, youth unemployment and increasing repression were stated to be some of the core reasons why Lungo lost the presidency in the August 2021 election. Before the election, it had also been questioned whether Lungo was actually running for an unconstitutional third term (as he first came to power in a by-election) and whether the election would be fair (Beardsworth et al., 2021; Resnick, 2022). Therefore, many saw it as an important democratic victory when President Hakainde Hichilema and the UNDP managed to win the August 2021 election, and hoped that Hichilema's business-oriented focus would help improve the Zambian economy (Resnick, 2022). While there was much enthusiasm after the 2021 election, the long-term consequences of the change in leadership are still to be seen.

This section has briefly introduced the ZRA as the focus for the forthcoming case study and the context in which it is embedded. Before we move to the case study, the methodological approach will be outlined.

6.3 Case study methodology

To study the importance and potential effect of the de facto autonomy of the ZRA, an interview-based approach was taken. This was done as interviews can shed light on the de facto semi-autonomy of the ZRA (as presented in Chapter 7). As explained in previous chapters, actual autonomy is more difficult to capture than formal autonomy as it is dynamic and something the agency continuously has to fight for. To capture this dynamic and its nuances, interviews seemed the most optimal approach. The interviewees also have the ability to inform us of the actual and perceived effects of the ZRA's semi-autonomous status (as presented in Chapter 8). In addition to the interviews, extensive triangulation was conducted, such as conferring secondary data sources and through informal conversations. The case study nevertheless stays very true to and is closely built on the interviews. The following section describes how I went about this case study and its methodological foundation.

Timing and context of data collection

The case study commenced in March 2020, when I first travelled to Lusaka, the capital of Zambia. Unfortunately, the stay was dramatically decreased to only six days due to the Covid-19 pandemic. During this short stay, it was not possible to build up many contacts or conduct interviews, but it gave me some preliminary insight into the country. Shortly after I returned home, I conducted my first few interviews online. Finally, in September 2021, I was able to return to Lusaka, where I stayed until the end of November. This timing had both benefits and disadvantages in terms of gaining access and the implications of the interviews. As mentioned above, Zambia had a change in government after the presidential election in August 2021. The previous government had restricted information and intimidated many from speaking critically (as will be elaborated upon in the following analytical chapters). Thus, when I came to Lusaka after the election, I was told by many that they felt they had been liberated and again dared to speak. One benefit of the timing was thus that interviewees might be expected to be more willing to talk and to do so honestly. However, while the president had changed and many rumours had been circulating that it was only a matter of time before the commissioner-general of the ZRA would be dismissed, this did not occur until October (see e.g., Sakala, 2021; The Zambian Observer, 2021). These changes in government and commissioner-general meant that it was a transitional period, both in terms of the broader Zambian context and the ZRA itself. It also meant that many people I contacted were very busy, and/or perhaps unwilling to talk as they were not quite sure what these changes would entail for them. A few potential interviewees I had contacted early on, for example, first returned my requests after I left Zambia. This was also reflected in the fact that most people I interviewed asked to be anonymised. While I contacted many different individuals in the ZRA or with external knowledge of the ZRA, and managed for example to gain access to people from different ZRA departments, I also relied on some degree of snowballing. Thus, a better strategy might have been to go on several shorter visits to Zambia to build up more contacts, yet unfortunately this was not possible due to the pandemic.

This timing thus had several implications for the interviews. First, while many interviews were conducted after the change in government and/or after the change of commissioner-general, this transitional period meant that the focus of the interviews was the ZRA before the election. Second, it was very difficult to get contact information for prospective interviewees and, once received, very difficult to convince them to talk to me. I was told that it was generally difficult to gain access to public employees and that this might be a result of the fear of speaking openly that had emerged during the previous government. Yet it is also possible that due to the governmental changes, the drafting of a 2022 budget, the new commissioner-general and so forth people were simply busy or uninterested in talking to me. Third, however, I found that once I actually got people to have a conversation with me, they were very honest and open. Many ended up talking with me for much longer than they had originally indicated they had time for, and in a few instances, this led to more than one conversation or interaction. It is also possible that this had less to do with the timing, and more with my positionality as a young foreign female scholar, who might be considered less sensitive to talk to (e.g., Glas, 2021; Schwartz-Shea & Yanow, 2012).

Data foundation

The ZRA case study is mainly based on 18 semi-structured interviews. Fourteen of the interviews were conducted with people who possess extensive knowledge concerning the ZRA. This includes current and former ZRA employees from different departments within the ZRA as well as external stakeholders. The remaining four interviews were conducted with an employee of a different SARA and three researchers with extensive knowledge about SARAs in sub-Saharan Africa and tax policy. The interviews were all conducted online or physically in Lusaka between March of 2020 and January 2022. In addition to the interviews, an extensive number of informal conversations were conducted to gain further insight into and perspectives on the ZRA and the Zambian tax system as well as to validate some of the information I received in the interviews (Hammersley & Atkinson, 2019; Swain & King, 2022). Concretely, I have field notes from 47 informal conversations ranging from shorter conversations with taxi drivers to extensive conversations with researchers or various taxpayers. A list of the interviews and the informal conversations can be found in Appendix D.

While the interviews are the main data source behind the analysis in the following chapters, I also undertook extensive preparation for my fieldwork in Zambia, conducting basic background research and remaining up-to-date about the case and context and validating the information I received. Part of this was living in Zambia for several months and having informal conversations with people. This also entailed going to a few conferences and, for example, attending the 2022 Zambian budget symposium, where the government presented the budget to and took questions from external stakeholders. In addition, both during my stay in Zambia as well as before and after, I read and followed newspapers and news outlets such as News Diggers, Daily Mail, Lusaka Times, Zambian Watchdog and Bloomberg.[17] I also followed debates and posts on Facebook and Twitter. In addition, I read scholarly work concerning the ZRA (e.g., Cheelo & Hinfelaar, 2020b; Di John, 2010; Von Soest, 2007), Zambian history and its political context (e.g.,Banda et al., 2020; Rakner, 2003; Resnick, 2020), its economy and other government institutions (e.g.,Brautigam, 2021; Hinfelaar & Sichone, 2019), as well as donor and technical assistance reports (e.g., Gray & Chapman, 2001; IMF, 2015; Rojas et al., 2016). I also read annual reports from the ZRA, parliamentary debates and reports from other Zambian institutions such as ZIPAR. While not explicitly presented in the following analysis, I thus triangulated the interviews with information from other sources.

[17] While freedom of the press is guaranteed in the Zambian constitution, it has been restricted in practice. This was especially the case during the rule of the Patriotic Front (2015-2021). Many news outlets were considered to be biased in favour of the government, while news outlets critical of the government were harassed and repressed, for example by having their broadcasting licence suspended (Freedom House, 2022).

Role of the interviews

The case study exploring the ZRA's de facto autonomy and whether, how and when it matters is primarily built on interviews. The interviews were all conducted with individuals (or several individuals at the same time) who have extensive knowledge, and therefore can be seen as a form of elite interviews (e.g., Bogner et al., 2009; Mikecz, 2012).

As will be presented in the following chapters, some information presented in the interviews was quite objective and introduced facts and concrete examples. This is primarily conveyed in Chapter 7 and the first half of Chapter 8. Here the interviews mainly function as informational sources. Other findings from the interviews, mainly presented in the latter half of Chapter 8, instead concern perceptions and here the interviews are seen as representative sources (Weiss, 1994). For this reason, discrepancies and disagreements between different interviewees do occur at times. Such discrepancies are presented throughout in order to be as transparent as possible, even if only one interviewee expressed a conflicting view. Furthermore, by referencing specific interviews throughout, I attempt to demonstrate how prevalent different views were among the interviewees and what different interviewees had highlighted in our conversations. With interviews such as these, there is always the chance that interviewees will disagree, and that not every potential interview source has been exhausted and therefore that some perspectives will be missing. This was one of the reasons I sought to interview people from different divisions and departments within the ZRA as well as people external to the ZRA. Nevertheless, there were interesting sources that are not represented, such as the Ministry of Finance. Therefore, the analysis is based on the principle of transparency.

Coding of interview data

The majority of the interviews were audio recorded, with permission of the interviewees. These interviews were subsequently transcribed by a student assistant, and I double-checked all aspects about which the student assistant was unsure.[18] A few interviews were not recorded but instead extensive written

[18] Before the transcription commenced, the student assistant and I had a meeting. She had prior knowledge about taxation in developing countries, but a list of Zambia-specific words, important people and abbreviations were provided to her to ease the work of transcription. I thus only double-checked when there was uncertainty, which mainly concerned unclear speech or accents, or names of specific individuals, words or abbreviations that were not mentioned in the list I had provided her with. One interview was not conducted in English, so the quotations from that interview have been translated.

notes were taken, including some direct quotes.[19] I subsequently open-coded the interviews in the program Nvivo. This was done to tease out all the nuances in the data and left us with 909 open codes. These codes were then combined thematically into closed codes consisting of three overarching themes: (1) meaning of semi-autonomy, (2) performance, and (3) perceptions, each with many sub-themes and sub-codes. Table 6.1 displays an example of the codes.

Table 6.1: Example of generated codes

Theme	Example of sub-theme	Description	Example of codes
Meaning of semi-autonomy	President appoints commissioner-general	Comments and information concerning commissioner-general being appointed by the president	- Appointment by president is good - CG responsible to president - Who is CG matters a lot - Etc.
Performance	Revenue targets as main performance measure	Comments and information concerning revenue targets	- ZRA reach targets - Targets are arbitrary - Poor data to make targets - Etc.
Perceptions	Perceptions of taxpayers	Comments and information concerning perceptions of taxpayers	- Compliance issues with all taxpayers - Medium-sized business are cooperative - Fines and penalties motivate compliance - Etc.

This coding strategy was used to unpack the data and generate an overview to enable analysis of the interviews. This analysis of the case study will be presented in the following two chapters.

[19] Subsequent to all interviews, extensive post-interview notes were made. These, for example, entailed notes about the atmosphere, the scene of the interviews, how the interviewee acted, specific aspects of the interview that stood out etc. In the few cases in which the interview was not recorded, these post-interview notes were more extensive and also entailed details of all things I remembered being said. These post-interview notes were not coded, but were used to recall the interviews and as background information.

6.4 Conclusion

This chapter presented the link between the quantitative cross-country analysis and the qualitative case study of the ZRA. While the case study is not nested within the quantitative analysis, it answers some of the questions the quantitative analysis left unanswered, namely whether SARAs' autonomy matters and, if so, when and how. This chapter thus briefly presented the selection of the ZRA as a case, and introduced the ZRA, including the formal autonomy it has been delegated through the law and how this compares to other SARAs. This chapter also briefly outlined the Zambian context in which the ZRA is embedded. The case study is interview-based, and the timing and context of the data collection, the data foundation upon which the analysis is based, the role of the interviews and the coding of the interview data were presented. This leads to the next logical step of presenting the analysis of the case study, which is divided into two chapters. The next chapter examines the actual autonomy of the ZRA and how this relates to the formal autonomy it has been delegated. This is followed by a chapter which explores whether the ZRA's autonomy matters and, if so, when and how.

Chapter 7. The semi-autonomy of the Zambia Revenue Authority

To understand *whether*, *when* and *how* semi-autonomy matters, we first and foremost need a better understanding of what semi-autonomy looks like in practice. To do so, this chapter zooms in on the semi-autonomy of the Zambia Revenue Authority (ZRA). The ZRA was established as a SARA in 1994, and formally delegated autonomy through the ZRA Act ('The Zambia Revenue Authority Act,' 1993). Yet as discussed in Chapter 4, formal autonomy delegated through the law does not necessarily correspond to the de facto autonomy an agency possess. High formal autonomy can be undermined, and low formal autonomy can be left unexploited. In addition, it is often argued that de facto autonomy is ever-changing and something that continuously has to be fought for and protected, and is thus much more based on the agency's reputation and its ability to protect its 'turf' (Bach, 2018; Carpenter, 2001; Wilson, 1989). The ZRA Act has remained rather static, with only three changes since the ZRA's establishment, in 1996, 2014, and 2021 respectively ('The Zambia Revenue Authority Act,' 1993). As actual autonomy is dynamic, the focus of this chapter is on the semi-autonomy of the ZRA in more recent years, mainly focusing on the period between 2016 and 2021. This is explored through in-depth interviews with current and former ZRA employees as well as external stakeholders, concerning their views on and depictions of the ZRA's autonomy. The aim of this chapter is to explore how the ZRA's semi-autonomy works in practice, as well as how closely related (or detached) this is from the formal autonomy delegated to the agency and what implications this has. The focus here is mainly on autonomy from the political level as this was what the interviewees highlighted.[20] It thus concerns and further informs the relationship between a government and a SARA as briefly presented in the theoretical framework in Chapter 2. This chapter demonstrates how the ZRA

[20] The focus on autonomy from political interference is a deliberate choice, as it is a key aspect of the autonomy an agency enjoys (or lacks) and was the main focus among the interviewees. Furthermore, de facto political autonomy is particularly interesting to look at in relation to the de jure autonomy the agency is delegated by law and which is discussed in the foregoing chapters. Other aspects, such as autonomy from the business community and the potential for state capture, will be briefly touched upon in the following chapter, although they are largely beyond the scope of this dissertation but an interesting focus for future research.

managed to gain substantial autonomy, even beyond its mandated scope, to influence tax policy, while at the same time its autonomy in other respects was perceived to be undermined by political influence, such as through the political appointment of the agency's commissioner-general.

The following sections look into the de facto autonomy of the ZRA by elaborating on different dimensions and aspects of its setup emphasised by the interviewees. This is also related to the formal autonomy delegated to the ZRA through the law. References to different interviewees are noted by 'IP' plus an interview number (for further information on the interviewees please confer Appendix D). The chapter is structured as follows: first, the ZRA as a semi-autonomous institution in Zambia is briefly introduced, followed by a presentation of how the ZRA is positioned in relation to the Ministry of Finance. Second, the appointment of the commissioner-general, the chief executive of the ZRA, is addressed. This is followed by the commissioner-general's relationship and power vis-à-vis the minister of finance and the governing board of the ZRA. It is noteworthy that while these elements will be presented as different dimensions, all of these elements and relationships overlap and influence each other. Throughout, the benefits and challenges of the ZRA's setup will be highlighted, as well as suggestions for how the autonomy of the ZRA could be changed for the benefit of its functioning, according to the interviewees.

7.1 ZRA as *the* example of a semi-autonomous institution

While the ZRA in this monograph is primarily seen as a case of a SARA, it can also be compared to other organisations and semi-autonomous institutions (more often referred to as parastatals or quasi-institutions) in Zambia.[21] This was also generally the frame of reference for many of the interviewees:

> I think that that ZRA is *the* example of what a quasi-institution is (…) in Zambia (IP1, former ZRA employee).

This quote illustrates how the ZRA is seen as a key organization in Zambia, but by extension also highlighted that Zambia has seen the proliferation of many different semi-autonomous institutions. A few individuals, for example, stated that the ZRA was a better example of this model than other institutions such as ZESCO, which is the Zambian electricity utility (IP9, ZRA employee),

[21] For example, the literature on Pockets of Effectiveness highlights that agency operation and effectiveness are always relative, which is also the case for the ZRA (see e.g., Cheelo & Hinfelaar, 2020b; Kjær et al., 2021; Roll, 2014).

or Zambian Airways (IP7, external stakeholder). This might also be why, when asked about their understanding of the ZRA as a SARA, several people started out by presenting the original idea and more theoretical reasons for reform. For example, they highlighted how the ZRA had been separated from the Ministry of Finance and was intended to operate with less political influence, as well as the improvement in conditions of employment to attract more qualified staff. The formal legal autonomy of the ZRA was also stressed. The ZRA was established as a corporate body and is therefore meant be run more as a private enterprise with the intention of increasing efficiency, which is illustrated in the following quote:

> ZRA being semi-autonomous means that it's under one of the ministries, of course, and under government. But it's left to run as a private enterprise. (...) I think the main goal for it [is] to be more efficient at the end of the day (IP9, ZRA employee).

While higher efficiency and better performance might be the goal, different aspects were highlighted once interviewees were asked how the setup of the ZRA actually worked in practice. While the idea behind reform might have been clear, it also quickly became apparent that the interviewees were not convinced it worked quite as perfectly in practice. This was evident across all the interviews, but one interviewee attempted to capture it by stating:

> Eighty percent of the time (...) the model is observed. Except in certain... maybe twenty percent or less would be comprised of situations where maybe certain things [deviate]... largely because of the government's stance and policies at the time (IP12, external stakeholder).

Furthermore, based on this and other people's accounts, it seemed that eighty percent was perhaps an optimistic estimate. But if we look less at the original intention behind the introduction of the ZRA, and more to how it works in practice, what do interviewees highlight? This is examined in the following sections. Because it was generally the interpretation most emphasized by the interviewees (e.g., IP2, former ZRA employee; IP11, ZRA employee; IP14, external stakeholder), autonomy related to political independence is the focus of the following sections. It was likewise stated that the semi-autonomy of the ZRA was not set in stone, but something that the ZRA has to continuously fight for:

> So, it [the autonomy of the ZRA] can never be just one, and you close the chapter. It's an ongoing... Depending on whatever is taking place in the environment, in the economy, in the world (IP10, former high-ranking ZRA employee).

This quote highlights that de facto autonomy is not static, but is something that has to be fought for (IP12, external stakeholder), and striking the right balance is the challenge (IP10, former high-ranking ZRA employee), as both too much and too little autonomy can create challenges.

7.2 The ZRA vis-à-vis the Ministry of Finance

The Ministry of Finance is formally in charge of tax policy, while the ZRA is mandated to administer the tax law and collect revenue. To do so effectively, the ZRA is formally given relatively high managerial autonomy over day-to-day decision-making. This power to act independently in daily decision-making and operations is not just formally provided, but also experienced in practice. One of the key aspects of the ZRA's autonomous status that was continuously referred to by interviewees was its ability to make its own decisions, as illustrated in the following:

> So, what it means [to be autonomous] is that we, we can make our own decisions (IP11, ZRA employee).

It was consistently stated that the ZRA is autonomous to do as it pleases within its mandate and that the ministry does not interfere with this (e.g., IP9, ZRA employee; IP16, external stakeholder; IP17, external stakeholder). Nevertheless, a large caveat put forth was whether the ZRA overstepped its mandate and how it collaborated with the ministry.

The ZRA and Ministry of Finance have a close relationship and collaboration; for example, the ZRA has people stationed at the ministry and forms part of the Tax Policy Review Committee (IP7, external stakeholder; IP11, ZRA employee; IP13, external stakeholder). This makes sense since the ZRA has specific knowledge about the administration of taxation and possesses important data needed to make assessments of policy proposals and forecasts. Yet, while they are dependent on each other, there seem to be two perspectives on their relationship. On the one hand, the Ministry of Finance is ultimately in charge of tax policy and the ZRA only provides advice. It was repeatedly stated that the ministry has the final say concerning tax policy, so they decide its direction and what they say goes (e.g., IP7, external stakeholder; IP10, former high-ranking ZRA employee; IP17, external stakeholder; IP18, ZRA employee). The role of the ZRA is then simply to advise the ministry and implement its decisions by translating policy into administration (e.g., IP11, ZRA employee; IP13, external stakeholder; IP16, external stakeholder). This was presented as the clear division of responsibility, yet it was also said to present some challenges. One of the main issues was described as the ministry's lack of technical expertise and knowledge, which could lead to bad decisions or an overreliance on the ZRA.[22] Therefore, somewhat contradictorily, it was also stated that the ZRA actually has a large say and influence on tax policy due to its greater capacity.

With regard to the Ministry of Finance, the perception is that it lacks knowledge and capacity to effectively conduct and oversee tax policy. It was expressed that the ministry operates with a great deal of red tape and seems to operate on a more ad hoc basis, for example with employees moved around departments so that the Tax Policy Unit of the ministry lacks consistency and expertise (e.g., IP7, external stakeholder; IP8, external stakeholder; IP9, ZRA employee). Furthermore, tax policy was described as being relegated to a rather low level within the ministry (IP11, ZRA employee). The implication is that the Tax Policy Unit seems to lack the power to speak up against potentially problematic policy decisions.

> the policy unit in the ministry has no capacity and is *not* able to speak, to say 'This is what we need to do, Minister' (IP10, former high-ranking ZRA employee).

This quote was in the context of a specific instance where the Tax Policy Unit of the ministry lacked expertise and power to inform and influence the higher ups about potential issues with the formulation of a policy proposal regarding VAT. This was likewise highlighted in an interview relaying an anecdotal account of the short-lived introduction of a windfall tax in 2008.[23] According to the interview, the ZRA, in collaboration with external donors and the Tax Policy Unit, had done the research and made the original policy proposal. Nevertheless, the high-ranking officials in the ministry said the country needed additional financing and on that basis simply decided to substantially increase the proposed graduated tax rates. This was of course within their rights as it was a question of policy, but the Tax Policy Unit did not speak up to explain the problems with such high rates. The interviewee argued that this was one of the reasons the windfall tax was so short-lived (IP10, former high-ranking

[22] This view and well as the other perspectives put forth in this chapter were presented by current and former ZRA employees as well as external stakeholders. Note that I did not interview any Ministry of Finance employees, who could perhaps be expected to have a different opinion. For more information concerning the Ministry of Finance see e.g., Hinfelaar and Sichone (2019)

[23] The windfall tax was a tax on potential mining windfall based on international copper prices. The case of the windfall tax is quite well known in Zambia, and its short-lived existence has been discussed by other scholars (e.g., Fjeldstad & Heggstad, 2011; Hinfelaar & Achberger, 2017; Lundstøl & Isaksen, 2018). This is beyond the scope of this chapter, which instead simply presents the interviewee's anecdotal account.

ZRA employee). While the ministry has the final say and taxes are ultimately policy decisions, such decisions are unlikely to be effective and long-lasting if they are not made on an informed basis.

Furthermore, the interviewees argued that the Tax Policy Unit also does not have the expertise to effectively oversee and counter tax policy input and proposals from the ZRA; although it should be noted that in periods when external support was provided to the Tax Policy Unit, for example from DFID (now FCDO), it was perceived to have had better capacity, but an inability to sustain it. Therefore, oversight only happens at a very high non-technical level (IP10, former high-ranking ZRA employee; IP11, ZRA employee).[24] For this reason, it was frequently repeated that the ZRA has substantial influence on tax policy and is much stronger than the ministry's Tax Policy Unit (e.g., IP1, former ZRA employee; IP8, external stakeholder; IP11, ZRA employee). For example, one interviewee stated that the Tax Policy Unit is the junior partner via-a-vis the ZRA, and that they rely on input and expertise from the ZRA to such an extent that they wait for ZRA representatives before conducting meetings, and they ask the ZRA to investigate the impact of tax policy proposals because they lack the data and knowledge to do so effectively themselves (IP7, external stakeholder; IP8, external stakeholder; IP12, external stakeholder). This view was widely held by the people interviewed, and for example expressed in the following:

> So even though tax policies in theory are decided by Ministry of Finance, it comes from ZRA. (…) in policy legislation we [the ZRA] were the ones who compound the measures that were going to Minister of Finance. There was never a time when what we had recommended was contradicted [by the Tax Policy Unit]. It was always, it came back almost … exactly as we had suggested to them (IP1, former ZRA employee).

The fact that the ZRA has a significant influence on tax policy was also perceived to be a consequence of the ZRA being a more attractive workplace and having much more specialised knowledge and capacity. For example, it was stressed that the fact that the ZRA is outside the normal civil service scheme means that employees received higher salaries. Likewise, the ZRA provides more training to new employees, whereas many in the ministry start without any introductory training (IP7, external stakeholder). Additionally, some interviewees seemed to have rather pessimistic views about working for the ministry due not only to lower salaries, but also to a view that they lack expertise

[24] There is also external financial oversight, with the annual audit by a private company and audits by the office of the auditor general (Cheelo & Hinfelaar, 2020b; Rojas et al., 2016; 'The Zambia Revenue Authority Act,' 1993).

and motivation (IP1, former ZRA employee; IP9, ZRA employee; IP12, external stakeholder; IP18, ZRA employee). Consequently, there is competition to work for the ZRA and they can attract more competent employees (IP2, former ZRA employee; IP9, ZRA employee; IP10, former high-ranking ZRA employee). [25] The ZRA thus has more specialised knowledge, access to data, and more resources, such as more staff working on supporting tax policy. With its higher levels of expertise and access to data, it could be argued that it is a good thing that the ZRA advises so much on tax policy. Nevertheless, many interviewees also stressed that it left the ZRA rather unrestrained and with too much influence:

> The Ministry of Finance was somewhat intimidated by the knowledge that is at the ZRA, because the ZRA is able to recruit... better qualified staff, they are able to muster more resources. The Ministry of Finance tends to take whatever the ZRA says as gospel truth (IP1, former ZRA employee).

This and other similar statements suggest that the ZRA has overstepped its mandated turf and has too much autonomy to influence tax policy. It was argued that if tax policy suggestions from the ZRA were questioned, this was being done at a high level, such as by politicians, and not in the technical policy proposals from the ministry. This seems to be not only the case in more recent years but was believed by some to be a relic from when the ZRA was originally established.

It was generally presented as undesirable that the ZRA has so much influence over tax policy. This was based on a view that it blurred the line between policy and implementation, and created a conflict of interest (IP11, ZRA employee; IP13, external stakeholder; IP17, external stakeholder). Some suggested that the solution would be increased collaboration, with more regular meetings to create policy consistency, or for the ZRA to transfer staff to the ministry when they lacked expertise (IP7, external stakeholder; IP10, former high-ranking ZRA employee; IP13, external stakeholder). It was also argued that the ministry needed to become better at providing oversight and take more ownership over policy. This would require the Tax Policy Unit to be strengthened and given higher priority in the ministry (IP10, former high-ranking ZRA employee; IP11, ZRA employee; IP13, external stakeholder; IP17, external stakeholder).

[25] Some questioned whether new hires to the ZRA in more recent years have had the same level of competence. This question will be addressed in the following chapter.

7.3 The (issue of the) appointment of the commissioner-general

The commissioner-general of the ZRA is appointed directly by and removable by the president. There are no formal specifications in the law regarding the length of the appointment or the requirements or qualifications needed ('The Zambia Revenue Authority Act,' 1993). These are some of the reasons why, as pointed out in Chapter 4, Zambia has the lowest levels of formal autonomy relating to the agency head status of their SARA.

The significant discretion of the president to appoint the commissioner-general was also one of the most highlighted features across the interviews, and was presented as rather undesirable. Three factors in particular were stressed. First, the fact that the president has so much discretion over the appointment means that he[26] can insert whomever he wants in the position, with interviewees often implying or stating directly that who the president wants has not always been the optimal choice. Second, because of the discretion of the president, the commissioner-general tends to be replaced once a new president comes to power (IP1, former ZRA employee; IP10, former high-ranking ZRA employee; IP11, ZRA employee). This change of commissioner-general was last seen in October 2021 after Hakainde Hichilema won the presidential election in August. Such changes have been presented as a way to remove both politicised commissioners-general but also good technocrats. Nevertheless, what it undoubtedly highlights is the power over the leadership of the ZRA vested with the president. Third, the commissioner-general is seen as an important and powerful position with a lot of discretionary power. Nevertheless, due to the appointment structure, this can also be problematic. The following will elaborate these benefits and challenges.

The fact that the president has discretion over the commissioner-general's appointment was highlighted by a few interviewees simply as a neutral fact or as having some benefit. Interviewees, for example, stressed that given the economy and environment in Zambia, it is critical that the ZRA has the support of the president (IP10, former high-ranking ZRA employee) or that there is a strategic and trusting relationship (P12, external stakeholder). Therefore, the fact that the commissioner-general is appointed directly by the president could be interpreted as a way to make sure that he has the needed support to do his work effectively. Nevertheless, this was not a general consensus across interviews. Instead, the most common theme was the issues surrounding the appointment being increasingly politicised:

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[26] The male pronoun is used as all Commissioners-General of the ZRA and Presidents of Zambia have so far been men.

> the executive, being the president, and the finance minister, are fairly confident that this is somebody that they'll play ball with (IP17, external stakeholder).

This quote highlights the view that the appointee will always be someone who agrees with or is willing to support the political level. This is not to say that commissioners-generals have necessarily been unfavourable or unqualified for their position – it was mentioned that some presidents had appointed qualified and technocratic commissioners-generals in the past (IP1, former ZRA employee; IP12, external stakeholder; IP14, external stakeholder).[27] It was nevertheless stressed that by way of appointment even the technocratic commissioners-generals needed to be somewhat politically oriented. Thus, while the ZRA in general has low formal autonomy concerning agency head appointment, this has not always been exploited – yet there was a view that it had been increasingly exploited and undermined in more recent years.

A key view presented was that the position of the commissioner-general had been highly politicised during the rule of the Patriotic Front,[28] especially with the appointment of Kingsley Chanda in 2016[29] (e.g., IP1, former ZRA employee; IP2, former ZRA employee; IP17, external stakeholder; several informal conversations). In 2021 it became publicly known that the Patriotic Front's manifesto outlined that heads of institutions should be drawn from the party (IP14, external stakeholder). This corresponded with the fact that several interviewees presented Kingsley Chanda as someone who came from the party and represented its interests. Two interviewees, for example, stated:

> it was evident that he [Kingsley Chanda] had a very close relationship with the governing party. He came in and, yeah, he made some very strange changes in the ZRA. And it was clear that perhaps he wasn't so, yeah, so technically competent but he had a lot of political backing (IP2, former ZRA employee).

> he [Kingsley Chanda] came in and, yeah, I think things went downhill after that. He was also, he was returning to the ZRA, he used to be a commissioner, not a commissioner-general, but a commissioner. And when the last commissioner-general, Berlin Msiska, came in, he restructured the organization and he restructured him [Kingsley Chanda], this guy out of the structure. And because

[27] This is also presented in e.g., (Cheelo & Hinfelaar, 2020b).

[28] The ruling presidential party in Zambia from 2011-2021, although the politicization of the ZRA was particularly stressed as having been from 2015/2016 onwards.

[29] Most interviews took place while Kingsley Chanda was commissioner-general or relatively soon after the appoint of the new commissioner-general in 2021. As the new commissioner-general was just settling in and the ZRA was thus in a transitional period, the interviews generally focused on the period before his appointment.

> of that (...) He came in slightly with an agenda of setting scores (IP1, former ZRA employee).

These interviews highlighted that the political appointment structure and lack of autonomy had led to an unfavourable commissioner-general being appointed due to political connections rather than competence. This was especially stressed by the fact that Kingsley Chanda had been previously removed from the organization allegedly due to corruption issue. It was also stressed that this appointment had had trickle-down effects on other positions and promotions in the ZRA. For example, it was stated by one interviewee that new vacancies were no longer broadly advertised, but instead had a tendency to be filled from a list of politically affiliated candidates (IP1, former ZRA employee).[30] Furthermore, it was stated that external critique as well as information-sharing became much more limited during this period (IP2, former ZRA employee; Informal conversations). In other words, the political appointment of the commissioner-general mattered not only for the appointee himself, but had wider implications for the ZRA as a whole. Many other interviewees were not quite as direct and explicit in their positions, but indicated similar views. However, two interviewees also highlighted more favourable perspectives:

> I think he's [Kingsley Chanda] brilliant (IP9, ZRA employee).

> He [Kingsley Chanda] was very popular with the party that was in power. And with staff. I think that's [laughs] what he needed to perform (IP11, ZRA employee).

These quotes point to the fact that while it was recognised that Kingsley Chanda's was a political appointment, some still felt more positively about him and argued that he had certain competences. The same interviewees pointed to his work in improving customs, that he was charismatic, and that he increased salaries and employment conditions for ZRA employees. One of them also stated that the scandals one might hear about him concerned his personal life and not his work. I highlight these perceptions to indicate that while there was a general view that Kingsley Chanda was a political and problematic appointment that had unduly politicised the ZRA, there were some who looked more favourably upon him. Nevertheless, this seemed to be tied mostly to the benefits he had created for ZRA's employees (IP9, ZRA employee) or to a general perception that having political connections is the only way to be effective (which was conveyed with some level of irony) (IP11, ZRA employee).

[30] This will be elaborated upon in the following chapter.

Overall, the political appointment structure was widely seen as undermining the ZRA's autonomy and linked to the fact that commissioner-general is seen as an important and powerful position. For example, it was stated that the commissioner-general has a lot of discretion as he has the power to make decisions, first and foremost regarding the ZRA's functioning, but also on matters concerning procurement such as electronic fiscal devices and concerning taxes, such as how they should be calculated or in relation to tax exemptions (IP7, external stakeholder; IP10, former high-ranking ZRA employee; IP13, external stakeholder; IP17, external stakeholder). It was also highlighted that sometimes this power and discretion seemed to be taken by the commissioner-general rather than formally granted:

> exemptions that should not have been granted. And were not properly signed off through ZRA system. They were given almost unilaterally by the commissioner-general without sort of due process being followed (IP17, external stakeholder).

This quote also highlights the lack of checks and balances on the commissioner-general, with the exception of those from the president. This will be elaborated upon in the following sections. Ultimately, the commissioner-general, thanks to the law's design, is accountable to the president. Several interviewees stressed exactly this point. One interviewee, for example, explained how the commissioner-general was called or summoned to the state house by the president to explain various cases or to receive instructions (IP2, former ZRA employee). This was also stressed by others:

> Because there's certain things that you cannot refuse to do. Because of who your boss is (IP9, ZRA employee).

> His primary constituency is to the president. It's very rare for the chief executive to depart from that point of authority (IP11, ZRA employee).

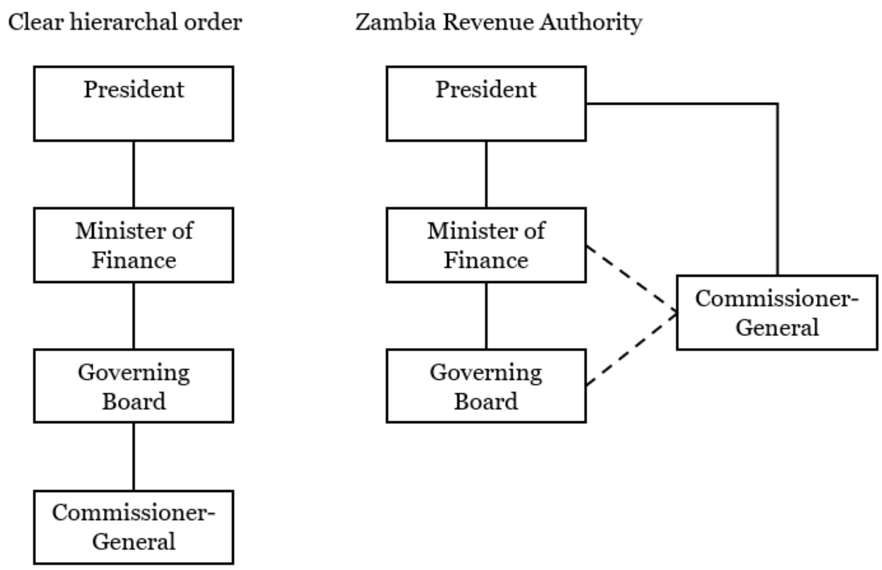
> He [the president] will call [the commissioner-general] about so many things. Not necessarily 'Don't do this' [but] maybe 'Help these guys', or 'Somebody, so and so, is coming to see you, so give them time' (IP10, former high-ranking ZRA employee).

These quotes stress the fact that the commissioner-general is first and foremost responsible to the president. They also highlight that this has not only been the case during the Patriotic Front's rule, although it may have been exploited more in this period, especially since 2016. Instead, there has always been the potential for exploitation and interference as a direct consequence of the formulation of the law, which provides low formal autonomy concerning the agency head status ('The Zambia Revenue Authority Act,' 1993). In that context, it was suggested that the potential for political interference in the agency should be limited (IP7, external stakeholder; IP9, ZRA employee).

Many interviewees argued that the appointment process for the commissioner-general needed to be changed to become more independent. It was suggested by some that the commissioner-general should be appointed through an interview process or with more parliamentary oversight (IP9, ZRA employee; IP10, former high-ranking ZRA employee; IP14, external stakeholder). It was also stressed by several interviewees that it would be more favourable if the appointment were made by the governing board, as this would limit political interference and also create a much clearer line of accountability (IP10, former high-ranking ZRA employee; IP11, ZRA employee). Furthermore, in an informal conversation, it was suggested that the commissioner-general's term of office should be changed, so that appointments last for a fixed but limited period. While some literature on autonomy would suggest that a permanent appointment would be best, it was stressed that due to the potential for agency capture, for example, a limited term might be better in Zambia.

The following figure presents how the current appointment structure complicates the checks and balances of the commissioner-general and the hierarchy of decision-making regarding both the ZRA and tax policy in general.

Figure 7.1: A clear hierarchical structure vis-à-vis the setup of the ZRA as expressed in interviews



Consequently, due to the structure of appointments and the general setup of the ZRA, the commissioner-general is compelled to be more loyal and responsible to the president (e.g., IP2, former ZRA employee; IP10, former high-ranking ZRA employee; IP17, external stakeholder). This creates questions of power, oversight, and accountability between the commissioner-general and the minister of finance as well as regards the role of the governing board of the ZRA.

7.4 The commissioner-general vis-a-vis the minister of finance

Formally the ZRA is hierarchically placed under the Ministry of Finance and has to follow its directions and regularly report to the ministry. This extends to the fact that members of the governing board are formally appointed by the minister, and the commissioner-general is responsible for the functioning and execution of the governing board's decisions ('The Zambia Revenue Authority Act,' 1993). As such, the minister has a higher rank than the commissioner-general. Several interviewees stated that the commissioner-general reports to the minister, and that the hierarchy is quite clear, as exemplified in the following:

> The commissioner-general is definitely answerable to the minister of finance because the revenue authority is actually [a] statutory body type of institution under the Ministry of Finance. So, definitely there's a, the hierarchy is very clear (IP17, external stakeholder).

Some stated that this also functioned in practice due to the fact that the minister of finance and the commissioner-general simply are charged with different tasks and therefore care about different things. One interviewee, for example, expressed that the minister cares about securing revenue, but not about the way in which it is secured, so the commissioner-general has a lot of discretion as long as the targets are reached (IP10, former high-ranking ZRA employee). However, the targets are mainly set through an agreement between the ZRA and the Tax Policy Unit, so that is where potential conflicts lie.[31] This could also be a good thing, as it gives the commissioner-general autonomy to run the ZRA more freely (IP13, external stakeholder). Another interviewee pointed to the fact that the commissioner-general ranks below the minister, but it is less clear how he is placed in relation to the secretary of the treasury and the permanent secretaries in the ministry, and this could create tensions (IP17, external stakeholder). This is especially true because until 2021, the secretary of the treasury was also an ex officio member of the ZRA's governing board ('The Zambia Revenue Authority (Amendment) Act,' 2021; 'The Zambia Revenue Authority Act,' 1993).

Nevertheless, many also highlighted issues with these structures and indicated that they might not be as clear as suggested above (e.g., IP1, former ZRA employee; IP8, external stakeholder; IP11, ZRA employee). Here it was stressed that both the minister and commissioner are appointed by the president, and subject to removal by the same authority. On the positive side, this

[31] The targets will be discussed in the following chapter.

could mean that there is political alignment between the two (IP13, external stakeholder). Yet that did not always seem to be the case, and when disagreement happened the commissioner-general could depart from the minister or publicly disagree:

> For example, I remember there was a case where conflicting revenue figures were being published by the Ministry of Finance and the ZRA. And normally you might say that you should stick to what the Ministry of Finance says. But I remember one or more instances where he [the commissioner-general] sort of went out openly and said the figures were sort of wrong and published his own figures (IP2, former ZRA employee).

This quote highlights how the commissioner-general has at times departed from the minister and contradicted him publicly, despite formally being hierarchically underneath him (e.g., IP1, former ZRA employee; IP2, former ZRA employee). One avenue that was mentioned relates to financial autonomy. It was stated how the ZRA used to be funded by withholding a percentage of revenue collected, but this had been changed so that the ZRA gets its funding through an annual budget allocation (IP10, former high-ranking ZRA employee; IP11, ZRA employee). As funding is paramount to the ZRA's functioning, this was an important change. One interviewee stated that exactly because the ZRA receives its funding from government, it is only semi-autonomous and not completely autonomous (IP18, ZRA employee). Nevertheless, it was also stated that the ZRA has never failed to get its funding, so the only question was whether the ZRA should get more, and here there had not always been agreement (IP10, former high-ranking ZRA employee; IP11, ZRA employee). The only means the minister has to sanction the commissioner-general is to try to limit the budget allocation to the ZRA, yet this does not affect the commissioner-general personally, and the budget allocation also needs formal approval from parliament (IP11, ZRA employee). As such, while the financial autonomy of the ZRA has been limited, the interviewees suggested that the ZRA does get its needed funding and that the minister could not independently use this as a sanction against the commissioner-general. The minister thus lacks direct sanctioning opportunities. This again goes back to the manner of appointment, which entails that the minister actually has little direct power to sanction the commissioner-general should there be disagreement between the two.

> His [the commissioner-general's] primary constituency is to the president. It's very rare for the chief executive to depart from that point of authority, but they can depart from the minister. And that has happened a few times in the past. Because of the setup, like I said, because of the way the appointing authorities operate (IP11, ZRA employee).

This quote points to a potential cause of tension and conflict. Related to this, it was also stressed that during the period when the last commissioner-general served (between 2016 and 2021), the minister of finance changed several times (IP11, ZRA employee; IP17, external stakeholder). This was also highlighted in the following:

> And that's why they [Kingsley Chanda] would survive all those ministers because the ministers [are] at higher risk of being sacked if they didn't sort of understand the philosophy of the time. But the commissioner-general, I think, was also very politically savvy in demonstrating that level of understanding that uhm they [Kingsley Chanda] are willing and able to play both, they were willing and able to align very well the institution with the political party preferences, ambitions and so on (IP17, external stakeholder).

This stresses that due to the structure of appointment, an individual's personality, strength, and relationship with the president have importance for how the hierarchical order works in practice. Interviewees gave the impression that the hierarchy is clearer between the minister of finance and commissioner-general installed in 2021. Nevertheless, in the previous period this was less clear, and again points to a lack of clarity in the law which can be exploited by different actors at different times. To clearly illustrate this, most interviewees independently brought up the attempt to reintroduce a so-called sales tax when talking about the relationship between the former commissioner-general and ministers of finance.

Illustration of the relationship: The attempt to reintroduce sales tax

In 2018 it was announced that the VAT would be replaced by a sales tax the following year ('The Sales Tax Bill,' 2019). [32] The reason for the proposal was the extensive backlogs in VAT refund payments. The interviewees highlighted several reasons for this situation. One central factor was that the ZRA is generally in a refund position as the main industry, the mining sector, exports products, which is VAT zero-rated and therefore commands large VAT refunds for most of the industry's production inputs. This means that the ZRA has to budget to repay these extensive refunds through what they collect in tax revenue. The interviewees highlighted that this VAT problem had mainly arisen

[32] One interviewee argued that this proposal was not actually a sales tax, but instead a goods and services tax bill. The person stated that the main issue with the bill was that the ministry had wrongly labelled it a sales tax, which unsurprisingly created a lot of resistance to the bill and demonstrated the minister and ministry's lack of expertise (IP10, former high-ranking ZRA employee).

because the government had withheld VAT refunds and instead used these as short-term financing (IP10, former high-ranking ZRA employee).[33] Since the money had been used, it could not be refunded and this created the refund issue for the ZRA, which has its roots in the government's cash (mis)management. While not stated in the interviews, it has been highlighted elsewhere that there were also administrative issues due to, for example, fraudulent VAT refund claims that were not sufficiently controlled (ZIPAR, 2019). This VAT refund issue was well known and also created a lot of trouble for businesses of all sizes due to disruptions in cash flows and liquidity (IP14, external stakeholder). While this is not unique to Zambia (see e.g., Harrison & Krelove, 2005), it did create an issue that many wanted to have addressed.

What is interesting is how the interviewees quite unanimously highlighted how this tax policy proposal of replacing the VAT with a sales tax came from the ZRA (IP8, external stakeholder; IP10, former high-ranking ZRA employee; IP11, ZRA employee). It thus again shows how the ZRA has substantial power to influence policy. As one interviewee said:

> So they [the ZRA] come out, and make the minster say we're bringing back sales tax (IP10, former high-ranking ZRA employee).

This quote illustrates (at least a perception) that the ZRA had enough power to push through a policy proposal – although some also had the clear perception that it did not come from the technical staff in the ZRA, but rather quite directly from the commissioner-general and his top advisors. In the same context it was stressed that the commissioner-general at the time had a background in customs and therefore might not have had the right expertise regarding VAT (IP1, former ZRA employee; IP10, former high-ranking ZRA employee; IP11, ZRA employee). This also corresponds to the fact that the sales tax example was mainly cited by the interviewees to illustrate the relationship between the commissioner-general and the minister(s) of finance. The perception was that the proposal was advocated and pushed through by the commissioner-general. Nevertheless, the proposal received a lot of backlash. This opposition came especially from the mining sector, but also from the wider business community who believed it was an extremely poor suggestion and simply a way to avoid repaying the outstanding VAT arrears:

> And the business community say '*What*? [laughs] Are you guys crazy? Have you listened, like sales tax?' (IP10, former high-ranking ZRA employee).

[33] This has also been highlighted by others (e.g., Cheelo & Hinfelaar, 2020b; Siwale, 2019; ZIPAR, 2019).

Many civil society organisations and tax experts were likewise opposed to it (e.g., IP2, former ZRA employee; IP10, former high-ranking ZRA employee). It also created uncertainty for the business community because it remained unclear for a long time whether the government would go through with the proposal (IP16, external stakeholder). In the end, the pushback meant the proposal was discarded. Yet that created the questions of who was to blame:

> I think it just became blatantly clear that it was going to be a very bad, bad decision. So, somebody had to take the fall for it, and it was the previous minister. Yeah. But it was strange, that is also interesting that the commissioner-general who advocated so much support was not punished for such a bad decision (IP1, former ZRA employee).

This quote highlights that the Minister was dismissed and in a sense was seen to 'take the fall' for the sales tax proposal. This does make sense as the minister is ultimately in charge of tax policy (IP16, external stakeholder). Yet there seemed to be a perception that the minister at the time simply lacked an understanding of what was actually being proposed and that it came from the commissioner-general (IP2, former ZRA employee; IP10, former high-ranking ZRA employee). Several interviewees therefore expressed surprise that there did not seem to be any consequences for the commissioner-general. One interviewee, for example, stated:

> even when the new finance minister said we are done with this sales tax thing, he [the commissioner-general] still made some statements [that] appear[ed] to suggest he was not happy, and nothing happened to him and. Yeah. And in fact, the minister of finance apparently expressed a desire to try and get rid of the commissioner-general, but was not able to (IP1, former ZRA employee).

This quote and the general example of the sales tax proposal highlight some of the dilemmas of the relationship and hierarchy between the commissioner-general and the minister of finance. It suggests, firstly, that the commissioner-general initially had the influence to push through a policy proposal, but also that the minister (and ministry) perhaps lacked the power or expertise to oppose it. Second, it highlights how the minister at the time had to take the blame for the unpopular policy proposal. This is not so strange since the minister is ultimately in charge of tax policy, but it was seen by some as surprising. This could perhaps also indicate that the president at the time stood more firmly behind the commissioner-general than the minister, since the president decided to replace the latter rather than the former. Thirdly, the new minister of finance might have been more powerful vis-à-vis the commissioner-general, but the commissioner-general could still publicly disagree as the new minister did not have the means to sanction this.

This example of the sales tax proposal thus indicates that the setup of the ZRA and appointment of the commissioner-general does not only influence the ZRA, but also influences the commissioner-general's position vis-à-vis the minister. It demonstrates a special relationship between the commissioner-general and the minister that does not seem to have existed in previous periods, nor for the current appointees. Nevertheless, it highlights that while it is clear that the minister is hierarchically above the commissioner-general, the minister has little de facto control over the commissioner-general due to a lack of sanctioning options and the appointment structure. This means that their respective personalities, political skill, and favour with the president can become important, as it did during the period illustrated by this example.

7.5 The commissioner-general vis-à-vis the governing board of the ZRA

The governing board of the ZRA is the agency's highest authority, and formally the commissioner-general is responsible for the execution and implementation of the governing board's decisions ('The Zambia Revenue Authority Act,' 1993). This setup was also described by several of the interviewees, who stated that the commissioner-general reports to the governing board, which reports to the minister of finance (IP11, ZRA employee; IP12, external stakeholder; IP15, ZRA employee). One interviewee stated that this worked well unless there were disagreements between the board and the commissioner-general or the president (IP11, ZRA employee) – the reason for which will be explained in the following.

The governing board consists of nine members, three of whom are members by virtue of another position, and six of whom are appointed by the minister of finance ('The Zambia Revenue Authority Act,' 1993). The secretary to the treasury in the ministry of finance was part of the board up until 2021. It was stated in the interviews how this meant that the ministry had direct influence on the board and thereby a lot of weight within the ZRA (IP7, external stakeholder). The secretary to the treasury would also brief the minister on the work going on in the ZRA, thus creating some kind of oversight (IP10, former high-ranking ZRA employee). In 2021, the ZRA Act was amended ('The Zambia Revenue Authority (Amendment) Act,' 2021). This amendment changed two of the ex officio positions, the secretary to the treasury in the ministry of finance and the permanent secretary in the ministry responsible for legal affairs, to instead be representatives. This was arguably to limit political influence on the board. The original bill proposed in 2020 included wider changes to the composition of the board and other parts of the ZRA Act ('The Zambia Revenue Authority (Amendment) Bill. (First stage),' 2020). Part of the suggestion was to make more extensive changes to the composition of the board by including some criteria for appointment and including the commissioner-general as an ex officio board member. Nevertheless, this suggested bill was quickly limited in scope. An interviewee laughingly stated that in the past the ZRA had tried to change the qualifications for board members, but that that luckily had been rejected by parliament as the board should represent different interests and not technical knowledge (IP11, ZRA employee). However, another interviewee argued that more required qualifications would improve the board (IP14, external stakeholder). One argument for this could be made based on the perception that the board in recent years had become somewhat politicised. Nevertheless, how much all this matters can actually be debated due to one simple fact: there seems to be confusion over what role the board actually plays and what it does.

> I don't understand what the role of the ZRA board is and what sort of influence they have. As I understand it, you know, a board is supposed to ... do a lot of, sort of institutional policymaking, corporate governance-related issues, guidance. But when you have a specialised institution, ZRA, I don't know what kind of advice the board is therefore set up to provide. I don't, I really, I don't know. And especially that, there's also these other layers that the institution is answerable to (...) So, how the board comes in and has the relevant role or space within this. I'm really not clear. (...) I don't really understand what the relevance of the board is for ZRA (IP17, external stakeholder).

This quote demonstrates a view shared by several interviewees – that is, an uncertainty over what the governing board actually does and what powers it has. These perceptions were not due to interviewees' lack of understanding and insight regarding the ZRA, but rather a general confusion about what powers the board actually possess. Interestingly, when the previous commissioner-general was dismissed in October 2021, a new one was inserted in the position straight away. By contrast, the ZRA governing board was dismissed in early December 2021 without information concerning when a new board would be instated. The new board was first appointed in mid-March 2022 (MoF, 2022). This could be interpreted as a sign that the commissioner-general is of more importance than the board. The confusion over the role of the board again seemed to be somewhat tied to the appointment of the commissioner-general and the board members respectively:

> He [the president] will just say, I have appointed this person the CG. And the board of directors have absolutely no say in the matter. Actually, the board of directors *must* support the chief executive. So, what it means is that the chief executive is actually superior to the board of directors. The decisions of the board of directors are not really binding to the chief executive because he doesn't report to them (IP11, ZRA employee).

While by law the commissioner-general is there to execute the decisions of the board, the interviewees expressed a perception that the board actually had very limited power (if any) to decide over the commissioner-general. While the board members are appointed by the minister of finance, the commissioner-general is appointed by a higher authority, namely the president. The board does not have a say in the appointment or dismissal of the of the commissioner-general and therefore lacks direct power to oversee the work of the commissioner-general or sanction him (IP10, former high-ranking ZRA employee; IP11, ZRA employee). This was also related to the fact that, for example, the chair of the board and the board itself had been changed more often than the commissioner-general (IP11, ZRA employee). This was stated to be a consequence of the minister also being less permanent. The interviewees expressed that it was an issue that the board is accountable to the minister whereas the commissioner-general is accountable to the president, as it blurs the lines regarding who is actually in power to make decisions and who is accountable to whom (e.g., IP10, former high-ranking ZRA employee; IP11, ZRA employee; IP17, external stakeholder). One interviewee stated that it thus again created room for confusion and that much was dependent on the strength of the individual board members.

These insights were again tied to the fact that the interviewees generally argued that it would be desirable to change the appointment process for the commissioner-general. In addition, it was highlighted how the board could also be made more independent. One suggestion was to make criteria for appointment to the board that would require specific expertise and limit the potential for appointments made for other reasons (IP14, external stakeholder). In a similar vein, it was argued that the composition of the governing board could be changed to hold fewer members from government and more private sector representatives (IP13, external stakeholder; IP14, external stakeholder). While this suggestion was given by some, it was not as widely shared as the desirability of changing the appointment process for the commissioner-general.

7.6 Conclusion

This chapter has presented how the semi-autonomous status of the ZRA work in practice. The interviewees spoke positively about how the ZRA was autonomous to make its own decisions regarding its day-to-day management and operations. This was stressed as a key feature of the organization. Here the actual autonomy of the ZRA seemed to correspond to the high level of formal managerial autonomy delegated to the agency. Nevertheless, in particular two caveats to this setup and the ZRA's de facto autonomy were also stressed. One the one hand, the ZRA was perceived to be highly autonomous regarding its own turf, so much so that it almost became too autonomous. This was understood in the way that the ZRA had managed to exceed its purview and crowd in on the mandate of the Ministry of Finance by substantially influencing tax policy. The actual autonomy of the ZRA here thus exceeded its formal mandate. For that reason, the interviewees expressed a desire to have a stronger Tax Policy Unit in the Ministry of Finance. This indicated that the ZRA in some ways had too much autonomy. On the other hand, it was argued that the autonomy of the ZRA was in other ways undermined by the commissioner-general being appointed and dismissed directly by the president. In particular, it was expressed that this structure was used for political influence with the appointment of the previous commissioner-general, who served between 2016 and 2021. It was thus viewed that the autonomy of the ZRA here had been undermined. It indicates that while low formal autonomy concerning appointment of the agency head has always been present in the law, it has not always been exploited to the degree that it was under the Patriotic Front. However, during this period the low formal autonomy largely corresponded to the low de facto autonomy of the agency head. This was perceived as an issue as it led to a politicisation of the agency but also a lack of clarity surrounding accountability. In some ways it could also be argued that the lack of autonomy in the appointment of the commissioner-general was also perceived to give the commissioner-general too much autonomy vis-à-vis the governing board and minister of finance, respectively. According to the interviewees, the process for appointing the commissioner-general should therefore be reformed. This is a key structural element of the ZRA that interviewees believed should be changed in order to benefit the institution as a whole. This chapter has thus contributed by exploring the de facto autonomy of the ZRA and how it relates to the formal autonomy delegated through the law. While the chapter concerned the ZRA, it does provide insights that can potentially further inform the relationship between governments and a SARAs as briefly presented in the theoretical framework in Chapter 2. The insights from this chapter logically lead to the question of *whether* de facto autonomy matters for the ZRA's performance, and if so, *when* and *how*. This will therefore be the focus of the next chapter.

Chapter 8. Does actual autonomy matter? Exploring the impact of ZRA's semi-autonomy

One of the key ideas behind the introduction of SARAs was that their more autonomous status would improve performance – but is that actually the case? Chapter 3 found that implementing a SARA does have an initial positive effect on direct tax revenue, yet Chapter 5 showed that more formal autonomy does not lead to higher tax-to-GDP ratios. However, these findings are based on cross-country quantitative data regarding implementation and formal delegation. What if we instead look more closely at de facto autonomy and other performance effects? The previous chapter explored the de facto autonomy of the ZRA. As the natural next step, this chapter examines *whether* the ZRA's autonomy actually matters and if so, *when* and *how*. This analysis is based on different aspects of performance put forth by interviewees. Some focus on rather direct performance effects, such as revenue targets. Others focus on more indirect and less immediate organisational effects, such as agency self-perception, or long-term self-reenforcing effects such as taxpayer perspectives of the organisation and vice-versa. Furthermore, wider thoughts on what the ZRA has already improved and the challenges the organisation still faces are also included throughout, such as the improvements and continuous challenges regarding digitalisation. This chapter builds on interviewee accounts, where some elements are rather objective and refer to concrete examples (such as more direct performance measures, for example, tax-to-GDP), whereas other elements are more perceptual, based on thoughts and judgements (this is highlighted by the use of the word 'perceptions', for example, in the sub-headings). For this reason, discrepancies and disagreements between different interviewees do occur at times. Such discrepancies are noted, along with which perceptions were more prevalent among the interviewees in an effort to be transparent. The chapter finds that the interviewees do think that the autonomy of the ZRA matters. What is more difficult to describe concisely is exactly when and how it matters, as the ZRA's autonomy seems to lead to diverse effects at different times and in different situations. These findings will be elaborated upon throughout the chapter.

This chapter first explores whether autonomy broadly is perceived to matter. Second, this leads to a presentation of more direct performance effects, with a focus on the revenue target and tax-to-GDP ratios. Thirdly, organisational effects will be presented, concerning recruitment and agency self-perception. This also includes a section on the ZRA's improvements in digitalisation. It is followed by a discussion of how the ZRA perceives taxpayers and how the ZRA's semi-autonomous status affects taxpayers' perceptions of it. Forth, taxpayers' perceptions of the Zambian tax system more broadly are presented, as well as views on the political undermining of the tax system. While these latter topics are not direct effects, they are closely related to the semi-autonomous status of the ZRA and affect the agency's ability to collect revenue, and thus they are included.

8.1 Does autonomy matter?

While the semi-autonomous status of the ZRA seemed to be quite clear among the interviewees, it was less clearly expressed what effect its autonomy actually had. Nevertheless, there seemed to be consensus that autonomy actually matters:

> I'm not sure how, but I think it does [matter] (IP11, ZRA employee).

This quote highlights that the interviewees thought that the autonomy of the ZRA was important, but it was difficult to directly explain when and how it mattered when directly asked. Despite this fact, when given more time to think or in relation to other questions, interviewees pointed to several areas where they believed the semi-autonomous status of the ZRA had an important impact, both for better and for worse. Some of these perspectives also related to the setup of the ZRA itself, as explained in the foregoing chapter. Many argued that it is an advantage that the ZRA is separate from the Ministry of Finance as this creates more efficiency and independence, which has effects on the ZRA's functioning (IP8, external stakeholder; IP12, ZRA employee; IP14, external stakeholder). However, it was also stressed that both too much and too little autonomy would be problematic:

> I don't think about how it [ZRA] performs so much, but I'm more worried about whether the government is receiving its full benefits. If there is no, you know, if the autonomy is not at a level where it should be. But it can never be fully autonomous (...) that also is wrong. But neither must each be completely under ... there has to be some zen [balance] (IP10, former high-ranking ZRA employee).

This quote points to two key considerations. First, when examining the effect of the ZRA's autonomy, direct performance measures should not be the only criteria looked at. Second, the level of autonomy is about striking a balance in order to achieve maximised benefits, and as demonstrated in Chapter 7 this balance has not always been achieved. This was especially the case between 2015/16-2021. Consequently, the semi-autonomy of the ZRA was described as having led to both benefits and challenges, some of which were quite direct effects whereas others were more indirect spillover effects. These will be presented throughout the chapter.

8.2 How has the ZRA performed? Direct performance measures

Within Zambia, the ZRA is considered a rather efficient and well-performing institution which has generally done well in terms of collecting taxes (e.g., IP10, former high-ranking ZRA employee; IP12, ZRA employee; IP16, external stakeholder; informal conversation). As one interviewee eagerly expressed it:

> So, you get into an organization like ZRA, and it being semi-autonomous means, like, there's a mad efficiency (...) ZRA is not a Zambian organization (IP9, ZRA employee).

This quote highlights how the ZRA is considered by some to be an effective agency given the Zambian context. This positive view of the ZRA was related to its semi-autonomous status and described by some almost as something that scholars would term a Pocket of Effectiveness.[34] Nevertheless, many also highlighted extensive issues which had enhanced in more recent years, as will be elaborated upon in the following sections, and argued that the ZRA still had much room for improvement (e.g., IP7, external stakeholder; IP8, external stakeholder; IP10, former high-ranking ZRA employee).

Revenue targets as the main performance measure

When describing the ZRA's performance, by far the majority of interviewees immediately focused on the ZRA's revenue targets. The revenue targets were consistently brought up in the interviews as the central measure of performance for the ZRA (e.g., IP2, former ZRA employee; IP13, external stakeholder; IP14, external stakeholder), and it was argued that the ZRA is mainly evaluated based on the premise of reaching targets:

> So the performance of the ZRA is evaluated on the, we look at the targets. Because the role of the ZRA is to collect revenue. Then targets are set. So the success of the authority is based on its ability to meet the targets (IP15, ZRA employee).

34 Cheelo and Hinfelaar (2020b) argued that the ZRA was a Pocket of Effectiveness (PoE) between 2006-2011, but can otherwise better be characterised as a 'thwarted PoE'.

Related to the targets as the main performance measure, the first thing pointed out by interviewees was how the ZRA has consistently been able to reach its targets:

> There have been targets which have been set for Zambia Revenue Authority to meet, and if you are to judge efficiency based on how they meet those targets, then the Zambian Revenue Authority is in fact efficient (IP13, external stakeholder).

As this quote highlights, if performance is only evaluated based on the ZRA's ability to reach targets, then the agency has done well. Other interviewees added that the ZRA had even overperformed by exceeding targets in some years (e.g., IP9, ZRA employee; IP15, ZRA employee; IP17, external stakeholder). For example, it was mentioned that the ZRA had, by September 2021 (that is, four months ahead of schedule), exceeded its annual target of 80 million kwacha (IP9, ZRA employee). This was also highly publicised by the ZRA, for example with press releases on their webpage and statements to news outlets (e.g., Lusakatimes, 2021; ZRA, 2021d). Yet, in nearly the same breath, the majority of interviewees stated that the targets are arbitrary and not objective:

> But it was mostly political. It was not [laughs] not an objective target (IP1, former ZRA employee).

> By the way, the targets are arbitrary (IP11, ZRA employee).

These quotes point to the fact that there are issues with how the targets are set. These issues were stressed by many interviewees, although different interviewees highlighted different reasons for them. One of the issues concerned the fact that targets in more recent years had been put forth in nominal terms instead of real terms:

> This year [2021], I think the revenue matches the target, the yearly target, four months before, but no factors of inflation and exchange rates. If they did... It would be a different story. But you have to go for the public [said laughingly] and show that you are performing (IP10, former high-ranking ZRA employee).

The quote highlights the issue of setting targets in nominal terms, which entails that meeting the target does not necessarily relate to agency efficiency and good performance but can be due to other factors such as increasing copper prices, exchange rate depreciation and inflation. Several interviewees indicated that this was why the ZRA had reached its 2021 target so early, which had little to do with the ZRA's actual performance (e.g., IP8, external stakeholder; IP17, external stakeholder; several informal conversations).[35] Furthermore, it was stressed that previous targets had been put forth as a percentage of GDP, so the presentation of targets in nominal terms was something that had happened in more recent years (IP10, former high-ranking ZRA employee). As the quote stressed, there might have been different incentives behind this choice, which will be elaborated upon below. Nevertheless, it should be noted that one interviewee argued that the targets have actually been relatively high in recent years despite being nominal, especially given, for example, the economic issues in the country and the extensiveness of tax exemptions:

> The economy is really bad, so they're [politicians] trying to milk all the money they can out from ZRA. So the targets were ridiculously high and they kept growing, but he [Kingsley Chanda] kept beating them and, you know, and it's not by chance (IP9, ZRA employee).

This quote highlights a positive view of the ZRA's ability to reach targets despite adverse circumstances and especially credits the previous commissioner-general, Kingsley Chanda, for this. Another interviewee argued that the targets could be attributed to the measures put in place by Chanda to curb smuggling and tax evasion (IP15, ZRA employee). These two statements came from two ZRA employees who both had positive views of Chanda, as explained in Chapter 7. However, these opinions did not seem to be shared by other interviewees, who were more critical of the ZRA's performance in recent years. They instead questioned, for example, whether the targets were high enough (IP7, external stakeholder; IP13, external stakeholder). This was stated in relation to how the targets were set and by whom. Here there seemed to be some contrasting views. Some argued the targets were ultimately set by the Ministry of Finance or the government (IP9, ZRA employee; IP12, ZRA employee; IP15, ZRA employee). The issue presented here was that targets were not based on fact but instead on what was needed for the budget:

> The government says, 'Now, we want you to meet this target because that, this is a target that we budgeted for'. So the main objective that comes from the central government is the target that the authority has to remit. And then after that, the ZRA now comes up with its own independent strategies of how they are going to meet those targets (IP15, ZRA employee).

This quote highlights how targets can be set based on budgeting needs rather than realistic revenue collection prospects. However, this is not unique to

[35] This was also highlighted in the 2022 budget address by the new Minister of Finance (MoF, 2021, p. Item 20).

Zambia but has also been argued for many other countries, for example Sierra Leone, Uganda and Kenya (IP4, tax researcher; informal conversation; Kangave, 2005; Tyce, 2020). For this reason, some interviewees argued that the ministry would push for high targets. Furthermore, it was also argued that revenue forecasting was just generally a difficult task for both the ZRA and ministry due to poor data, such as outdated employment figures (IP10, former high-ranking ZRA employee).[36] However, others highlighted that while the points enumerated above are true, the ZRA actually has a large say in relation to the setting of the targets:

> Because of the same setup we can go to the minister and say, look, this target is too high, we can't meet it. (...) Now, ZRA, we can actually have a bad target. We can bargain and say, look, this is too high, please lower it. And the ministry will have no reply to that. They cannot say, we think that it should be at this level. Because they haven't done the research work at a technical level to support their target. It's a gap. So in a way, our target-setting is a bit weak because... they are not independently set (IP11, ZRA employee).

> the minister will say, 'Commissioner-General?' and ask the staff 'Have you come up with targets?', [the staff replies] 'Yes', 'Commissioner-General?', [the Commissioner-General replies] 'Yes', 'Have you agreed?', [they all reply] 'Yes'. And yet, it was the commissioner-general himself who set it [the target] (IP10, former high-ranking ZRA employee).

> So, we would find that if we were not meeting the target, like by September, we know, OK, we are not going to make it. Management will go and renegotiate the target, and then. That every year was there, the target was always met. And it wasn't because we *always* over-collected. It was only because it was sort of ... there was room to negotiate (IP1, former ZRA employee).

These quotes highlight what many other interviewees also stressed: that targets are actually negotiated between the ZRA and the ministry, and that the ZRA has a large influence (e.g., IP1, former ZRA employee; IP7, external stakeholder; IP17, external stakeholder). The targets are thus not set independently from the ZRA. As the first two quotes highlight, the ZRA and the commissioner-general have a very large say in relation to the setting of the targets simply because the minister and the technical departments in the ministry lack capacity to effectively counter the arguments put forth by ZRA and its commissioner-general (e.g., IP1, former ZRA employee; IP8, external stake-

[36] This is also not unique to Zambia and seems to be a bigger issue in some other sub-Saharan African countries with poorer data or less administrative capacity (IP4, tax researcher)

holder; IP10, former high-ranking ZRA employee). This is stressed, for example, by the second quote, which portrayed target negotiations as more or less a pro forma show for the minister. This very much related to the point presented in the previous chapter that the ZRA has at times been able to overstep its mandate because the ministry lacks capacity and thereby effective oversight. This is also stressed in the third quote, describing how the ZRA has had power to renegotiate the targets. The ZRA's involvement was seen as problematic because the ZRA has incentives to push for low targets (e.g., IP1, former ZRA employee; IP7, external stakeholder; IP8, external stakeholder). This was because the ZRA wants to present itself as effective, but even more so because the targets were tied to the bonus structures within the ZRA:

> OK, so at an individual level, you had to, to meet your targets to get the bonus. But to get the bonus the whole organization was under a, like a collective target. So if they didn't collect the amount that had been set that there's no bonus (IP1, former ZRA employee).

This interviewee as well as several others stressed that the bonus structure of the ZRA was tied to the agency's ability to reach its overarching revenue targets.[37] Therefore, the agency is incentivised to use 'kitty gloves' (IP17, external stakeholder) and push for targets they know they can reach (e.g., IP2, former ZRA employee; IP8, external stakeholder; IP13, external stakeholder). These individual bonuses would be approximately an extra month's salary at the end of the year (IP1, former ZRA employee; IP2, former ZRA employee). In addition to the incentives to push for reachable targets, some also highlighted that the bonus structure related to the targets had other spillover effects. It was argued to have a push factor for employees and motivated creative ways of reaching targets (IP1, former ZRA employee; IP2, former ZRA employee). One interviewee argued that withholding VAT refunds had been a creative way to reach targets, as well as the ZRA going after known taxpayers in ways that were more or less direct extortion (IP2, former ZRA employee).[38] Extortionist approached to reach targets have also been found elsewhere, for example in Rwanda (Chemouni, 2020). The interviewees argued that the VAT refund issue was still one of the main challenges for the ZRA, and an area with much room for improvement (IP11, ZRA employee; IP14, external stakeholder). This also relates to the sales tax case presented in the foregoing chapter, while

[37] This connection between the overall target and individual bonus is also present in many other SARAS. Performance pay was part of the New Public Management principles on which the SARA reform is based.

[38] Scholars have also highlighted this issue of including VAT in revenue targets since 2015/16 (Cheelo & Hinfelaar, 2020b) and harassment-like practices to reach targets in previous periods of the ZRA's existence (Gray et al., 2001; Von Soest, 2007).

ZRA's relationship with taxpayers will be elaborated upon in the following sections of this chapter. When talking about the targets, most interviewees thus expressed that they were set in problematic ways:

> That autonomous should not be there! (…) So if I'm to set my own targets, I'm going to make sure I put targets that will make me look good all the time [laughs]. Yeah (IP10, former high-ranking ZRA employee).

> So, the fact that uhm that the revenue authority has such a heavy hand in getting involved with tax policy, including revenue target setting. There's clearly a conflict of interest there, right (IP17, external stakeholder).

These quotes stress the fact that the ZRA has an inherent conflict of interest, and that the agency should therefore not be as involved in target-setting. Consequently, the interviewees pointed to things they would like to see changed. First of all, it was argued that the ZRA had been involved in setting the public targets in nominal terms and had fought against reverting to more real-term targets, such as setting them publicly against GDP, because the nominal targets were easier to reach (IP8, external stakeholder; informal conversation). Several interviewees therefore stressed that the targets needed to become more objective and take factors such as inflation and currency depreciation into account (e.g., IP8, external stakeholder; IP10, former high-ranking ZRA employee; IP11, ZRA employee). Second, the ZRA should have less say over the targets. However, this latter suggestion would require that the ministry become better at questioning the numbers presented by the ZRA and able to do its own analysis (e.g., IP10, former high-ranking ZRA employee; IP11, ZRA employee; IP13, external stakeholder). This point is thus very strongly tied to the fact that the ZRA has almost too much autonomy in relation to tax policy, and the Ministry of Finance lacks the capacity to effectively counter the agency, which was argued in the foregoing chapter. Nevertheless, it was also stressed above that the ministry has an incentive to set high targets and base them on what is needed for the budget rather than on revenue forecasting. One interviewee stated that this was indeed what was happening with the 2022 national budget, which would contain a very high medium-term target that would be 'a *big* challenge' to reach (IP11, ZRA employee).[39] Target-setting based on budget needs has generally been an issue in many other countries, for example in Sierra Leone (IP4, tax researcher). This could suggest that it is

[39] The medium-term target put forth in the 2022 budget address was for the ZRA to increase domestic revenue collection to at least 21 percent of GDP (MoF, 2021). In comparison, the latest available tax-to-GDP ratio published was of 16.68 percent in 2019, and the last time Zambia had a tax-to-GDP ratio above 20 percent was in 1986 (UNU-WIDER, 2021).

perhaps good that the ZRA also has a say, as long as it can be countered effectively by the ministry (IP10, former high-ranking ZRA employee). Third, it was argued that CSOs, the business community and other external stakeholders should be more active and seek justifications for the targets to force both the ministry and the ZRA to be more accountable (IP7, external stakeholder). Fourth and finally, it was argued by several interviewees that targets might simply not be a very good performance measure and that there was a pressing need to put more focus on other aspects such as tax ratios, modernisation of the administration and customer service (e.g., IP2, former ZRA employee; IP13, external stakeholder; IP14, external stakeholder).

Tax-to-GDP ratios as another performance measure

In the previous section, it was argued by several interviewees that the targets were arbitrary as they had been put forth in nominal terms and thus were a poor performance measure (IP1, former ZRA employee; IP10, former high-ranking ZRA employee; IP17, external stakeholder). Another measure often used, especially in quantitative studies, is tax-to-GDP ratios. This measure was also included as the dependent variable, and its utility discussed, in Chapters 3 and 5. Therefore, it was interesting that a few interviewees also stressed the ZRA's tax performance in relation to GDP and talked about a so-called tax gap (IP10, former high-ranking ZRA employee; IP13, external stakeholder; IP11, ZRA employee). This was in particular mentioned to highlight how the total tax-to-GDP ratio was actually relatively low compared to other nearby countries:

> If you look at comparative countries … there is a union called SACU, Southern African Customs Union, where South Africa, Namibia, Botswana, Lesotho, and Swaziland are members. Their tax-to-GDP is very high, 24 percent and upwards most of the years. Even our neighbours, Zimbabwe sometimes has adjusted tax-to-GDP more than 24 percent. So there truly is a gap in Zambia if we're at 16-17 [percent] and our regional context is at 24, then there must be a tax gap (IP11, ZRA employee).

> So, you're talking about an average of 16, 17 percent. But when you compare it with others, you find that they collect more revenues. So that tells you that there is inefficiency in the whole system to start with (IP13, external stakeholder).

This quote highlights that the ZRA was not collecting as much as comparable countries in tax revenue, which was seen as an issue that needed to be improved. The interviewees similarly stated that this was particularly the case in more recent years, especially since 2015/2016 (IP10, former high-ranking ZRA employee; IP11, ZRA employee). To illustrate, in 2019 Zambia's total tax-to-GDP ratio was 16.68 percent, which was lower than in many neighbouring or comparable countries such as Angola (18.53), Malawi (17.28), Botswana (19.77), Namibia (30.25), South Africa (28.47) and Lesotho (33.22) (UNU-WIDER, 2021). Nevertheless, Zambia collected approximately a percentage point more than the average for the 35 countries taking part in the African Tax Outlook (ATAF, 2021).

The interviewees presented different reasons for this performance. One interviewee pointed to factors external to the ZRA, such as the frequent changes in mining tax policy which limited investments; droughts and power cuts; inflation and other factors (IP11, ZRA employee). Another indicated it had to do with inefficiencies in the Zambian tax system broadly, which mainly had to do with tax policy (IP13, external stakeholder; informal conversations). These interviewees thus argued that the revenue performance of the ZRA was low when set side-by-side with comparable countries, but that this was mainly for reasons external to the ZRA. This speaks to the argument that there needs to be a surplus in the economy to tax and the right policies in place, because without these the administration can only do so much (see discussion in Chapter 5). Others, nevertheless, highlighted that the ZRA does present challenges for private sector development and thus that the agency is indirectly partly to blame for the lack of economic development in the country:

> But in very recent times, as well as in the past, the administration of it has proven to be a bottleneck. And sometimes an impediment to private sector development (IP14, external stakeholder).

Again, the issue of VAT refunds was mentioned, as it can create liquidity and other issues for the private sector. Furthermore, it was stated how there were sometimes delays and issues at the border, which creates challenges for businesses that import and export goods (IP14, external stakeholder; IP16, external stakeholder; informal conversation). These perspectives will be elaborated upon in later sections of this chapter.

The majority of the interviewees nevertheless argued that improvements and economic incentives were needed to boost the economy. Living costs have increased, unemployment is a significant issue and interest rates are very high, which is bad for local business but also for people in general (informal conversations). There is thus a great need for more economic diversification, which requires measures such as tax incentives or political support to bolster economic activity as well as economic growth (IP13, external stakeholder; IP14, external stakeholder; IP15, ZRA employee; IP16, external stakeholder). Such arguments can also be made for many other countries. In addition, some interviewees stated that these economic issues and tax policy inconsistencies had existed for a long time but been amplified in more recent years (IP11, ZRA employee; IP14, external stakeholder). Some, nevertheless, indicated that they were seeing improvement for the business community with the 2022 budget, such as in a reduction of the corporate tax income rate (IP13, external stakeholder; IP14, external stakeholder; IP16, external stakeholder).[40] They argued that if the economy improved, so would the amount of tax revenue collected.[41] This highlights a perception that while the ZRA has not collected as much revenue as could be hoped when compared to neighbouring countries, at least part of the reason was due not to the ZRA's performance but rather to the country's economic climate. It was also highlighted that the ZRA itself has made some improvements and still faced certain challenges, which will be explained in the following sections.

8.3 Immediate organisational effects

Another effect of the ZRAs semi-autonomous status that was discussed in some of the interviews was the internal functioning of the agency and its self-perception. Part of the ZRA's semi-autonomous setup is that it is placed outside the normal civil service scheme and consequently can provide different pay scales and working conditions ('The Zambia Revenue Authority Act,' 1993). As stressed in the previous chapter, this makes the ZRA a competitive employer (e.g., IP2, former ZRA employee; IP7, external stakeholder; IP18, ZRA employee). Yet the ZRA's formal setup and its de facto autonomy have influenced how the agency works and the culture among employees.

Recruitment at the ZRA

The interviewees argued that because the ZRA is a competitive employer, it is considered an attractive workplace and there is competition to get a job there. Therefore, it was argued that the ZRA has highly competent and motivated employees, but also that conditions of employment had improved, especially in more recent years:

> So but over time, especially after 2016, we saw a significant increase in salaries. In all these work-life balance-related kind of conditions of service. And I think today, we should be either the top bracket, or the best payers in Zambia, if I'm not mistaken (…) specially among public institution[s] (IP12, ZRA employee).

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[40] See also the minister of finance's 2022 budget address (MoF, 2021) and comments to this (e.g., PwC, 2021; ZIPAR, 2021).
[41] This is not unique to Zambia, and in a separate paper my co-authors and I also argue that economic diversification and development is a prerequisite for revenue collection (Bak et al., 2021).

Interviewees thus stressed that it is considered good to work for the ZRA and that employment conditions and salaries have increased, especially in more recent years (e.g., IP2, former ZRA employee; IP12, ZRA employee; IP18, ZRA employee). Increases in salary and wage adjustments are also mentioned in the ZRA's annual reports. Staff cost, for example, increased with 36.3 percent between 2016 to 2017, with 14 percent between 2017 to 2018, and with 19 percent from 2018 to 2019 (ZRA, 2018, 2019, 2020). Anecdotally, one interviewee highlighted how Kingsley Chanda had the ZRA office building painted, and while this was just an exterior improvement, it meant something for the working environment (IP12, ZRA employee). In addition, a few interviewees highlighted factors surrounding recruitment and promotion structures. Concerning recruitment structures, it was argued that the ZRA recruits the best and most distinguished university graduates through recruitment programs or from the private sector (IP10, former high-ranking ZRA employee; IP12, ZRA employee). Nevertheless, others also highlighted that was not always the case. One interviewee, for example, stressed that connections are also important:

> You do get instances where there's nepotism. But it's always going to be there. I think. Like in little bits and pockets. So, I think it's not bad in the sense that when audited, people haven't found ghost workers in ZRA. Everyone who works there is qualified to be there. (...) That's why I say it's not as bad because you don't have people who don't know what they're doing. Everyone there knows what they do. They may have used a favour to get in there, but they're qualified to be in there (IP9, ZRA employee).

Several interviewees made this same point, namely that while connections and nepotism were highlighted as a feature of recruitment in the ZRA, it did not lead to recruitment of unqualified staff. In several informal conversations, this was presented simply as a feature of the employment system in Zambia in general (informal conversations). They stated that job opportunities were scarce and therefore it was almost impossible to get a good job without connections. It was thus not in and of itself expressed as a problem. What was problematised, however, was that especially in recent years recruitment in the ZRA had changed more and more from formal job advertisements to being about political connections:

> recruitment has drastically changed. So previously, what the time I joined, I saw an ad in the newspaper, and I applied and was called for aptitude tests (...) Since this man [Kingsley Chanda] took over. There have been literally, the advertisements have moved to close to zero one. One of my friends in HR was telling me that now she just gets a list, and she's told, can you hire these people? Political cadres (...) They don't have like technical skills, don't have qualifications. But when the government wins, they want jobs. And because they view the ZRA as a place where they can make good money, they want to work at the ZRA [laughs].

> OK, so many of them have since been employed in the ZRA during this commissioner-general (IP1, former ZRA employee).

The employment of party cadres[42] or people with ties to the Patriotic Front at the ZRA during the leadership of the previous commissioner-general was also stressed in several informal conversations and have been stated elsewhere (Cheelo & Hinfelaar, 2020b). Likewise, one interviewee highlighted how the commissioner-general inserted a circle of directors who took their orders from him (IP2, former ZRA employee). Furthermore, it was stressed how this politicisation in recruitment had created a push for the replacement of some ZRA employees and a more closed working environment:

> A lot of people were not getting their contracts renewed under this new commissioner-general [Kingsley Chanda]. And then these new people would be brought in. And many of them don't have skills. They don't have qualifications. (…) And then also they are creating anxiety amongst the more hardworking staff because the hardworking staff view them as informers. So, if you say something against the government, yeah, these are going to snitch on you (IP1, former ZRA employee).

> generally the organization [ZRA], after he [Kingsley Chanda] was appointed became, you know, a bit more, a bit more paranoid or closed around itself in terms of how much you would work with different researcher or people coming in and sharing data and information. So yeah, suddenly it became extremely paranoid (…) that, kind of, clearly came from him [Kingsley Chanda] in terms of making sure that the was no criticism in the media in terms of, yeah, the ZRA's performance (IP2, former ZRA employee).

While these two interviewees were very direct, many other interviewees were rather coy about these factors. This might perhaps relate to the fact that most of the interviews took place right before or after Kingsley Chanda was replaced as commissioner-general. Yet this view that recruitment to the ZRA had been somewhat politicised was confirmed in many informal conversations, although it was stressed that it did not apply to all employees. It was also highlighted how promotion structures have been negatively influenced in the same way as recruitment. It was argued that there are still some clear structures

[42]'Party cadres' is a term widely used in Zambia. It refers to party members or affiliates, often young unemployed men, who use political connections, extortion and violence to generate revenue for the party (and themselves), carry out surveillance of citizens and campaign for the party. They are often seen at markets and bus stations. While party cadres have existed for many years in Zambia, they especially gained influence during the rule of the Patriotic Front. The term is sometimes also negatively used to simply refer to people with political connections (see e.g., Beardsworth & Krönke, 2022; Resnick, 2020; Resnick, 2022).

(IP9, ZRA employee; IP12, ZRA employee), but that it also became more reliant on seniority of employment and connections rather than merit during Kingsley Chanda's time as commissioner-general (IP1, former ZRA employee; IP14, external stakeholder; informal conversation). Furthermore, it was reported that criticism had become more restricted, and a culture of not sharing information had emerged in society at large during the Patriotic Front's rule, which of course also influenced the ZRA (IP8, external stakeholder; IP17, external stakeholder; informal conversations).

To summarise, three points can be highlighted from this section: (1) the ZRA is a competitive employer and therefore has been able to attract qualified staff, and (2) especially in more recent years, conditions of employment have improved. Yet, (3) during the tenure of the last commissioner-general, the agency increasingly experienced politicisation of employment and became more closed off. This latter issue seemed to be very connected to the fact that the commissioner-general himself was connected to the Patriotic Front and considered a party ally, as explained in Chapter 7.

Agency self-perception and cooperation

It was very clear from the interviews that the ZRA employees have a positive perception of the ZRA and their employment there, even if in other comments and contexts they also highlighted issues (e.g., IP10, former high-ranking ZRA employee; IP11, ZRA employee; IP12, ZRA employee). Several interviewees, for example, stated directly that they were 'proud' to work for the ZRA (IP9, ZRA employee; IP10, former high-ranking ZRA employee; IP15, ZRA employee) and talked about good working values that led to an organisational 'culture' (IP1, former ZRA employee; IP12, ZRA employee). Furthermore, they presented the ZRA as a better organisation and employer than other parastatals such as ZESCO (IP9, ZRA employee); other government institutions, such as the Ministry of Finance (IP18, ZRA employee); and other SARAs, such as the Malawi Revenue Authority (IP12, ZRA employee). This positive self-perception was also underscored by how the ZRA employees consider themselves highly driven and motivated, especially compared to others:

> we [the ZRA] have this motivation and enthusiasm to really go ahead (IP10, former high-ranking ZRA employee).

This motivation was also based on the fact that it is difficult to get a job at the ZRA, so one has to be qualified and driven, and that new employees receive a great deal of training (IP9, ZRA employee; IP18, ZRA employee; informal conversations). In comparison it was speculated by some that employees in the ministry could slack off and take hours-long lunch breaks (IP9, ZRA employee; IP18, ZRA employee). Furthermore, some highlighted that the ZRA had good coordination and collaboration internally:

> So we're able, if I'm handling a task that is outside my jurisdiction, I'll give a call to somebody in the unit to help. Someone from another unit would call me if they have an issue that is in line with the tax that I handle. Then they are able to collaborate in that way. So there is that collaboration that goes on (IP15, ZRA employee).

> I found that the more I interacted, and it worked with these people [in other departments and units], the more also they appreciated what we do [in my department]. And you get to know these people. You get to know how to treat them. How to navigate when you want to get something [laughs] (IP12, ZRA employee).

It was thus highlighted by some that internal collaboration was good and simply dependent upon how much you worked and interacted with other units, departments and divisions (IP12, ZRA employee; IP15, ZRA employee; IP18, ZRA employee). However, others reported that internal collaboration might not be quite as smooth. One thing pointed out by several interviewees was that the customs and domestic tax[43] divisions more or less worked as separate organisations:

> I really see like those two divisions are basically like separate organisations, sharing the same building. I think as you get to the top, where they meet is where they feel like, this is one organisation, but like lower down, no (IP9, ZRA employee).

> Because of the division there, you work in silos. So there has to be that ... So and each one had got its own computer systems. (...) But in terms of sitting down and planning as an institution, that's all right. But you could have better coordination if the system has the means to merge (IP10, former high-ranking ZRA employee).

It was pointed out that the different divisions carry out separate tasks, administer taxes in different ways and have different IT systems, so it might simply not be so pressing for these divisions to interact except at a very high level (IP9, ZRA employee; IP12, ZRA employee). Others instead argued that this was an area where there was indeed room for improvement (IP8, external

[43] The domestic taxes division was separated into the direct taxes division and indirect taxes and excise division. This restructuring was completed in 2020 (ZRA, 2021a). In 2016, direct and indirect tax has been separated into two different departments within the domestic taxes division (ZRA, 2017). Often interviews did not mention ZRA's other division such as the Finance Division.

stakeholder; IP10, former high-ranking ZRA employee). This issue of different departments working in silos and using different IT systems is also seen in other SARAs, such as the Uganda Revenue Authority (IP3, tax researcher).

It was also highlighted that there was a general distrust between divisions, departments and units. While there was generally a positive self-perception within the ZRA, it was thus also stated how there were some differences and conflict between division and departments:

> So, I was like, 'Can I move to another department where the skills can be used?' The people in my department were like, 'Why should you move? Who is she?' (IP1, former ZRA employee)

> They [other ZRA employees] will think of you like being investigators. How can I say that? Like people are like, it's like spies. Yeah, you just go and spy on them and stuff. So, I mean, in many instances it's been very difficult to collaborate [with other ZRA departments] (IP12, ZRA employee).

These quotes highlight that the different departments are quite protective of their work and their reputations, and sceptical of people from other divisions, departments and units. So while many interviewees reported a positive self-perception and corporate coherence overall in the ZRA (e.g., IP10, former high-ranking ZRA employee; IP11, ZRA employee; IP12, ZRA employee), they were generally also much more inclined to think that their departments were amongst the better and that other departments had issues (e.g., IP1, former ZRA employee; IP9, ZRA employee; IP12, ZRA employee) – this, however, is likely a quite normal human trait.

This divergence between divisions and departments may also be why many reported that the previous commissioner-general had made a seemingly odd change regarding the ZRA's divisions and institutional setup. Initially when the ZRA was established, it consisted of three division for VAT, direct taxes and customs.[44] In 2006, this was changed by merging VAT and direct taxes into a single domestic tax division, largely based on a recommendation from the IMF (IP10, former high-ranking ZRA employee; IP11, ZRA employee). However, when Kingsley Chanda became commissioner-general, he decided to undo the change and create three divisions again.[45] Several interviewees expressed confusion over this decision and said it was a strange choice

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[44] The VAT division was created in 1995, after VAT was introduced in Zambia. This was a year after the establishment of the ZRA.

[45] The domestic taxes division was separated into the direct taxes division and indirect taxes and excise division. This restructuring was completed in 2020 (ZRA, 2021a). In 2016, direct and indirect tax has been separated into two different departments within the domestic taxes division (ZRA, 2017).

(IP1, former ZRA employee; IP2, former ZRA employee), and it was also mentioned that this was not a costless exercise and was against IMF advice, with the result that the ZRA might have lost some efficiency (IP11, ZRA employee). This change was presented as having been a decision made directly by the former commissioner-general himself.

Changing the structure of divisions and departments might not have helped the information-sharing and collaboration challenges between departments, especially in light of how some thought employment structures also had changed, as discussed previously. However, even coordination problems between similar units in the same divisions and department were reported:

> You hear things like 'Uh this border is expensive [in terms of customs duties]. It's more expensive than this border'. So basically, there are different values (...) So, we follow those databases right. And those databases are made at a particular border. So, if I'm at Chanida [border], that's the Chanida database, if I'm at Chirundu [border] that's the Chirundu database (...) So, you're using your station database and not a country database (IP9, ZRA employee).

As the quote highlights, there are coordination problems even within some departments. These are not due to distrust, but because it can be difficult to share data or to combine the work of different units. The same interviewee therefore suggested that it may help to introduce one central processing centre, such as the one in Tanzania, so that customs could be more streamlined and to curb corruption. Others argued that there were very limited internal data-sharing and coordination issues, but issues instead related to sharing and collaborating with external partners:

> Within we have no problem sharing data. I have access to both [systems]. Where I'm sitting, I can see data from customs as well as from the tax. Totally, no problem [at] all. The only problem starts with getting data from external sources. We are not sharing data at the moment ... but we are receiving it [laughs] (IP11, ZRA employee).

> So in certain areas you need to collaborate with other ... local government institutions, or other government institutions and so on and ... it's been difficult at certain times when those institutions are not performing themselves. (...) But then if the council are already battled, they collect your money, they don't gonna give it to you, they will use it [laughs]. So again, those things break down (IP10, former high-ranking ZRA employee).

These two quotes seem to suggest that there is both an issue with the ZRA sharing data with external partners, but also sometimes in getting local institutions to support the work of the ZRA. This issue with external data-sharing is also seen in other SARAs such as the Uganda Revenue Authority in relation to municipalities and banks (IP3, tax researcher). This was a general issue, but had been exacerbated because of the increasing insularity of the agency during the tenure of the previous commissioner-general. However, it was also stressed how dependent the ZRA is on external partners, where for example the local government has much more knowledge regarding traders in a specific area, which the ZRA needs to be effective (IP10, former high-ranking ZRA employee). It was also reported that the ZRA sometimes lacked support from external partners such as the financial system and banking sector, but that the law was not always clear, creating a legal hindrance that made it hard to get needed information (IP11, ZRA employee). Yet at the same time it was stated that there had been some improvements in collaboration with other government agencies, such as with the creation of one-stop border posts (IP9, ZRA employee; IP10, former high-ranking ZRA employee). Nevertheless, one researcher joked that the one-stop border post had improved the collaboration between agencies immensely, because now it was only nine instead of eleven people you had to talk to in order to cross the border (informal conversation). Thus, while the one-stop border post was highlighted as a great achievement for collaboration by ZRA employees, others dealing with the system from the outside seemed less impressed. Nevertheless, it does speak to improved cooperation.[46]

This highlights that the semi-autonomous status of the ZRA has created very positive self-perceptions among ZRA employees. This is tied to the fact that the ZRA is a competitive employer because it is outside the normal civil service scheme and there is competition to work there. Nevertheless, there are still some divisions internally, where parts of the ZRA seem to work in silos. Furthermore, there had been a revision to the three-division structure within the ZRA, which was highlighted as a somewhat mystifying choice made by the previous commissioner-general. It was thus argued that internal collaboration could be strengthened. In addition, it was argued that it would be beneficial if external cooperation with, for example, local authorities could be improved.

Improved digitalisation

An area where it was highlighted that the ZRA has made many advances concerned digitalisation and IT systems (e.g., IP2, former ZRA employee; IP8, external stakeholder; IP10, former high-ranking ZRA employee). This was stated

[46] This need for improved data-sharing and cooperation was also stressed in the 2022 budget address by the finance minister, where he highlighted that more public services should be connected to the Government Service Bus and Payment Gateway, and the ZRA system should be interfaced with this and other systems to improve revenue collection (MoF, 2021, Item 149). The ZRA joined the Government Service Bus in March 2022 (ZRA, 2022).

as one of the main improvements during the ZRA's existence, which positively affected internal functioning for staff but also for taxpayers. For ZRA staff, the push towards modernisation and digitalisation has the positive implication that filing is now done digitally instead of manually:

> During this time, we were able to move from manual filing system to a digital filing system (...) because as you know customs it's more organised in terms of qualifications systems it's easier. And systems come off the shelf. It's easier to get a customs system than a local taxes system. So we had one for customs since 2000, but we didn't have one for inland taxes until 2008. But the most comprehensive one, I would say, started in 2013 (IP11, ZRA employee).

This move to digitalise the work of the ZRA with the implementation of the TaxOnline1 IT system was praised by many as being one of the ZRA's most important changes. In particular, 2013 and the years leading up to it were exemplified as great strides (IP10, former high-ranking ZRA employee; IP11, ZRA employee; IP12, ZRA employee). While it was a 'considerable' improvement, it was also stressed that it had not been an entirely painless exercise, and certain issues remained (IP12, ZRA employee). It was for example stressed that TaxOnline1 was sourced from India and very expensive, but its use was sometimes limited and insufficient (IP8, external stakeholder; IP12, ZRA employee). The ZRA, in collaboration with the Copperbelt University, therefore created the TaxOnline2 system, which was launched in 2020. In addition, the TaxOnApp, a mobile app to file and pay taxes, was also launched in 2020. [47] While it was reported that there had been some critics of TaxOnline2 and that there were still gaps in the system, interviewees saw these systems as an improvement (IP8, external stakeholder; IP12, ZRA employee; IP14, external stakeholder). One interviewee, for example, stated that they found it admirable that the ZRA had taken charge and been solution-oriented in a way that other government institutions such as the Ministry of Finance were not (IP8, external stakeholder). It was also stated that this digitalisation had improved working conditions for ZRA employees:

> Then even for us [in the ZRA], it's easier to check for compliance. I can check on my laptop. I can check on my phone for compliance. When I go to a company, I'm able to check if they're paying access or not using my phone. So it does simplify our work, the new [system] has simplified our work. The previous one

[47] For more information on the TaxOnline systems and TaxOnApp see, for example, the ZRA's annual reports (e.g., ZRA, 2021a) and donor reports (e.g., GIZ, 2021). For improved digitalization in other African countries see, for example, the annual African Tax Outlook (e.g., ATAF, 2022a)

> was more manual, but than the current one has been modernised, such as it's made our work more easier (IP15, ZRA employee).

> It's easier for you too, to work freely, you can work freely. Because before it was paperwork, someone could lose your paper, someone could sign for you. So here it's like if I log-in, that's my log-in mail. So only I have those passwords. Everything I do, yes, that's me. And at every stage of everything, they'll know what I did to the editor (IP9, ZRA employee).

These quotes highlight how digitalisation and improvements in IT systems have made it easier for ZRA employees to do their jobs and have arguably increased compliance rates, as it is easier to monitor and conduct risk management (IP12, ZRA employee; IP18, ZRA employee; IP15, ZRA employee). Furthermore, it has increased transparency regarding who is doing what, thus helping to limit mistakes and some corruption issues (IP9, ZRA employee). In addition to the improvements for staff, digitalisation has also made it easier for taxpayers to comply as it has simplified the task of paying taxes and filing returns (IP10, former high-ranking ZRA employee; IP14, external stakeholder; IP15, ZRA employee).

> They've really outdone themselves, at least in this Zambian context, in terms of the modernisation that's taken place (IP14, external stakeholder).

Digitalisation also simplified access for taxpayers, who are now able to access their taxes online instead of going to an office and standing in line, thus reducing the cost of doing business (IP14, external stakeholder). Nevertheless, it was also reported that there were issues with increased digitalisation. Some argued that sufficient 'information was not provided' by the ZRA, making it hard for some taxpayers to comply and use the new systems (IP14, external stakeholder; IP16, external stakeholder). Furthermore, it was highlighted that there were sometimes system failures or poor internet connectivity, which made it hard for both ZRA employees and taxpayers:

> The whole system is actually cumbersome, that it is difficult for an ordinary person, a small business to be able to navigate their way through the system and the investment that has to come into it, just to enter that system in terms of having broadband connectivity, having a device, a smartphone, particularly as a bare minimum. That you can use to be able to upload your returns and make payments. We've had a system failures when it comes to mobile money transfers sometimes, and all of this because of poor ICT infrastructure. So, all those things do add to the local level of non-compliance that you will see (IP14, external stakeholder).

This quote highlights that somewhat simple issues such as poor internet connections and system failures can sometimes be problematic for taxpayers' ability to comply and staff's ability to do their work (IP12, ZRA employee; IP14, external stakeholder; IP7, external stakeholder; informal conversations). Furthermore, there are high costs in terms of access to devices, internet connection and literacy, which makes it hard for particularly small and rural taxpayers to comply (IP15, ZRA employee; IP14, external stakeholder). Therefore, while it was highlighted that digitalisation had improved tax administration in Zambia, many argued that it was one of the areas that still needed to advance. Increased digitalisation has also been a focus for many other revenue administrations in the regions, with both promises and limitations (see e.g., Okunogbe & Santoro, 2022; Santoro et al., 2022). In Zambia, it was stated that the TaxOnApp needed to be more accepted by taxpayers and that the ZRA should have a large role in making this happen (IP8, external stakeholder; IP16, external stakeholder). Furthermore, the ZRA needed to keep up with the technological advances in the business sector to ease the process of doing business as well as ensure compliance (e.g., IP7, external stakeholder; IP8, external stakeholder; IP11, ZRA employee). This also entails eventually merging the customs ASYCUDA system with TaxOnline to make one integrated system (IP10, former high-ranking ZRA employee; IP15, ZRA employee).

Thus, it was highlighted that the ZRA had managed to significantly improve digitalisation, and despite certain issues the ZRA was praised for taking charge of these innovations and being solution-oriented. It was also highlighted that the ZRA was steps ahead of other government institutions and that improvements had taken place continuously since the 2010s. This improved employees' ability to do their jobs, and for some taxpayers it eased the task of filing and paying taxes. Improved digitalisation was linked to the ZRA's ability to make its own management decisions (high managerial autonomy), know what it needed and make the necessary investments (IP8, external stakeholder; IP12, ZRA employee; IP14, external stakeholder). While it was stressed that there was still plenty of room for improvement, digitalisation was highlighted as one of the areas where the ZRA had made the largest advancements.

8.4 Self-reinforcing effects: ZRA's relationship with taxpayers

The relationship between tax collectors and taxpayers has importance for revenue collection. It is therefore consequential how the ZRA staff view taxpayers, but also how taxpayers view ZRA and the broader tax system in Zambia. This is vital as poor perceptions can be self-reinforcing and lead to distrustful interaction. As one interviewee expressed it:

> [It is] a suspicion-based relationship. A distrustful one by and large from both stakeholders in that the taxpayer feels unduly taxed or overtaxed, you know. And then, of course, the ZRA feels that the taxpayer is withholding, you know, their rights, the contribution that should be made in terms of taxation. Yeah. So, that has generally defined the relationship (IP14, external stakeholder).

This quote highlights a conflicting relationship that is not conducive to tax collection or quasi-voluntary compliance (Levi, 1988). This generally corresponds to the views put forth in the following section, which present how the ZRA (and others) perceives taxpayers, and conversely how the ZRA is perceived (or believes they are perceived) by taxpayers. It thus relates to and further informs the potential relationship between a SARA and society as briefly theorised upon in Chapter 2. The section also includes perspectives on the Zambian tax system more broadly. Consequently, it also advances our understanding of how the relationship between society and government may influence and be influenced by a SARA, as likewise presented in Chapter 2. While part of this section does not describe a direct effect, it closely relates to the setup of the ZRA and the agency's revenue collection abilities, as will be elaborated in the following.

ZRA's (and others') perceptions of taxpayers

The ZRA is in constant interaction with taxpayers, and therefore how they view taxpayers has importance for the way they interact and how the ZRA performs. It was generally expressed that taxpayer compliance is a significant challenge in Zambia and that all groups of taxpayers seek to avoid or evade taxes (e.g., IP9, ZRA employee; IP13, external stakeholder; IP14, external stakeholder; many informal conversations). This was reported to be the case for all sizes and shapes of taxpayers, although they might use somewhat different strategies. It was for example stated that taxpayers were constantly trying to bribe their way out of paying taxes:

> One thing you have to understand is that no one likes to pay tax and they always look for an opportunity of evading tax. And for us to interact with taxpayers on a daily basis. We're exposed to bribes of helping people to evade this tax. So it's an everyday issue of ... people now trying to talk to, that you help them to evade taxes. So it's an everyday thing. People don't want to pay tax and they want to influence you to facilitate them to evade direct tax (IP15, ZRA employee).

This was stated to be the case in all parts of the tax system, from the borders to direct tax collection (IP9, ZRA employee; IP14, external stakeholder; IP15, ZRA employee). It was also expressed that sometimes it actually had the opposite effect, that taxpayers ended up paying more (in bribes) than they needed to (pay in tax) in an attempt to beat the system (IP9, ZRA employee).

As a consequence of this tax evasion and avoidance, it was argued that the only way to get taxpayers to comply was through fines and penalties:

> I think it plays a big role, because they are like 'If ZRA comes here…'. I think it's that's one of the biggest motivations. (…) But I think fines are a major player in maintaining adherence to paying taxes (IP16, external stakeholder).

It was thus argued that without enforcement, taxpayers would avoid paying, making it necessary for the ZRA to motivate them with fines and by force (IP13, external stakeholder; IP15, ZRA employee; IP16, external stakeholder). However, while it was argued that all taxpayers want to avoid taxes, it was also expressed that there were different levels of compliance among different groups of taxpayers. This points to the fact that distinguishing between different types of taxes, revenue sources and compliance levels of different taxpayer groups might be a relevant performance measure to examine. Are SARAs, for example, focusing on different taxes such as presumptive taxes from the informal sector, VAT from small business or High Net Worth Individuals.

There was generally a perception that there was the lowest amount of compliance in the informal sector or among so-called small taxpayers:

> So, of course naturally, small small taxpayers would definitely be a problem compared to the big taxpayers (IP18, ZRA employee).

This was expressed by several interviewees (IP1, former ZRA employee; IP14, external stakeholder; IP15, ZRA employee). Nevertheless, it was also excused with the fact that these taxpayers lacked knowledge and/or means to comply (e.g., IP1, former ZRA employee; IP12, ZRA employee; IP18, ZRA employee). The issue of taxpayer education is also present in many other African countries (e.g., Mascagni & Santoro, 2018) and the challenges and benefits of taxing the informal economy has received increasing attention (e.g., Joshi et al., 2014). The interviewees, therefore, argued that it was much easier for SMEs (small and medium-sized enterprises) and big companies to comply. It was also argued that formal medium-sized businesses were cooperative (IP1, former ZRA employee; IP14, external stakeholder), although others argued that increasing formality of business was where the tax gap could be improved:

> And that's where the tax gap really is. Making sure that the small and medium enterprises pay more of taxes (IP11, ZRA employee).

It was thus indicated that there are also compliance issues here (IP11, ZRA employee; IP14, external stakeholder). This speaks to a larger debate about whom to tax and when (for example regarding taxpayer thresholds for informal taxpayers and small businesses), which is beyond the scope of this chapter. Regarding large corporations, the interviewees immediately pointed to the mining sector, with several highlighting that that they see it as the 'backbone of Zambia's economy' and that approximately 70 percent of revenue comes from this sector (e.g., IP11, ZRA employee; IP12, ZRA employee; IP13, external stakeholder). This caused one interviewee to argue that the mining sector is compliant:

> Actually the big taxpayers, multinationals you don't need a lot of efforts because in most cases they, you know, are highly compliant (IP18, ZRA employee).

This argument was based on the fact that they do actually pay tax, but the same interviewee also conceded that there might be issues if one were to examine in detail what they pay and regarding specific practices such as transfer pricing. This latter point was also highlighted by many who argued that there are extensive issues of transfer pricing and underreporting (e.g., IP8, external stakeholder; IP10, former high-ranking ZRA employee; IP11, ZRA employee).[48] It was, for example, highlighted how Mopani Copper Mines PLC has been reporting losses for many years, but then suddenly began to report a profit, which was speculated to be due to base erosion and only changed for political reasons (IP8, external stakeholder).[49] It was thus argued that mines and large multinationals report what they must, but still try to avoid taxes:

> So mines will comply as far as, as is necessary. But they will not volunteer any other information ... So finding information to do with, especially transfer pricing, is very hard. But they will declare a return, they will post everything else, no problem there. But nothing more than ... they are required (IP11, ZRA employee).

> We once wanted to do an audit. And we got support from the Norwegian Audit, the transfer pricing audit. And we went to this place, and we asked for these records, and they just opened up a warehouse full of boxes. 'Damn!' [slaps hand on table and laughs]. But they had electronic records, somewhere. Otherwise, there is no way ... 'Give us the ledger!' [slaps hand on the table]. It wasn't making sense. So I said 'Can we have the actual records?', [they replied] 'Oh yeah'. The Norwegians were like 'I'm going back home' [laughs]. So it's that kind of challenges ... we will never be cordial to the tax person there. There's always a suspicion that this person is hiding something (IP10, former high-ranking ZRA employee).

This approach was argued to be possible because the large corporations simply have more capacity than the ZRA and can make it difficult for the ZRA to monitor their compliance (IP10, former high-ranking ZRA employee; IP11, ZRA

[48] This is a general issue when talking about the extractive sector, both in Zambia and beyond (see e.g., Hinfelaar & Achberger, 2017; Mulé & Nsenduluka, 2021; Picciotto, 2017)

[49] See, for example, also Zambia Daily Mail(2021)

employee; IP17, external stakeholder). Although it should be notes that the ZRA has made progress in transfer pricing audits since 2015 (OECD, 2020). Of course, these quotes also point to wider issues concerning the extractive sector, especially in relation to base erosion and profit-shifting strategies – topics which are beyond the scope of this chapter (see e.g., Moore et al., 2018; Picciotto, 2017). What is noteworthy is that the ZRA, despite its higher salaries and better work conditions (in comparison to the government in general such as the Ministry of Finance and Ministry of Mines and Mineral Development), still seems to be troubled in matching the mines' capacity and in effectively controlling them. However, this is not just the case in Zambia but in many other countries as well, for example Sierra Leone (IP4, tax researcher).

The interviewees thus generally argued that there is a taxpayer compliance issue in Zambia at all levels; their perception was that taxpayers seek to avoid taxes, and this could explain why the ZRA did not collect more revenue. This was not argued to be a new issue, but one that has continuously been a problem. Furthermore, some interviewees argued that the ZRA could only motivate payment by being forceful. The interviews also highlighted that when examining performance, it may be worth distinguishing between different types of taxes and revenue sources as well as looking into different taxpayers' compliance. This is due to the fact that there may be heterogeneous effects, for example due to the ZRA's motives and capacity to tax different taxpayers and the taxpayers' motives and capacity to resist. How this relates to the semi-autonomous status of the ZRA will be explained in conjunction with the taxpayers' perceptions of the ZRA at the end of the next section.

Taxpayers' perceptions of the ZRA

While the interviewees highlighted that the ZRA has a rather distrustful view of taxpayers, it was also argued that the ZRA itself was not looked upon fondly by taxpayers.[50] In general, it was argued that the ZRA is unpopular:

> But mostly [taxpayers] label us as enemies, enemies of them (IP15, ZRA employee).

[50] This section is based on how ZRA employees experienced that they were perceived as well as the perceptions from some external stakeholders and from informal conversations with taxpayers. It is thus not representative of taxpayers actual knowledge and perceptions of the ZRA. An interesting pursuit for further research would be to explore taxpayers' actual perceptions, for example, through surveys and follow-up interviews.

> So generally, it would entail that your interaction with the ZRA is not a pleasant experience that it might actually suck that, you know, suck the life out of you (IP14, external stakeholder).

> At one point I started telling people that I worked for an NGO. Because I didn't want to [laughs], you know, start such discussions, because when I mentioned ZRA you got such a rant about how bad and unfair they are (IP2, former ZRA employee).

As these quotes highlight, the ZRA does not have a good reputation, and is also (or is at least perceived to be) met with distrust and dissatisfaction by taxpayers. It was argued by some ZRA employees that this negative view was simply due to the fact that 'everyone hates the tax man' and was a consequence of the ZRA doing its job (IP9, ZRA employee; IP11, ZRA employee; IP15, ZRA employee). If so, this could be considered a general trait of all tax administrations whether they are SARAs or not – this will be discussed more in the following. Another argument was that taxpayers lack education and understanding of the system (IP13, external stakeholder; IP18, ZRA employee). Nevertheless, it was also argued that the ZRA, instead of helping and educating taxpayers, was seen as an aggressive enforcer:

> ZRA was viewed as being very punitive in its approach. So very, very strong handed. It was, I think there were two problems. One, very strong handed, if somebody was found wanting the punishment was extreme and aggressive, such that companies were fearful of an audit (IP1, former ZRA employee).

> Before when you got a call from the ZRA, it was like a death sentence you really dreaded it, like seriously [laughs] I'm not even exaggerating. You dreaded it, because it was always from a forceful point of view. You always saw them as enforcers! (IP14, external stakeholder)

This negative perception, that the ZRA punished and fined taxpayers instead of helping them to be compliant, was expressed by several interviewees (e.g., IP2, former ZRA employee; IP9, ZRA employee; IP14, external stakeholder). Similar arguments have been made in many other countries, for example in Rwanda and Uganda (Chemouni, 2020; Kangave, 2005). Some of the interviewees argued that this actually discouraged formalisation and encouraged taxpayers to evade the system. One interviewee, for example, explained how some companies would break up their portfolios and spread them into smaller separate companies to get under tax thresholds (IP14, external stakeholder). I was also informed that many businesses simply report that they are under the threshold or do not use fiscal electronic devises for invoicing because it is easier to avoid paying taxes that way (IP13, external stakeholder; informal conversations). This was tied to the fact that it was argued that there was some level of differential treatment across taxpayers (e.g., IP8, external stakeholder;

IP13, external stakeholder; IP14, external stakeholder). It was argued, for example, that foreign companies have to pay more in withholding tax; that some but not all companies and NGOs etc. manage to secure tax exemptions; and that different corporations' relationships with the ZRA mattered for how they were audited (IP13, external stakeholder; IP14, external stakeholder).

> Then the next year you are audited and then this person comes up with a *huge* bill, or you find that you are being audited constantly. Year on year on year. Yet you have been unable to find out what you have been audited for, for ten years and ZRA seems to be focusing too much on a very narrow tax base (IP1, former ZRA employee).

> I'm not going to go to … I will focus more on the bigger companies, where I know I'm *bound* to get revenue. Because their records is there and they will not disappear. So in the end you're challenged. You are not taxing [the smaller and informal sector]. The equity aspect of taxation starts to disappear (IP10, former high-ranking ZRA employee).

These quotes highlight that a central reason for the perceived differential treatment of taxpayers relates to the fact that it is the same (often larger formal) taxpayers that are audited again and again. Part of the reason for this was tied to the fact that the ZRA is required to reach its targets, and this is where the ZRA knows there is revenue to collect (in contrast to small and informal taxpayers). It was also implied that this over-auditing of some taxpayers while exempting others was tied to political factors and pressures (e.g., IP8, external stakeholder; IP14, external stakeholder; IP17, external stakeholder). Therefore, some interviewees expressed a belief or hope that this would be changed with the new government that was elected in 2021 (IP14, external stakeholder; IP8, external stakeholder). Similar arguments regarding reaching targets or providing exemptions due to political factors are also seen many other African countries (see e.g., Bak & Therkildsen, 2022; Chemouni, 2020)

The perception of the ZRA as punitive and/or its differential treatment of taxpayers also seemed to be tied to other factors: it was generally perceived that the tax system in Zambia is unfair (which will be discussed in the following sections), that the ZRA is corrupt, that taxes are used for ZRA salaries, and that there is an extensive issue with educating taxpayers but also with simple customer service. These latter three points will be elaborated upon below.

Firstly, many of the interviewees highlighted issues of corruption in the ZRA (e.g., IP2, former ZRA employee; IP14, external stakeholder; IP17, external stakeholder; informal conversations). Corruption in revenue administrations has also been highlighted as an issue in many other African countries (see e.g., Fjeldstad, 2003; Kangave, 2005; Martini, 2014). Some interviewees likewise stressed that this had always existed, but that it especially escalated during the rule of the Patriotic Front, because corruption in this period was 'more rewarded than punished' (IP14, external stakeholder; IP17, external stakeholder; informal conversations).[51] This highlighted how important the actions of the ruling party are, as well as how important it is who is in charge, given the government's vast opportunities for influencing, for example, government agencies such as the ZRA. The issue of corruption in the ZRA was, for example, stressed in the following quotes:

> Corruption was the standard feature of the organization (IP1, former ZRA employee).

> But I think another key issue, and that really to me is the elephant in the room (...) has been the corruption that has prevailed in institutions like ZRA. We have many of time received reports of ZRA officers conniving with taxpayers, so that they could probably undervalue goods, or they could underreport their income. They could easily misclassify... the HS codes of particular products, so that they could be labelled or indicated on a cheaper HS code. (...) So, it [the ZRA] does require a number of products and services that it has to procure. *Even* in that regard, there's been high levels of corruption in that sense. So, you would find that what would normally be procured at a lower price is procured at an inflated price (IP14, external stakeholder).

These as well as other interviewees stressed that issues of corruption prevailed throughout the agency. One example involved taxpayer data being purposely deleted within the ZRA (IP8, external stakeholder; informal conversation).[52] However, some stated that it might be certain 'bad eggs' who ruined the reputation of the entire ZRA (IP9, ZRA employee; IP14, external stakeholder). At the same time, it was stressed that corruption is present at all levels in the agency and that the ZRA in many ways operates as a 'cartel' with pressures from all directions (IP1, former ZRA employee; IP9, ZRA employee; IP14, external stakeholder) – one interviewee argued that it was mostly an issue at the lower ranks (IP11, ZRA employee) while others stated there was a lot of pressure from above (IP1, former ZRA employee; IP9, ZRA employee). These interviewees also stressed that it was possible to say no to these pressures, but it might mean that you would be relegated to certain offices and taxpayer cases:

[51] Hope that this would be changed with the new government and new commissioner-general appointed in 2021 was expressed in many interviews and informal conversations (e.g., IP14, external stakeholder; IP15, ZRA employee; many informal conversations).

[52] It was also stated that data from, for example, the Ministry of Lands and other government organisations had also been deleted.

> If they notice that you are not really into that type of stuff, they'll leave you out. And you might get relegated to a department which typically doesn't make money anyway. You'll be processing and you'll be at the back office doing that type of thing. While, those who are willing to [snaps her fingers] participate in audits. (...) I was always given the problematic cases where officers had been accused of corruption. So, I was always going on the cases where the boss knew that, 'Oh, yeah, she won't take the bait. So, give her those cases' and there was this, another lady who also had a similar reputation. They'll give us those type of cases where there's no money, or the taxpayer is tricky (IP1, former ZRA employee).

Another interviewee highlighted how increased digitalisation had helped with exactly these issues, by making it easier to stand up against pressures from above or at least distance oneself from it:

> My boss basically says 'All these things that are coming in. Let them go at that same value', even though I feel like it's undervalued, right. I am. My hands are tied. But! The way this system is set up, the system we use (...) Like you can literally say no. You can be like 'No. If you don't send me the email saying this, I'm going to querying this'. And you don't have... Well, from me, I heard that other places have like [laugh] really hard bosses on top of them and whatnot. But like in my situation, they'll [the bosses] be like, 'Aah, you're not gonna do it?' [then I reply], 'No I'm not gonna do it' [and the boss replies], 'OK. Ahh... OK, OK, OK, OK,' and they'll go. And there's another thing is your supervisors can also like, co-order and just do that afterwards. But the good thing about the system is that at every step, there is who... is it, it shows who's interacted with that. So, if someone does that, you're like [dust off hands] (IP9, ZRA employee).

Despite the increased ability to stand firm against corruption pressures, it was reported that it still came down to the individual (IP9, ZRA employee; IP14, external stakeholder). Therefore it was suggested by some that greater effort should be put into creating an internal whistleblowing system and increasing the integrity of employees (IP14, external stakeholder; IP17, external stakeholder). In addition, it was highlighted how these integrity and corruption issues were pressing for the ZRA because the agency handles money and the temptation for corruption is therefore very present (IP17, external stakeholder). For the same reason it was stated that there was much more corruption at the borders and in the customs unit than in other ZRA departments (IP1, former ZRA employee; IP9, ZRA employee; IP14, external stakeholder).[53]

[53] This is not unique to Zambia. It is often argued that customs are more likely to be corrupt than other parts of revenue administrations. For more information of corruption in customs see e.g., (Cantens et al., 2013; Titeca, 2009; Zake, 2011)

Nevertheless, one interviewee stressed that the internal affairs department actually does check the systems and is strict, which was why there was such a high turnover rate of staff, particularly in customs (IP9, ZRA employee).

In addition to the pressures from above, many also argued that there was a pressure by taxpayers who were willing to pay bribes. This pressure was presented in the previous section regarding the perceptions of taxpayers. Nevertheless, others argued that bribery actually occurred because it was the easiest way for taxpayers to react, for example to avoid delays at the border, to pay less in tax or to get things done (IP14, external stakeholder; IP17, external stakeholder; informal conversations).

Second and closely related to the above, many pointed to the fact that taxpayers had the perception that taxes went to paying for ZRA salaries or goods for ZRA employees (e.g., IP2, former ZRA employee; IP10, former high-ranking ZRA employee; IP15, ZRA employee). This created a negative understanding of the ZRA and a disincentive to pay taxes:

> And there's a perception amongst the community members that what is collected is, is used for the benefit of the [ZRA] employees. (...) Those would have perceptions that you are collecting it for yourself so that you have very lavish salaries and lifestyles, and that tended to create sort of yeah, a tricky relationship with the community (IP1, former ZRA employee).

Nevertheless, the interviewees had different understandings of why this was the case. Some argued this was due to a lack of understanding or jealousy (IP9, ZRA employee; IP15, ZRA employee), while others stated it was due to what taxpayers actually saw when they met the ZRA, such as nice clothes and big cars (IP2, former ZRA employee; IP10, former high-ranking ZRA employee). This is illustrated by the following two quotes:

> When you are a director in the ZRA, then you got such a big, you get such a big Toyota. And it was like all the directors. And I think the commissioner-general he got a bit, so to speak, a marginally bigger car which is a Toyota Prado, and it was also gold coloured. So that kind of symbolism, it's just terrible right. (...) It was, you know, people had the impression that, the ZRA itself, was to some extent corrupt. And the government in general was corrupt. That the vast majority of the money, the money that you collect, didn't go service provision but to just pay for, like, the big cars and stuff (IP2, former ZRA employee).

> I would say it's embedded in their culture to see to it that tax collectors are corrupt. It's even biblical even in it from, from the Christian segment, you see about Zacchaeus in the Bible all the tax collectors are labelled as corrupt. So, it's embedded also in this culture to believe that tax collectors are corrupt. So it's a difficult thing to change that mental position. Because it's embedded in the

> culture to believe that tax collectors use money to enrich themselves (IP15, ZRA employee).

These quotes thus highlight how this negative perception of the ZRA was viewed by some to be a result of culture and misunderstanding, while others expressed that there was a lot of symbolism that created that negative perception.

A third reason for the negative perception of the ZRA was related to customer service, or the lack thereof. Several interviewees stated that the ZRA for many years had focused on collection in a very forceful manner and had not had enough focus on helping and educating taxpayers to actually comply (e.g., IP2, former ZRA employee; IP8, external stakeholder; IP16, external stakeholder). As one interviewee expressed it:

> You never saw the service side of things which demanded a level of courtesy [by the ZRA], some, you know, pleasantness and the like. And *just* being of assistance (IP14, external stakeholder).

Others likewise stated that the ZRA simply had poor communication with taxpayers and was not good at informing them about taxes or helping them when they requested assistance. Revenue collection efforts thus came across much more as 'policing' than as being concerned with building a good relationship (IP13, external stakeholder; IP14, external stakeholder; IP16, external stakeholder). Customer service and taxpayer sensitization were therefore stressed as areas that could be improved. However, the majority of the interviewees reported that some improvement in these areas had taken place in the last couple of years (e.g., IP8, external stakeholder; IP14, external stakeholder; IP15, ZRA employee):

> Education, tax education has become like the core of our revenue administration model. In fact even the recently, maybe three years ago, even our (...) values were changed to tip in something which placed more focus on the taxpayers, and innovation and proportional reasoning (IP12, ZRA employee).

> But in recent times, you have now got shifted to an atmosphere where there would be more understanding, more engaging, more consultative. In trying to understand your situation, as well as giving you ample notice and the like. So that's been very helpful (IP14, external stakeholder).

These quotes highlight a shift in the ZRA's approach. It was, for example, mentioned that queuing and waiting times at ZRA offices had dramatically improved (IP9, ZRA employee), that a customer experience unit had been established (IP8, external stakeholder) and that the ZRA was carrying out workshops (IP14, external stakeholder). It was also stressed that digitalisation had helped with the customer experience, such as the TaxOnApp (IP8, external stakeholder; IP12, ZRA employee; IP14, external stakeholder).[54] Thus, it was argued by some that customer service has improved in more recent years. However, it was also stated that there were still certain areas which could be improved:

> I remember one time somebody [from ZRA] just called me a day before or two, and told me, 'OK, so we'll be having a sensitisation program with the manufacturers'. So that was too short a period to mobilise the manufactures (…) maybe that's why we have very few people knowing about certain things, because the next thing is then that they cancelling. (…) They'll tell you 'We did sensitise'. Yes, they did sensitise, but who showed up? (IP16, external stakeholder)

This quote stresses a perception that the ZRA has increased its focus on taxpayer education and customer service but has not always succeeded with carrying it out in practice. Likewise, other interviewees stressed that more improvement could be made (IP8, external stakeholder; IP14, external stakeholder). Improving customer services has also been a focus for many other SARAs in sub-Saharan Africa in recent years (see e.g., ATAF, 2022a).

The interviewees thus generally described a somewhat negative and distrustful view of the ZRA by taxpayers. The ZRA was perceived to be punitive in its collections measures and to provide differential treatment of taxpayers. Four points in this regard were highlighted. First, the ZRA was perceived by many to have a reputation for corruption. This had especially escalated during the rule of the Patriotic Front and under Kingsley Chanda's time as commissioner-general. Second, it was stated that there was a perception that taxes were used for ZRA salaries, and while this may not be completely true, the ZRA might have unwittingly provided signals of this themselves. Third, it was reported that the ZRA had generally used forceful tactics instead of helping taxpayers by providing customer service or taxpayer education. However, interviewees did highlight that the ZRA had become aware of this issue and therefore increasingly focused on improving in this area in more recent years. This was highlighted as a big improvement. The fourth factor was related to politics and the wider tax system, which will be presented in the following section. What is worth stressing is how the perceptions of taxpayers (presented in the previous section) and of the ZRA itself (presented here) seem to be very intertwined and a root cause of this distrustful relationship. It thus seems that these perceptions have largely been self-reinforcing. While it is not immediately evident that this is a direct effect of the ZRA's semi-autonomous status, it does appear to be closely connected. For example, the perception that tax revenue is used for ZRA salaries seems to be connected to the fact that ZRA

[54] See, for example, GIZ (2021), ZRA (2018) and ZRA (2021a).

employees do actually receive relatively large salaries compared to other government employees.

Perspectives on the Zambian tax system

Another factor that influences the ZRA and affects its performance is broader views of the tax system in Zambia. Many of the issues highlighted here relate to the fact that the ZRA is semi-autonomous and therefore has in some areas been influenced by the system at large.[55] This relates to the view that taxes are too high, that services are insufficient, and that there is too much political interference and influence. While these are not direct effects of the ZRA's semi-autonomous status, they do influence the ZRA's performance opportunities, as was theorised in Chapter 2 and will be elaborated upon below.

The interviewees stated that the ZRA is dependent on the broader tax system to function effectively. Several factors contributed to making this job difficult, which largely related to taxpayers' perceptions of the tax system writ large. One key factor presented was that the design of taxes is not always ideal (IP13, external stakeholder). While the foregoing chapter argued that the ZRA actually has a large influence on tax policy, there are also elements which are decided politically and thus out of their hands. This for examples relates to the instability in tax policy, especially the mining tax regime, which creates an unstable environment for both the ZRA and taxpayers (IP1, former ZRA employee; IP7, external stakeholder; IP16, external stakeholder). It was also very linked to the fact that taxes are considered high in Zambia and taxpayers feel overtaxed:

> The taxpayer feels unduly taxed or overtaxed, you know (IP14, external stakeholder).
>
> Zambia does have high taxes. I think even within the sub-Saharan African region, eh when you compare the different types of taxes that Zambia is eh imposing compared to the other ones. You find that their tax rates are eh quite high for Zambia (IP1, external stakeholder).

These quotes as well as many others highlight the perception that taxes are high in Zambia (P1, former ZRA employee; IP9, ZRA employee; IP16, external stakeholder; many informal conversations). High taxes might not in and of

[55] This section is based on how ZRA employees experienced that the tax system were perceived as well as the perceptions from some external stakeholders and from informal conversations with taxpayers. It is thus not representative of taxpayers actual knowledge and perceptions of the tax system. An interesting pursuit for further research would be to explore taxpayers' actual perceptions, for example, through surveys and follow-up interviews.

themselves be a problem, but this was very closely contrasted to government expenditure. It was expressed time and time again in the interviews that taxes in Zambia do not correspond to services provided:

> We pay too much in taxes! And what do we get? (Informal conversation, taxpayer)

> So, they'll pay whatever taxes, but then you'd still have to drive on bad roads. Why are they're still paying tollgates, and things like that so that they would still have to pay high energy rates. Of course, there's load shedding as well. And it's because of those small, small things that then make them question where their money is going (IP16, external stakeholder).

This was argued by the majority of the interviewees to be the perception of the taxpayers and to be a significant issue for tax collection (e.g., IP2, former ZRA employee; IP8, external stakeholder; IP17, external stakeholder; many informal conversations). Many different concrete examples were presented, such as bad roads in rural areas,[56] poor healthcare and education systems, increasing food prices and so on (e.g., IP8, external stakeholder; IP12, ZRA employee; IP14, external stakeholder). Some interviewees argued that this was an issue for collection, but at the same time stated that taxpayers know that the ZRA is separate from the ministry and government and is only there to collect (IP7, external stakeholder; IIP9, ZRA employee; IP11, ZRA employee). This is expressed, for example, in the following quote.

> They [the taxpayers] know that's not what ZRA does. Yeah. So I think there's some separation there, and everyone's targeting the government on that aspect. Not the ZRA (IP9, ZRA employee).

In contrast to this view, many others (even including the interviewee from the quote above) stated that the ZRA was in fact blamed and its representatives were asked about services (e.g., IP9, ZRA employee; IP14, external stakeholder; IP18, ZRA employee). Many argued that this was precisely because taxpayers did not understand that the ZRA is a separate agency:

> The ZRA has gone to collect taxes in a rural area, and they come with a vehicle and they park it because the road is not good. One reaches this man's shop, and they say they've come to collect taxes. And he says 'So why didn't you drive here? Because when you came last year, you said, if I pay taxes, you would fix the road.

[56] The Patriotic Front made many investments in roads in and around Lusaka. They also planned the Lusaka-Ndola dual carriageway, awarded to a Chinese contractor for $1.2bn (Reuters, 2017). However, it has been argued that these projects mainly benefitted better-off Zambians in the capital, and not smaller taxpayers (IP8; IP10; IP12). Furthermore, these roads projects have been criticised for being substantially overpriced (see e.g., Sinyangwe, 2022).

> Now, why did you park there? (...) Just go away until you've fixed it. Giving you money, say you would fix the roads, where did you take it?' So it has an impact! That if the people don't see the benefits of collecting taxes (IP10, former high-ranking ZRA employee).

> That's why they blame that's with us. Because they see us as part of the government. That's why they always ask for the benefits of being taxed, because they see us as part of the government (IP15, ZRA employee).

It was stated that this was a challenge for the ZRA, because 'How the funds are used is not our business. Our business is to collect' (IP18, ZRA employee). It is thus an issue for the ZRA's ability to collect tax efficiently that taxpayers do not think taxes correspond to services, and the ZRA does not actually have the ability to provide public services in return, nor is it their job to justify government spending (IP10, former high-ranking ZRA employee; IP11, ZRA employee; IP15, ZRA employee). The fact that the ZRA is able to collect but cannot provide or justify public services was very much highlighted as a consequence of its semi-autonomous status and taxpayers' lack of understanding of this.

The ZRA seemed to be aware of these challenges, and therefore in different ways tried to mitigate this issue. One attempt was improving customer service, as explained previously. Another was the attempts to explain and raise awareness of the things government was actually doing or could be doing:

> We now sent us a message that all these things that the government is doing. That is actually financed by your taxes, they are actually financed by your taxes, taxes are important, let's pay your fair share. Let's all pay your fair share, so that we can enable, we can have more things. We can have development and poverty alleviation, and stuff like that (IP12, ZRA employee).

It was stated that this was increasingly becoming a focus for the ZRA, as they needed taxpayers to understand the benefits of paying taxes in order to get them to comply, but likewise to improve taxpayers' perceptions of the ZRA. Therefore, the ZRA is increasingly putting out radio and TV commercials as well as being very active on social media (IP8, external stakeholder; IP9, ZRA employee; IP12, ZRA employee; IP14, external stakeholder).[57] This issue of the

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[57] Many SARAs have started putting out posters and advertisements as also highlighted in Chapter 2. Furthermore, many SARAs are active on social media, such as Twitter and Facebook – see, for example, Kenya Revenue Authority and Rwanda Revenue Authority.

ZRA not being able to provide services in return, as well as its efforts to mitigate this issue, was also said to be reflected in changes to the ZRA's slogan (IP10, former high-ranking ZRA employee; IP11, ZRA employee):[58]

> So the first one [slogan] is 'You get the benefit of paying tax'. (...) The second one was 'Working to serve you efficiently'. (...) Now the current one is 'Your tax. My tax. Our destiny', just to bring that idea to say, what you're paying to us is for all of our benefit. We discarded the first because we could not guarantee it (IP11, ZRA employee).

In addition to the ZRA's increased advertising and marketing, it was mentioned by a few interviewees that the ZRA had recently started to make donations (see e.g., also ZRA, 2021a). Such donations were also very publicised by the ZRA, for example, when the ZRA donated cooking oil and motor vehicles to the ministry of health, maize and mealie meal to the disaster management and mitigation unity, and desks to a community school (Sakala, 2020; ZRA, 2021b, 2021c). Some presented this as good corporate strategy, and as a positive way to improve the perception of the ZRA (IP14, external stakeholder), while others had the view that it had been highly publicised as a way of campaigning for the Patriotic Front and for the previous commissioner-general to position himself in a positive light (informal conversation). This speaks to potential political influence, which will be discussed below.

This section thus stresses how there seems to be a broad perception in Zambia that taxes are too high and that they do not correspond to the services that citizens receive. While this is not a direct effect of the ZRA's semi-autonomous status, it highlights a context in which this setup makes the agency dependent on the government's willingness to provide goods to citizens. The critical perception of the Zambian tax system more broadly thus creates difficulties for the ZRA's ability to collect taxes. Furthermore, this has led to the ZRA attempting to mitigate this issue through increased commercials, social media presence and customer services. One can debate whether this should be a task for the ZRA, but it seems necessary given the broader context. Aside from service provision (or lack thereof), the government and politicians also have other ways to influence the tax system and the performance of the ZRA, which will be explained in the following.

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[58] ZRA's slogan is also made visible on social media, for example, on its official webpage, Twitter account and Facebook. The changes in slogans can also be seen in the ZRA's annual reports (e.g., ZRA, 2021a)

8.5 Political undermining of the tax system

Politicians and the government seem to have two legitimate ways of influencing the tax system in Zambia. One way is to change tax policy, and another is indirectly via decisions concerning government expenditure (or lack thereof), as presented above. However, it became clear throughout the interviews and conversations that these were not the only ways that political actors influenced the tax system or the ZRA.

In many different interviews, it was reported that politicians undermined revenue collection and the ZRA's ability to do its job. One thing that was mentioned, for example, was how the Patriotic Front had made it difficult for the ZRA to tax small and informal taxpayers:

> One of the directives that the president [Edgar Lungu] issued was 'Leave the informal sector workers alone. Stop collecting taxes from them'. So, he issued that verbally. But on the law books it was still there (...) and we [ZRA] knew we had to collect that money. But because of, of those political directives, I remember there was one incident where some officers went to the market, and were beat, were chased. The traders like threatened them and they left. So, officers did not want to collect tax, for instance from urban traders because of the real risk of being assaulted (IP1, former ZRA employee).

> We started enforcing the tax on rent. It was a very unpopular ... payment. And because of that, there was a lot of public outcry about the tax because for a long time we did not enforce. (...) The politicians then take an interest. They say 'OK please wait till, till, till ... Don't proceeded yet' (IP11, ZRA employee).

These quotes stressed how the Patriotic Front influenced taxes without actually changing tax policy, but simply by stating that the ZRA should not enforce certain taxes or tax certain groups. Similar statements by political leaders have also been made elsewhere, for example, in Tanzania (informal conversation). Some argued that this was tied to certain groups being important voters (IP1, former ZRA employee; IP11, ZRA employee; IP14, external stakeholder). Yet others also argued how exactly these groups of taxpayers were simply being charged by political cadres instead of the ZRA, in particular at bus stations and markets (IP2, former ZRA employee; many informal conversations):

> ZRA has never ever had opportunities to tax these markets or bus stations because they like. There are some political parties who are involved there that have their own tax operation going on. And you can't kind of come in and compete with that (IP2, former ZRA employee).

Furthermore, it was argued that this political undermining of tax collection also extended to other groups, such as companies with political influence or connections. Parallels can here be made to the 'devils deal' put forth by

Tendler (2002), as mentioned in Chapter 2, and findings such as tax exemptions for political support in Tanzania (Bak & Therkildsen, 2022). Especially, as this was argued to be the case in relation to undue tax incentives and exemptions, but also with regard to pressuring the ZRA to turn a blind eye to certain taxpayers (IP8, external stakeholder; IP9, ZRA employee; IP13, external stakeholder):

> One of the more recent scandals that is coming to light is the aspect of a discretionary exemption on imports of motor vehicles by MPs that were then in the ruling party, the PF [Patriotic Front], and a lot of other exemptions for construction material and things like that. Exemptions that should not have been granted. And were not properly signed off through ZRA system. They were given almost unilaterally by the commissioner-general without sort of due process being followed (IP17, external stakeholder).

> Right before elections there are lots of stuff coming in, and these are for the ruling party at campaign mobilisation, so [you are told] 'Just let these things go like that, just let them go like this, just let them go like that. Don't querying it, why are you querying this?' (IP9, ZRA employee)

Furthermore, this political interference was seen to erode the ZRA's ability to collect taxes and to influence the strategies they were able to employ. As some interviewees stressed, employees would lose their jobs if they didn't go along with the government's demands, so it was a very simple calculation as an employee (IP2, former ZRA employee; IP15, ZRA employee).

In addition to undermining tax collection, it was also reported by some that the ZRA had been utilised as a political tool by the previous government:

> The ruling party has influence over all appointments (...) There was a person who was the director of investigation. Who was *obviously* not fit for the job. But everybody knew he was a political appointee. And that was obviously a very strategic position because then you can kind of use him to go after your [opponents]... because then you can launch various tax investigations (IP2, former ZRA employee).

> The taxman would be the dog that was unleashed upon you (IP14, external stakeholder).

> *The Post* newspaper (...) typical case in point, that was in good graces at some point with the then-ruling party. Then falling out and the record it was already there that there was quite a level of taxes that they owed. Whether it was from overdue taxes or tax evasion wasn't clear, but when the ZRA came calling, these [ZRA] was actually used as a tool to simply close down the newspaper, because it was no longer in good grace. But the way the newspaper found itself in that position is because of those same practices of very poor tax compliance (IP17, external stakeholder).

These quotes stress the way that political forces had become entrenched at the ZRA and led to it at times being used as a political tool. One of the most prominent illustrations of this concerned the closing of the newspaper *The Post* (IP14, external stakeholder; IP17, external stakeholder; informal conversations).[59] While the newspaper did owe taxes, it was generally presented as a case of how political whims could change and how the tax administration could be and was exploited to punish political opponents. Similar cases, where revenue authorities have been accused of doing the dirty work of political leaders, has occurred in other countries, including Rwanda (The Economist, 2017).

These kinds of political influences were presented as having existed previously, although the majority of those interviewed highlighted that it had greatly increased during the rule of the Patriotic Front, as systemic corruption escalated as well as political interference in the ZRA and other government institutions (e.g., IP1, former ZRA employee; IP8, external stakeholder; IP14, external stakeholder; informal conversation). This was seen as very closely connected to the appointment of the previous commissioner-general and the low agency head autonomy the agency has experienced in recent years (as discussed in the previous chapter), as well as how this commissioner-general influenced employment structures and conditions (as discussed earlier in this chapter). It was thus argued that this political influence was both a cause and consequence of the ZRA's semi-autonomy. It was a cause of the undermining of the ZRA's semi-autonomy in more recent years, with the political appointment of the previous commissioner-general. Furthermore, it was also a consequence thereof as this political interference in the agency made it possible to use the ZRA for political purposes.

8.6 Conclusion

The semi-autonomous status of the ZRA influences its performance and functioning – in other words, the autonomy of the ZRA does actually matter. What is more complicated is when and how it matters. As discussed throughout this chapter, the ZRA's semi-autonomous status confers both positive effects and certain challenges. The ZRA's semi-autonomous status has generally enabled the ZRA to attract more competent employees with competitive salaries, and

[59] *The Post* was a newspaper critical of the government which was closed in 2016 due to allegations of failure to pay outstanding taxes by the ZRA. It was a high-profile case, which many argued had more to do with politics and the upcoming election in Zambia than outstanding tax arrears (see e.g., Lusakatimes, 2016; Shaban, 2016). In February 2022, the liquidation of the newspaper was declared illegal (Supreme Court of Zambia, 2022).

in comparison to other Zambian agencies, such as ZESCO (the Zambian electricity utility), the ZRA has been considered effective. This has created some benefits for employees and generally fostered a positive self-perception. Furthermore, the high managerial autonomy of the ZRA has enabled it to adapt to certain needs, such as with its focus on increased digitalisation (beyond the ordinary digital advances seen for example in Zambian ministries and in society at large). In addition, the ZRA has been able to reach or even exceed its revenue targets. However, it was in the foregoing chapter argued that the ZRA had too much autonomy in relation to the Ministry of Finance and had been able to overstep its mandate in relation to tax policy. Consequently, this chapter found that the ZRA has been able to influence the setting of its own targets, thus making them a somewhat poor performance measure. Set side-by-side with comparable countries, the ZRA's tax-to-GDP collection rate is not impressive, yet this was argued to be related to the lack of economic diversification and economic problems in the country.

Another consequence of the ZRA's setup has been the distrustful relationship between taxpayers and collectors, where taxpayers were perceived as being unwilling to pay and the ZRA to be very strong-armed in its approach, although customer service was increasingly becoming a focal point. It could be argued that this distrustful relationship would also have existed had the ZRA not been semi-autonomous but instead part of the government. Nevertheless, it seems to be amplified by its semi-autonomous status – for example, because ZRA employees receive high salaries, which is misunderstood by taxpayers. This is largely the case because taxpayers believe taxes are too high and do not experience that they are receiving corresponding services. The fact that the ZRA is not part of the government, and thereby cannot itself provide goods in return, reinforces this perception. The ZRA is thus highly dependent on the government's willingness and ability to provide public goods.

The foregoing chapter also highlighted how the ZRA's autonomy had been undermined in more recent years (approximately between 2015-2021), especially with the political appointment of the previous commissioner-general. This was also experienced to have negatively influenced the ZRA, for example in relation to the appointment of political staff at other levels of the agency. Furthermore, it has increased the government's ability to use the ZRA as a political tool by asking it to turn a blind eye to certain taxpayers or, conversely, to strong-arm others. This has in some respects undermined the ZRA's ability to collect taxes and thereby affected its performance. It highlights how important the actions of the ruling party are, given their ability to influence the agency, for example with the appointment of the commissioner-general. Likewise, how dependent it becomes of the person appointed commissioner-general as well as his/her favour with the government. Some of the interviewees expressed hope that the new government as well as new commissioner-general appointed in 2021 would be less inclined to unduly influence the agency.

This chapter thus found that the semi-autonomy of the ZRA matters and discussed how and when. An interesting pursuit for further studies would be to explore the effects of different SARAs' actual autonomy and how it compares to the findings presented here. Suggestions for future research agendas will follow the presentation of the findings of the dissertation in the next concluding chapter.

Chapter 9.
Conclusion

Semi-autonomous revenue authorities (SARAs) have been implemented in 23 countries in sub-Saharan Africa. The first was in Uganda in 1991, while the most recent was in Namibia in 2021. Despite the continuous diffusion of this reform, we lack knowledge about the importance of SARAs' autonomy, how it differs between countries and what impact it has. Therefore, this dissertation set out to explore whether the semi-autonomy of sub-Saharan African revenue administrations matters, and if so, when and how. This research question was pursued though both quantitative cross-country comparisons and a case study of the Zambia Revenue Authority (ZRA). The findings and contributions from these analyses will be presented and followed by suggestions for further research agendas.

9.1 Findings

Do SARAs generally improve tax performance?

To explore whether semi-autonomy in revenue administration matters, the dissertation started out by examining whether SARAs have performed better than their counterparts within the traditional government hierarchy. In Chapter 3, based on Jeppesen (2021b), I thus tested the original assumption that due to their more autonomous status, SARAs would be able to increase tax revenue. I find that implementing a SARA does not have an effect on total and indirect tax revenue. This highlights that implementing a SARA is not a quick-fix solution to increase overall tax revenue. However, SARAs do positively influence direct tax revenue in the initial years following reform. Implementing a SARA does thus have some effect on tax performance. This effect on direct tax revenue is especially interesting as it has been argued that this is a more difficult tax for developing countries to collect, for example due to large informal sectors. Direct taxation has thus often played a smaller role in sub-Saharan Africa despite it traditionally being argued that direct tax collection can potentially promote the establishment of a fiscal contract (Bird & Zolt, 2005a; Moore, 2008; Tilly, 1990).[60] Why, however, is the effect of a SARA only momentary and not long-lasting? One possibility is that structural limitations constrain SARAs' longer-term revenue-raising ability (Jeppesen et al., 2022).

[60] This has, however, been questioned in more recent years; see e.g., Jeppesen (2021b).

Another possibility is that the political support for reform does not last or that SARAs' autonomy gets undermined. For example, in Tanzania it has been stated that after initial success the agency backtracked due to lack of political support and increased corruption (Fjeldstad, 2003). Likewise, in Uganda the autonomy of the SARA declined over time due to increased bureaucratic and political attention (Therkildsen, 2004). This points to a need for further understanding of the differences between SARAs and how those differences may influence their effect. In addition, the finding illustrates the importance of *how* tax performance is measured.

These results can help inform the policy choices of additional governments considering implementing a SARA, by informing them of the average effect of reform. This is by no means meant to indicate that SARAs may not have other positive effects and that governments should not undertake the reform, but simply to nuance the positive expectations of SARAs' performance and highlight that other effects and factors, such as other performance measures or the way the reform is implemented, are of importance. As the findings are average effects, the chapter (and article) also stressed how some countries seemed to perform above expectations and others below, which may be due to variations between SARAs. Therefore, the natural next step was to examine differences between SARAs and whether these matter.

Does SARAs' formal autonomy matter for performance?

If SARAs were expected to perform better due to their increased autonomy, it logically follows that more autonomous SARAs should perform better than less autonomous ones. It is thus possible that the lack of a general effect of implementing a SARA on total tax is simply due to the fact that they have been implemented differently in various countries and contexts. If we do not understand how SARAs differ, how can we meaningfully examine the implications of reform?

One central difference is that SARAs do not enjoy the same autonomy. Here we can distinguish between the formal autonomy SARAs are delegated through law and the actual autonomy they have in practice, which is much more dynamic. To understand and examine the differences between SARAs, Chapter 4 therefore presents a novel dataset concerning SARAs' formal autonomy. Formal autonomy was used as it provides insights concerning the intentions of decision-makers when they established the agency and unveils how the reform was or was not adapted to various countries and contexts. It thereby informs us of the relationship between governments and SARAs, presented in the theoretical framework in Chapter 2, and how it differs in various countries. In addition, formal autonomy is more measurable and comparable than actual autonomy. The formal autonomy delegated to SARAs was examined through the creation of seven indexes covering different forms of autonomy. In Chapter 4, I thus presented a novel dataset and demonstrated that formal autonomy can be used to distinguish between SARAs. I highlighted that there are substantial differences between the formal autonomy delegated to SARAs, while fewer changes in individual SARAs' autonomy over time. Furthermore, SARAs have different mixtures of relatively high and low autonomy on different dimensions. An independent contribution of this chapter was thus the ability to distinguish between SARAs in sub-Saharan Africa and understand how they vary.

Chapter 5 took the next step by examining whether the formal autonomy of SARAs matters for their tax performance. This analysis mirrored Chapter 3 but changed the independent variable from whether a SARA was present to different indicators of SARAs' formal autonomy. Across all seven formal autonomy indexes and a combined autonomy index, I find few and unsystematic effects, indicating a null finding. This suggests that more formal autonomy does not necessarily lead to better performance. However, there may also be other explanations for the results. One possibility is that tax-to-GDP ratios are simply a poor measure of performance, thus indicating that we need further knowledge concerning *what* SARAs' autonomy may actually affect. Furthermore, it begs the question of whether formal autonomy translates into actual autonomy, pointing to a need to further understand *whether* SARAs' actual autonomy matters, and if so, *when* and *how*. The takeaway from this chapter is thus that SARAs' formal autonomy cannot explain different tax-to-GDP ratios – yet instead of indicating the irrelevance of autonomy, it points to the need for further knowledge.

Does formal autonomy translate into actual autonomy?

To generate a better understanding of whether actual autonomy matters, we first need a better understanding of SARAs' actual autonomy. Therefore, Chapter 7 proceeded with a case study of the actual autonomy of the Zambia Revenue Authority (ZRA). This was explored through in-depth interviews concerning the ZRA from primarily 2016 to 2021. The findings of the chapter demonstrate how the ZRA enjoyed autonomy to make its own day-to-day decisions, corresponding to the high formal managerial autonomy the agency has been delegated though the law as presented in Chapters 4 and 6. Yet it also highlighted some caveats. For example, the ZRA was in some respects thought to have too much autonomy. It was stated that the ZRA had managed to transgress its mandate by substantially influencing tax policy, which should be the responsibility of the Ministry of Finance. In contrast, it was highlighted how in other aspects the ZRA's autonomy had been undermined. This was mainly stated in relation to the commissioner-general being appointed directly by president of Zambia. As presented in Chapters 4 and 6, the ZRA is the SARA in sub-Saharan Africa with the lowest level of formal autonomy in relation to its agency head status as, for example, the commissioner-general can be dismissed at the discretion of the president. While the opportunity for political influence has thus always been present in the law, it has not always been exploited to the degree it was under the rule of the Patriotic Front. It was thus stated that the ZRA's autonomy in this respect had been undermined. It was also reported that in some ways this had provided the commissioner-general with more power vis-à-vis the Ministry of Finance and governing board, thus creating a question of agency accountability.

With the findings of Chapter 7, I demonstrated how some aspects of the ZRA's actual autonomy overlap quite well with the formal autonomy the agency has been delegated through law. Yet I also find that while low formal autonomy can be translated into low actual autonomy, this is not always the case. Indeed, it is also possible for the agency to overstep the formal autonomy it has been delegated. While the formal and actual autonomy of the ZRA have strong overlaps, they do not completely correspond. The contribution of this chapter was thus to explore the actual autonomy of the ZRA and how this relates to the formal autonomy it has been delegated through law. It also enabled the following chapter to explore whether the ZRA's actual autonomy mattered and, if so, when and how.

Does actual autonomy matter?

While the quantitative studies did not find much effect of SARAs' formal autonomy, they also left unanswered the question of whether this was because autonomy is unimportant or because tax-to-GDP ratios are poor performance measures. Therefore, Chapter 8 instead explored the potential effects of the ZRA's actual autonomy, as conveyed through the actual and perceived effects put forth by the interviewees. These included rather direct performance measures such as targets, more indirect organizational effects such as digitalisation, and wider self-reinforcing effects such as taxpayer perceptions. In the chapter, I found that the autonomy of the ZRA mattered for its performance and functioning, although it was harder to pinpoint when and how. This autonomy created both positive effects and challenges.

The autonomy of the ZRA means that it has been able to attract more competent employees with competitive salaries and has led to a positive self-perception among employees. The ZRA's high managerial autonomy also means that it is more adaptable to a changing environment, as demonstrated with its progress regarding digitalisation, which was considered more advanced than other government agencies and administrations. In addition, it was highlighted that the ZRA has continuously reached its revenue targets, although this was problematised. Many argued that the targets were arbitrary and that the ZRA had been able to influence them because it had too much autonomy vis-à-vis the Ministry of Finance, thus making targets a poor performance measure. Here too much autonomy seemed to lead to challenges. By contrast, the undermining of the ZRA's autonomy in relation to the political appointment of the commissioner-general also seemed to create issues. For example, it was perceived to have somewhat politicised the agency by further political appointment of staff beyond the commissioner-general, and to the ZRA being used for political purposes. The findings of this chapter thus indicate that too much autonomy can lead to issues of agency accountability and oversight, while too little autonomy can lead to politicisation.

While not direct performance effects, the chapter also provided interesting insights into how the ZRA is influenced by and influences the tax system. It was, for example, highlighted how there has generally been a distrustful relationship between the ZRA and taxpayers, which seemed to be somewhat self-reinforcing. The interviewees stated that the ZRA perceived that many taxpayers tried to evade paying tax, which led them to become more coercive, while they perceived that taxpayers experienced the ZRA as strongarmed and therefore felt pushed to evade. Such a distrustful relationship may also have existed had the revenue administration been within the government hierarchy. However, the ZRA's autonomy could possibly intensify mistrust because of employees' high salaries, which could be misconstrued by taxpayers as the ZRA collecting revenue for themselves. This was also influenced by a general perception that services do not correspond to taxes and that taxes are high. It thus informs us of the relationship between a SARA and society, and how this is influenced by the relationship between society and government, as theorised in Chapter 2. The fact that the ZRA cannot provide goods in return seems to reinforce this negative perception, as the agency then becomes dependent on the government's willingness to provide goods. Nevertheless, it was argued that there have been some attempts in the ZRA in more recent years to become more customer-service oriented and inform taxpayers of benefits. Besides the more direct effects of the ZRA's autonomy, a contribution of this chapter is thus also to demonstrate how the ZRA affects and is affected by the broader tax system in Zambia.

Are SARAs semi-successful?

This dissertation set out to examine whether the semi-autonomy of sub-Saharan African revenue administrations matters, and if so, when and how. In the findings presented above, I show that (1) on average, SARAs' more autonomous status has not caused them to improve total tax-to-GDP ratios compared to their counterparts within the government hierarchy. Yet (2) implementing a SARA does have an initial positive effect on direct tax revenue. SARAs' more autonomous status thus does matter for revenue performance, but not quite as much as originally expected. It only matters for direct tax revenue and only in the initial years.

This dissertation therefore demonstrates that the original assumptions about SARAs' effects may be too optimistic. Yet this likely relates to the fact that (3) SARAs are not completely alike, but have been delegated different levels and forms of autonomy. Nevertheless, (4) the formal autonomy of SARAs does not matter for tax-to-GDP ratios. Potential interpretations of this result were discussed and indicated that perhaps tax-to-GDP ratios are simply a poor performance measure, or perhaps formal autonomy does not translate into actual autonomy. It thus pointed to a need for further knowledge before future additional quantitative analysis can meaningfully be conducted. To examine this more closely, a case study of the ZRA was conducted.

In the case study, I found that the ZRA's actual autonomy mattered for (5) more direct performance measures, (6) more indirect organisational effects and (7) for broader perceptions of the agency, although not always positively. The findings here, for example, indicated that the ZRA's high managerial autonomy led to an adaptable agency in terms of digitalisation. Yet they also indicated that excessively high autonomy vis-à-vis the Ministry of Finance created an oversight problem, and that reaching revenue targets may not be a good performance measure if the agency is too involved with target-setting. In addition, it showed that low autonomy in relation to the commissioner-general could lead to politicisation of the agency. The case study thus demonstrated many ways in which actual autonomy matters, both positively and more unfavourably.

In addition to the findings presented in the monograph, in Jeppesen (2021a) and Jeppesen et al. (2022) I discussed (8) the importance of a country's economic context and structural limitations to revenue collection. If a country does not qualify as a fiscal state and does not have an economic surplus to tax, what can we fairly expect of its SARA's revenue performance? SARAs do not exist in a vacuum, and thus structural conditions likely constrain SARAs' ability to perform. This leads back to the importance of the role

SARAs play in relation to society and government, as presented in the theoretical framework in Chapter 2. While SARAs may, for example, improve organisational effects and have the ability to advance customer services, they cannot address the 'return' side of the fiscal contract, such as improving healthcare or educational services. Likewise, they cannot change the economic structures of a country or diversify its economy. Initiatives to do so have to come from the government and society. This points to a need to not only seek to improve revenue administration but also focus on wider economic transformation if a country's aim is to increase tax revenue. Likewise, it also suggests that revenue collection and tax-to-GDP ratios may not always be the best measure to evaluate SARAs.

With this dissertation, I thus find that the semi-autonomy of sub-Saharan African revenue administrations matters, but perhaps not in the straightforwardly positive way that has been previously suggested. This should not be taken as a discouragement to countries considering reform or that already have a SARA. Rather it points to the importance of how a SARA is implemented and how much autonomy it possesses – something decision-makers can consider and change if need be. The findings here suggest that high managerial autonomy can make a SARA adaptable and responsive to the context in which it exists. It also indicates that a low level of autonomy in relation to the agency head makes a SARA vulnerable to politization. Yet too much autonomy, whereby the SARA can exceed its mandate without sufficient oversight, can also lead to adverse effects. This suggests that it is not only important that a SARA has capacity and is effective, but that the administration providing oversight needs to be so as well. Furthermore, it highlights that expectations regarding SARAs' revenue effects should be made to align with the economic and political context in which they exist, and more focus on improving not only revenue administration but also economic diversification may also be needed.

9.2 Suggestions for future research agendas

The findings of this dissertation have improved our knowledge of SARAs' semi-autonomous status and how it matters. They also set the stage for further examination of SARAs and point to new research agendas. This section presents three potential avenues for future research agendas.

One interesting avenue for additional research is to further examine why SARAs only have an initial effect on direct tax revenue. Is this due to structural limitations, backtracking of political will and agency autonomy, or other causes? While potential explanations were discussed, further studies could meaningfully look into why SARAs have this time-limited effect on average, thus also exploring how it can potentially be sustained over time. Furthermore, SARAs' divergent effects on indirect and direct tax revenue suggest that SARAs may be better at collecting certain types of taxes than others. Therefore, it would be interesting to further disaggregate tax measures and use this to examine performance – for example, whether SARAs are better at collecting personal income tax, corporate income tax, VAT or other taxes. While the Government Revenue Dataset (UNU-WIDER, 2021) used in the analyses of this dissertation include such measures, they are missing for many sub-Saharan African countries, especially in earlier years. However, this could be interesting to examine quantitatively in the future when hopefully more of such data is available. This would also be worth pursuing in comparative case studies. While case studies of different taxes already exist, such as VAT (e.g., Mascagni et al., 2021) and revenue collection from high net worth individuals (e.g., Kangave et al., 2018), these could be interesting to explore further in relation to a country's administrative setup and SARAs' autonomy. Does SARAs' autonomy, for example, influence their ability to use VAT data effectively or tax high net worth individuals better than others?

Another interesting agenda would be to advance the findings from the ZRA case study by conducting comparative case studies of other countries' revenue administrations. What does the actual autonomy of other SARAs look like, does it also relate to the formal autonomy they have been delegated, and does it have similar or contrasting effects? Firstly, this would allow for further examination of and reflections about whether too much autonomy can in some instances be unfavourable, and what can be done to provide adequate oversight. Have others' SARAs, for example, also been able to influence the setting of their revenue targets, and if so, has this been for the same reasons as the ZRA? Second, the ZRA case study highlighted issues related to the low autonomy of the commissioner-general and pointed to how this has politicised the agency. It would be interesting to explore and compare this with other SARAs that have more autonomy on this dimension. It would, for example, be worth exploring whether higher agency head autonomy has led to better insulation from politicisation or created a clearer role for the governing board. Thirdly, does high managerial autonomy in other SARAs also lead to improved digitalisation, or can this be explained by other factors? This could be especially interesting as digitalisation was highlighted as an important aspect of agency improvement, for example making revenue administration more effective, enhancing data collection and knowledge about taxpayers, and keeping pace with an increasingly digitalised global economy. Fourth, are the benefits and challenges of actual autonomy alike across SARAs or how much does context matter and influence their effects? Comparative studies could thus help explore the importance of the political and economic context a SARA is embedded within. Fifth and perhaps most attractive, it would be worth examining further the role and autonomy of SARAs in relation to taxpayers' perceptions of the agency. Can SARAs, for example, positively influence perceptions of legitimacy among taxpayers if they are sufficiently autonomous, thus improving taxpayer compliance, or does it depend on the broader tax system, as seems to be the case in Zambia? Here it would especially be worth exploring whether SARAs' commercials, posters and even donations can help mitigate this, and whether or not such efforts make a difference for taxpayer perceptions. Going beyond direct performance measures and exploring how SARAs' autonomy may or may not matter in different countries and contexts would thus be an interesting pursuit.

A third interesting agenda would be to explore further the structural and political limitations that can constrain SARAs and how these can be addressed. Here there are many potential directions and avenues to explore. One avenue that I find particularly promising is the potential interplay between government debt and taxes. This would especially be interesting to explore given the increasing indebtedness that many sub-Saharan African countries have experienced in recent years. How can governments, for example, use such debt to improve public services and diversify the economy to ameliorate negative taxpayer perceptions and potentially initiate a fiscal contract which can help SARAs do their job? Or in contrast, might this undermine the tax system and potential for a fiscal contract by increasing debt service payments so more and more tax revenue has to be directed at this aim, thereby spoiling taxpayers' perceptions? Furthermore, how do (or don't) SARAs try to deal with such issues? This is just one aspect of structural and political factors that would be worth exploring, but many other avenues also exist.

While this dissertation has improved our knowledge about SARAs and how their autonomy matters, my findings thus also point to many new questions and different avenues worth pursuing in future research.

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Appendices

Appendix A: Codebook to dataset 'SARAs formal autonomy'

Variable	Question and coding	Note
Case identification		
Identifier	Country abbreviates and year	
Country	Includes the 22 countries in SSA, which have introduced a SARA.	While Gambia is included it only contains values on the SARA overall variables. This is because it has not been possible to get access to the law establishing the Gambia Revenue Authority. Namibia is not included as its SARA first became operational in 2021.
Year	Include 1980 to 2020.	Note that no country introduced a SARA before 1991. Therefore, earlier years are simply included for merging purposes, as pre-reform analysis might be relevant
Existence of a SARA		
SARA_law	What year was the SARA law passed? 0 = Not year SARA law was passed 1 = Year SARA law was passed	Dummy variable, which indicates the year the SARA law was passed
SARA_ operational	What year did the SARA become operational? 0 = Not year SARA became operational 1 = Year SARA became operational	Dummy variable, which indicates the year the SARA became operational
SARA_dummy	Is the SARA operational? 0 = SARA not operational 1 = SARA operational	Dummy variable, which indicates whether the SARAs is operational or not.
SARA_lenght	How long has the SARA been operational? 0= SARA not operations 1 = SARA, 1-2 years 2= SARA, 3-5 years 3=SARA, 6-10 years 4= SARA, +10 years	Ordinal variable where years of SARA existence is grouped into different periods.

Autonomy dimension: Agency head status		
Head_1	Who appoints/approves the agency head? 0.00 = The President/Prime Minister 0.33 = A Minister or Council of Ministers 0.67 = The Parliament/Senate 1.00 = The Agency	Coding builds on Gilardi (2002) and Verhoest et al (2004). Coding is based on who has the final say. For example, if the agency head is appointed by the president, but this appointment is subject to the approval of parliament it is coded as 0.67
Head_2	How long is the agency head's term of office? 0.00 = No fixed term or not specified in the law 0.20 = Fixed term under 4 years or at the discretion of the appointer 0.40 = Fixed term of 4 years 0.60 = Fixed terms of 5 years 0.80 = Fixed term of 6-8 years 1.00 = Fixed term of more than 8 years	Coded according to Gilardi (2002). If the law specifies that there is a fixed term but makes no specification of the length, this is code as discretion of the appointer.
Head_3	Is the appointment of the agency head renewable? 0.00 = Yes, more than once or not specified/limited in the law 0.50 = Yes, once 1.00 = No	Coded builds on Gilardi (2002).
Head_4	What is the formal role of the agency head? 0.00 = The agency head is responsible for the day-to-day operation and is chief executive officer but under the general supervision of the Minister/government. 0.50 = The agency head is responsible for the day-to-day operation and is chief executive officer but under the general supervision of the board. 1.00 = The agency head is fully responsible for all agency operation and is chief executive officer without general supervision of others.	
Head_5	How can the agency head be dismissed? 0.00 = By complete discretion of the appointer of the agency head (e.g. for any other sufficient causes, conditions determined by the appointer in appointment contract) 0.33 = For no specific provision (e.g. not live up to performance contract, misbehaviour, incompetence) 0.67 = Only for non-policy related issues (e.g. corruption cases, imprisonment, bankruptcy) 1.00 = CG cannot be dismissed	Coded builds on Gilardi (2002). If dismissal of the CG is not mentioned/specified in the law this could potentially mean that 1) the appointer has full discretion or 2) the CG cannot be dismissed. However, one would expect that it would be specified in the law if the CG could not be dismissed. The lack of specification (especially

		in developing countries) seems to give discretion to the appointer. Therefore, lack of specification of dismissal is here coded as 0.00.
Head_6	May the agency head have other offices in government? 0.00 = Yes or no specific provision 0.50 = Only with permission of the executive 1.00 = No	Coding builds on Gilardi (2002). Some countries have specified that the CG may not take other employments or offices. This is interpreted to also be applicable for other offices in government
Head_7	Is political independence a formal requirement for the appointment of the agency head? 0.00 = No or not specified in law 1.00 = Yes	Coding builds on Gilardi (2002). Political independence here implies that the agency head is not allowed to be affiliated with a party nor be a member of parliament, senate etc.
Head_10	Is the agency head a member of the board? 0.00 = No 1.00 = Yes	
Autonomy dimension: Agency board status		
Board_1	Does the agency have a board? 0.00 = Agency without a board 1.00 = Agency with a board	
Board_2	What is the role of the board? 0.00 = Advisory Board 0.50 = somewhat decision-making board. The agency head has the power to decide over and overrule the board's decisions 1.00 = Decision-making board (also called supervisory or governing board) which has the power to make decisions and overrule the agency head.	
Board_3	Total number of board members? Number of board members (including board members that has no voting power)	If the number of board members is not specified this is coded as 99. This will typically imply that an appointer has discretion to decide the number of members.
Board_4	Total number of board members from the private sector? Number of board members from the private sector/third party	Governor of Central bank is considered public. If not specified if the board members have to be from the public or private sector, these are counted as private. This is

		because they could potentially be from the private sector.
Board_5	Is there a majority of public or private representatives in the board? Percentage of private members in the board	Coded between 0 and 1 but should be understood as percentage, where higher than 0.5 indicates that the private sector members are in majority, and lower than 0.5 indicates that the public sector members are in majority.
Board_6	Who appoints the (non ex officio) board members? 0.00 = The President/Prime Minister 0.33 = A Minister or Council of Ministers 0.67 = Parliament 1.00 = The agency or head of agency	Coding builds on Gilardi (2002). If several possibilities, the coding is based on the least autonomous option. For example, if the private sector can appoint three members but the president can appoint the chairperson this is coded as 0.0
Board_7	How long is the (non ex officio) board members term of office? 0.00 = No fixed term or not specified in the law 0.20 = Fixed term under 4 years or at the discretion of the appointer 0.40 = Fixed term of 4 years 0.60 = Fixed terms of 5 years 0.80 = Fixed term of 6-8 years 1.00 = Fixed term of more than 8 years	Coded according to Gilardi (2002)
Board_8	Is the appointment of the (non ex officio) board members renewable? 0.00 = Yes, more than once or not specified/limited in the law 0.50 = Yes, once 1.00 = No	Coded according to Gilardi (2002)
Board_9	How can (non ex officio) board members be dismissed? 0.00 = By complete discretion of the appointer (e.g. for any other sufficient causes, conditions determined by the appointer in appointment contract) 0.33 = For no specific provision (e.g. not live up to performance contract, misbehaviour, incompetence, inefficient) 0.67 = Only for non-policy related issues (e.g. corruption cases, imprisonment, bankruptcy) 1.00 = Board members cannot be dismissed	Coded according to Gilardi (2002) If several reasons than the one which limits the autonomy most will be basic for coding. If dismissal of the board members is not mentioned/specified in the law this could potentially mean that 1) the appointer has full discretion or 2) the board members cannot be dismissed. However, one would expect that it would be specified in the

		law if the board members could not be dismissed. The lack of specification seems to give discretion to the appointer. Therefore, lack of specification of dismissal is here coded as 0.00.
Board_10	May (non ex officio) board members have other official offices in government? 0.00 = Yes or no specific provision 0.50 = Only with formal permission of the executive or specified in the law 1.00 = No	Coding builds on Gilardi (2002).
Board_11	Is political independence a formal requirement for the appointment of (non ex officio) board members? 0.00 = No or not specified in law 0.50 = For some board members, but not all 1.00 = Yes	Coding builds on Gilardi (2002). Political independence here implies that the agency head is not allowed to be affiliated with a party nor be a member of parliament, senate etc.
Board_12	How is the Chairperson of the board appointed? 0.00 = By the President/Prime Minister 0.25 = By Minister/the government 0.50 = By Parliament 0.75 = By position (e.g., the agency head is also the Chairperson) 1.00 = By the board itself	Coding is based on who has the final say. For example, if the Chairperson is appointed by the president, but this appointment is subject to the approval of parliament it should is coded as 0.50
Board_13	How is the board members salary/remuneration? 0.00 = Decided by President 0.33 = Decided by the ministry or government 0.67 = Proposed by the board, but approved by ministry or government 1.00 = Decided by the board	
Board_14	How does the board make decisions (if it is a decision-making board i.e., board_2 question) 0.00 = Chairman decides 0.33 = Majority vote, but Chairman can overturn/veto the choice 0.67 = Majority vote, but if tied the Chairman has the final vote 1.00 = By majority vote	
Board_15	Who decides/regulates the procedures of the board? 0.00 = The President 0.25 = A Minister/the government 0.50 = Mixture of minister/government and board	

	0.75 = The agency head 1.00 = The board	
Autonomy dimension: Legal autonomy		
Legal_1	Does the agency have independent status? 0.00 = No independent legal statue (which technically means it is not a SARA) 0.50 = It has a legal personality under public law, is an public entity outside the public service, or autonomous/decentralised public entity. 1.00 = It is a body corporate.	Coding builds Verhoest et. al (2004) and Gilardi (2002).
Legal_2	How was the original agency law/act passed? 0.00 = Law passed by executive/presidential decree 1.00 = Law passed by parliamentary act (although often signed/ratified by president or minister)	Coding builds Verhoest et. al (2004).
Legal_3	Is the agency authorized to issue regulation? 0.00 = The agency only has consultative competencies (i.e. not formally able to make regulation) 0.25 = The agency and government/Ministry 0.50 = The agency and parliament 0.75 = The agency and another independent authority 1.00 = the agency only	Coded according to Gilardi (2002).
Legal_4	Is the agency authorized to make individual application of general regulation and directives? 0.00 = No, the agency may not decide individual application of general regulation and/or make directives. It only has competence to make rulings. 1.00 = Yes, the agency may decide on individual application of general regulation and/or make directives.	Coded builds on Verhoest et al (2004).
Autonomy dimension: Hierarchical Autonomy		
Hier_1	Does the agency have formal obligation to make an annual report? 0.00 = Presentation of an annual report, which needs approval from Government or Minister 0.50 = Presentation of annual report, which is for information only 1.00 = Not formally obliged to report to government/min	Coded builds on Gilardi (2002) and Verhoest et al (2004) If it is not specified that the annual report needs approval or the minister/governments/others cannot determine the content of the report, this is interpreted to mean that it is for information only.

Hier_2	Does the agency have other formal obligation to report to the government or a minister? 0.00 = The agency is accountable to the Government or Minister at all times (e.g. when the Minister/President determines) 0.33 = The agency is obliged to report to the Government or Minister often (e.g. regularly report, report all board decisions or minutes from meetings, ect.) 0.67 = The agency is periodically and at fixed intervals obliged to report to the Government or Minister (e.g. internal audits or periodic progress reports every tree months or biannually) 1.00 = No other obligation to report besides the annual report/Not obliged to report to Government or Minister	Coded builds on Gilardi (2002) and Verhoest et al (2004)
Hier_3	Does the agency have formal obligation to report to the parliament? 0.00 = The agency is accountable to parliament at all times 0.33 = Presentation of an annual report, which needs approval from parliament 0.67 = Presentation of annual report, which is for information only 1.00 = Not obliged to report to parliament	Coded according to Gilardi (2002) This also includes when the annual report to government/ministry (question Hier_1) needs to be forwarded to parliament. If it is not specified that the annual report needs approval or that the parliament can determine the content of the report, this is interpreted to mean that it is for information only.
Hier_4	Who (besides the court) can formally overturn the agency's decisions? 0.00 = The government, unconditionally 0.33 = The government, with qualifications 0.67 = A specialized body (e.g., revenue tribunal) 1.00 = None	Coded according to Gilardi (2002).
Hier_5	Can board members formally be held personally accountable for proceedings of the agency? 0.00 = Yes or no immunity stated in law 1.00 = No, the board members have formal immunity/are exempt from personal liability (e.g., as long as work and proceedings were done in good faith, not wilfully, etc.)	Coded as missing if is not a decision-making board
Hier_6	Can the agency head formally be held personally accountable for proceedings of the agency?	

	0.00 = Yes or no immunity stated in law 1.00 = No, the agency head has formal immunity/is exempt from personal liability (e.g., as long as work and proceedings were done in good faith, not wilfully, etc.)	
Hier_7	Does the government/ministry/parliament set performance targets/contracts for the agency (ex ante performance control)? 0.00 = Yes, without formally needing input form the agency 0.50 = Yes, although formally in dialogue with the agency 1.00 = No, only the agency can formally set performance targets or no performance control mentioned or indicated in law.	Builds on Verhoest et. Al (2004)
Autonomy dimension: Financial Autonomy		
Fin_1	How is the agency financed? 0.00 =Primarily finance through the annual government budget (discretionary from annual budget) 0.50 = Mixed finance - annual budget, performance incentives, and percentage 1.00 = Primarily finance through a percentage of what is collected in revenue (percentage of gross collection)	On coding based on Gilardi (2002) and Verhoest et al. (2004).
Fin_2	Who covers a potential agency deficit? 0.00 = The government covers deficits, and the agency has no ability to extent funding itself 0.33 = The agency has to cover a part of the deficit (e.g. by hard budget constraints or loans), while another part is covered by the government 1.00 = The agency has to cover all deficits itself	Coded according to Verhoest et. Al (2004)
Fin_3	Where may funds of the agency legally come from? 0.00= Only from budget allocation 0.33= From budget allocation as well as grants, subsidies and/or donation 0.67= From budget allocation as well as grants, subsidies, donations and/or funds accrued by the agency (e.g. fees or percentage of collected taxes or loans) 1.00 =From grants, subsidies, donations and/or funds accrued by the agency (e.g. fees or percentage of collected taxes or loans)	Coding is based on what is explicitly mentioned in the law. NB! Missing for all countries
Fin_4	Are funds formally subject of approval by the MoF, Parliament or others?	If it gets financing through annual budget allocations (which are always subject to approval) but otherwise to not

	0.00 = Yes, all funds 0.50 = Only some funds 1.00 = No	need approval, this is coded as 0.5
Fin_5	May the agency borrow money/take loans? 0.00 = No or not formally given the competences to borrow money 0.50 = Yes, but only with approval from Minister, President or Parliament 1.00 = Yes, without formally needing approval	
Autonomy dimension: Managerial Autonomy		
Man_1	Does the agency formally have control over the budget? 0.00 = No, control of budget lies with the government/ministry 0.33 = Somewhat, budget is controlled by the government/ministry, but on proposal of the agency 0.67 = Somewhat, budget is controlled by the accounting office or court (sometimes in collaboration with or on proposal from the agency) 1.00 = Yes, budget is controlled by the agency alone	Coded according to Gilardi (2002) Note that this variable concerns the budget (that is the expenditure, general accounting, audits of the books of the authority and/or an annual budget) and not the annual report nor funding of the authority.
Man_2	Who formally decides the internal organization of the agency? 0.00 = The ministry/parliament (including if its determined by law) 0.50 = Both the ministry and the agency or on recommendation from agency 1.00 = The agency	Coded according to Gilardi (2002)
Man_3	How is the structure of the agency organised (excluding customs)? 0.00 = Organised after tax type 0.25 = Combination of tax type and taxpayer segment 0.50 = Organised after taxpayer segment 0.75 = Combination of taxpayer segment and function 1.00 = Organised after function	NB! Missing for all countries
Man_4	Who formally decides the agency's personnel policy? 0.00 = The ministry/president 0.50 = Both the ministry and the agency or on recommendation from agency 1.00 = The agency	Coded according to Gilardi (2002)

Man_5	Can the agency formally create/set performance standards/targets for its departments and/or employees? 0.00 = No, performance standards are set by government (or based on government decided performance standards for the entire agency) 0.50 = Somewhat, performance standards set in collaboration with government (or on recommendation from the agency) 1.00 = Yes, full discretion over performance standards	
Autonomy dimension: Internal Managerial Autonomy		
Int_1	Can the agency make appointment of new staff? 0.0 = No 0.50 = Yes of some, but not all (or with approval from government/president/ministry) 1.00 = Yes	
Int_2	When hiring new staff is formal job adverts used? 0.00 = Formal job advert not used 0.33 = Formal job adverts sometimes used 0.67 = Formal job adverts almost always used 1.00 = Formal job adverts always used	NB! Missing in most countries
Int_3	Can the agency decide on qualifications required for employment of personnel? 0.00 = No 0.50 = Yes of some, but not all (or with approval from government/president/ministry) 1.00 = yes	Note: If the agency can determine the terms of conditions of employment, this is interpreted to also include qualifications, unless otherwise stated.
Int_4	Can the agency decide on promotion of employees? 0.00 = No 0.50 = Yes of some, but not all (or with approval from government/president/ministry) 1.00 = yes	Note: If the agency can determine the terms of conditions of employment, this is interpreted to also include promotion, unless otherwise stated.
Int_5	Can the agency dismiss/terminate employment? 0.00 = No 0.50 = Yes of some, but not all (or with approval from government/president/ministry) 1.00 = yes	Note: If the agency can determine the terms of conditions of employment, this is interpreted to also include dismissal, unless otherwise stated.

Int_6	Can the agency determine if work should be carried out by permanent staff or contractually? 0.00 = No 0.50 = Yes of some, but not all (or with approval from government/president/ministry) 1.00 = Yes	Note: If the agency can determine the terms of conditions of employment, this is interpreted to also include the type of contract, unless otherwise stated.
Int_7	Is there a code of conduct/ethics/integrity? 0.00 = No or code set by president/minister 1.00 = Yes	
Int_8	If yes, is there a direct supervision of the code of conduct/ethics/integrity (indicated e.g. by disciplinary dismissals) 0.00 = No 1.00 = Yes	
Int_9	Can the agency decide the salary of employees? 0.00 = No 0.50 = Yes for some, but not all (or with approval from government/president/ministry) 1.00 = Yes	If the agency can determine the terms of conditions of employment, this is interpreted to also include salary, unless otherwise stated.
Int_10	Is there a training program for new employees? 0.00 = No 1.00 = Yes	NB! Missing for most countries
Int_11	Is there a training program for old employees? 0.00 = No 1.00 = Yes	NB! Missing for most countries
Autonomy dimension: Level of detail		
Det_1	Number of parts/chapters in the law	Simple count of the numbers in the law
Det_2	Number of sections (§) in the law	Simple count of the numbers in the law
Det_3	Number of sub-sections (e.g. (1)) in the law	Simple count of the numbers in the law
Det_4	Number of paragraphs (e.g. (a)) in the law	Simple count of the numbers in the law

Appendix B: Sources to dataset ‘SARAs formal autonomy’

Country	Webpage	Original SARA Law/Act	Amendments to SARA Act	Other relevant Laws/Acts/sources
Angola	www.agt.minfin.gov.ao	Angola has two law regarding the establishment of the revenue administration: Decreto Presidencial n.º 324/14, de 15 de Dezembro, which formally creates the administration but otherwise is very short and uninformative; And, Decreto Presidencial n.º 325/14, de 15 de Dezembro, which determines all the conditions, appointments etc. of the administration. This law is the basic for all the coding.	Did not find any amendments.	
Botswana	www.burs.org.bw	Botswana Unified Revenue Service Act	Did not find any amendments.	
Burundi	www.obr.bi	Loi no. 1/11 du 14 Juillet 2009 Portant Creation, Organisation et Fonctionnement de L’Office Burundais des Recettes	Did not find any amendments before 2020. There was nevertheless one amendment in 2021: Loi no 1/22 du 05 Novembre 2021 portant révision de la loi no 1/11 du 14 juillet 2009 portant création, organisation et fonctionnement de l’Office Burundais des Recettes (OBR)	

Ethiopia	www.mor.gov.et	Ethiopia Revenues and Customs Authority Establishment Proclamation No. 578/2008	Did not find any amendments, but agency revoked in 2018: Proclamation No. 1097/2018, the Ethiopian Revenue and Customs Authority was transformed into the Ministry of Revenue in November 2018. It thus changes from being a SARA into being a ministry (which is not autonomous from the political system). NB! Because the changes were first made November 29th, 2018 is coded according to the law establishing the 'Ethiopian Revenues and Customs Authority'.	Proclamation 983-2016. It was an extensive change to the tax system. One change was the introduction of a Tax Appeal Commission. However, one complication in relating to coding is that the Commission is accountable to the Prime Minister.
Gambia, The	www.gra.gm	Unable to find the law online. I have contacted the GRA several times, however, I have not been able to get access to the law.		
Ghana	gra.gov.gh	Ghana Revenue Authority Act, 2009 Act 791	Did not find any amendments.	Revenue Authority Act, 2016 (regarding appeals, Section 44); The Revenue Administration Act, 915 of 2016; The Revenue Administration (Amendment) Act, 1029 of 2020

Kenya	www.kra.go.ke	Kenya Revenue Authority Act, no. 2 of 1995	Many Amendments: L.N. 220/1995; L.N. 119/1996; Act No. 8 of 1996; Act No. 8 of 1997; L.N. 143/1997; Act No. 5 of 1998; L.N. 56/1998; Act No. 4 of 1999; Act No. 9 of 2000; Act No. 6 of 2001; Act No. 15 of 2003; Act No. 4 of 2004; L.N. 56/2004; Act No. 10 of 2006; Act No. 9 of 2007; Act No. 8 of 2008; Act No. 57 of 2012; Act No. 16 of 2014; Act No. 14 of 2015; Act No. 29 of 2015; Act No. 38 of 2016; Act No. 15 of 2017; Act No. 10 of 2018; Act No. 2 of 2020.	Tax Appeals Tribunal, Act no. 40 of 2013.
Lesotho	www.lra.org.ls	Lesotho Revenue Authority Act no 14 of 2001	Lesotho Revenue Authority (Revision of Funding Percentage) Notice 2017, No. 6 of 2017 Did not find any other amendments.	Revenue Appeals Tribunal Act no. 2 of 2005; Legal notice no. 133 of 2007, no. 81 of 2015, and no. 109 of 2016; The Lesotho Revenue Authority (Delegation of Functions) (Amendment) Notice 2013 and 2020
Liberia	www.lra.gov.lr	Liberia Revenue Authority Act of 2013	Did not find any amendments.	Revenue Code of Liberia Act of 2000, section 60. (Board of Tax appeals)
Malawi	www.mra.mw	Malawi Revenue Authority Act	The original law is not available. I could only find the one with amendments. Nevertheless, there are only few amendments which relates to section 20 and 28 as well as the schedule: G.N./20/2001; G.N./21/2007; and, G.N./24/2002	

Mauritius	www.mra.mu	The Mauritius Revenue Authority Act 2004. Act no. 33 of 2004.	Many amendments. All amendments are included in the Mauritius Revenue Authority Act, Consolidated Version 2021.	
Mozambique	www.at.gov.mz	Lei no. 1/2006 Cria a Autoridade Tributária de Moçambique.	Lei no. 19/2009	Lei no. 2/2006: Estabelece os princípios e normas gerais do ordenamento jurídico tributário moçambicano e aplicáveis a todos os tributos nacionais e autárquicos.
Rwanda	www.rra.gov.rw	The original law, no. 15/97, establishing the RRA is not available.	The original law, no. 15/97, establishing the RRA is not available. Therefore, I can only code from the amended law from 2009.	Prime Minister's order no. 08/03 of 09/05/2007 on establishment, composition and functioning of the tax appeals commission. The composition of the Commission as specified in Article 3 is noteworthy, as the Minister of finance is the Chair, and the majority of members are elected by the Minister.
Seychelles	www.src.gov.sc	Seychelles Revenue Comission Act, 2009	Act 15 of 2011; Act 30 of 2014; Act 29 of 2017	
Sierra Leone	www.nra.gov.sl	Sierra Leone National Revenue Authority Act	Financial act, 2007 (only bill); Financial act, 2008 (only small changes); Financial act, 2013 (only small changes)	Income Tax Act, 2000 (contains the Revenue tribunal)
South Africa	www.sars.gov.za	The South Africa Revenue Service Act 34 of 1997	Tax Administration Laws Amendment Act 44 of 2014;	Income Tax Act, 1962 (contains the Tax Court); Tax Administration Act 28 of 2011 (contains the Tax Board)

			Employment Tax Incentive Act 26 of 2013; Tax Administration Act 28 of 2011; South African Revenue Service Amendment Act 46 of 2002 (https://www.gov.za/documents/south-african-revenue-service-act)	
Eswatini	www.sra.org.sz	The Revenue Authority Act, 2008	No amendments c.f. the authority's own webpage; http://www.sra.org.sz/legalandpolicy/pageview.php?id=96&name=Tax%20Legislations However, I know amendments was proposed to change the name the SRA to the ERS in 2020. I am not sure if this was passed, since I cannot find it online nor on the webpage of the authority. Originally the authority was called the 'Swaziland Revenue Authority'. After the country changed its name in 2018 the authority became the 'Eswatini Revenue Authority', although it continued using the SRA acronym. It is now called the 'Eswatini Revenue Service', although it a bit unclear when exactly it changed. It seems to have changed in 2020 or 2021 (c.f. https://www.pressreader.com/eswatini/times-of-eswatini/20210425/282080574683284). Since the Revenue Authority Act has not	Income Tax Order, 1975 (appeal only to court); Revenue Appeals Tribunal Act of 2019 (unable to find a copy of the act, but a tribunal was created)

			changed before 2020, I have coded based on the wording in the text, that means it is referred to as the SRA.	
Tanzania	www.tra.go.tz	The Tanzania Reveneu Authroity Act, 1995	Many amendments. All amendments are included in the Tanzania Revenue Authority Act, Revised Edition 2019 (which is the latest version of the act). Coded by comparing the original version and the 2019.	Income tax Act, 1973; The Tax Revenue Appeals Act, 2000 (and revisions hereof)
Togo	www.otr.tg	Loi no. 2012-016 portant creation de L'office Togolais des Recettes	Did not find any amendments.	
Uganda	www.ura.go.ug	The Uganda Revenue Authority Act, 1991	The Uganda Revenue Authority (Amendment) Act, 2007	Tax Appeals Tribunal Act, 1998
Zambia	www.zra.org.zm	The Zambia Revenue Authority Act, No. 28 of 1993. (note: it has not been possible to get access this law without the 1996 amendments)	Fees and Fines Act, No. 13 of 1994; Act No. 32 of 1996 (Included in the available ZRA act. Regards article 10, which is important for the coding. It has not been possible to find out how the law looked before the amendment or what exactly was changed.); The Zambia Revenue Authority (amendment) bill, act no. 10 of 2014	Revenue Appeals Tribunal Act, 1998. Attempt to amend the ZRA act in 2021. The original suggestion of a new bill contained several changes. However, this was quite quickly discarded and instead only a minor change was introduced: Zambia Revenue Authority (amendment) Act, no. 15 of 2021.

Zimbabwe	www.zimra.co.zw	Revenue Authority Act, Chapter 23:11	Many amendments. All amendments are included in the Revenue Authority Act, downloaded from ZIMRA in 2021 (which is the latest version of the act. Latest amendments are from 2019) Coded by comparing the 2002 version (as it was not possible to get the original version) and the 2021.	Income Tax Act (contains creation of special court); Fiscal Appeals Court Act (contains creation of special court)

Note: Namibia is not included as its SARA first became operational in 2021.

Appendix C: Guidelines for quotes

Symbol	Example	Description
…		Important pause by the interviewee
(…)		Part of the quote is omitted due to lack of relevance.
Word	ZRA is *the* example	Italic of a word indicates emphasis by the interviewee
[action]	[laughing]	Actions or interruptions by the interviewee
[word]	…they [the ZRA] are efficient.	An addition to the quote by the author to make it more understandable
	Eeh Umm Mmh … It is the the the ZRA that…	Interjections, pauses and repetition of words are noted down in the transcriptions of the interviews but omitted in the text unless they are of relevance to the meaning of the quote.

Appendix D: List of interviews and informal conversations

Table D.1 Interviews

Reference in text	Who	Primary discussion of	Date	Before or after change ZRA's CG in October 2021
IP1	Former ZRA employee, Domestic Tax	ZRA	March 26, 2020	Before
IP2	Former ZRA employee	ZRA	March 30, 2020	Before
IP3	Researcher, tax expert	Other SARA	November 25, 2020	Before
IP4	Researcher, tax expert	Other SARA	December 1, 2020	Before
IP5	URA employee	Other SARA	January 11, 2021	Before
IP6	Researcher, tax expert	Other SARA	March 11, 2021	Before
IP7	External stakeholder	ZRA	September 24, 2021	Before
IP8	External stakeholder	ZRA	September 27, 2021	Before
IP9	ZRA employee, Customs	ZRA	October 7, 2021	Before
IP10	Former very high-ranking ZRA employee	ZRA	October 10, 2021	After
IP11	ZRA employee, Research and Corporate Strategy	ZRA	October 26, 2021	After
IP12	ZRA employee, Research and Planning	ZRA	October 27, 2021	After
IP13	External stakeholder, Zambia Tax Platform	ZRA	November 1, 2021	After
IP14	External stakeholder, Chamber of Commerce and Industry	ZRA	November 11, 15 and 25, 2021	After
IP15	ZRA employee, Direct Tax	ZRA	November 24, 2021	After
IP16	External stakeholder	ZRA	November 25, 2021	After
IP17	External stakeholder	ZRA	December 16, 2021	After
IP18	ZRA employee, Enterprise Risk Management	ZRA	January 4, 2022	After

Note: the level of detail concerning the interviewees differ, as different levels of anonymity were requested. All external stakeholders have in-debt knowledge about the ZRA and the tax system in Zambia.

Table D.2 Informal conversations in Zambia

Number	Who/whom (several conversations were in groups)
13	Researcher(s) and/or tax expert
10	Taxpayer(s)
10	University student(s)
7	Taxi driver
7	Other

Note: all these informal conversations took place while I was in Zambia. The list only includes conversations from which I have notes and that concerned the Zambian tax system and/or the ZRA.

Appendix E: Example of Interview guide

This is an example of an interview guide for a current ZRA employee. While the themes and core of the questions were maintained a modified interview guide was prepared for each interview. This for example related to whether I was talking to a current or former ZRA employee, or an external stakeholder. Specific information concerning the interviewee is excluded from the example.

Theme	Question	*Potential sub-questions*
Briefing about the interview		
Background – employment at the ZRA	Can you tell me a bit about you position with the ZRA and what that job entail?	- *What role/functions do you have?* - *What is the best part of working at the ZRA?* - *Every organization evolves over time – has your job at the ZRA, or the ZRA itself, changed in the time you worked here? How has it changed?* - *How did the changes influence your work?* - *How did the changes influence the effectiveness of the ZRA? Has it changed for the better/worse? How so?*
	How did you get employed at the ZRA?	- *What are/were the requirements for employment?* - *Are promotion patterns predictable?* - *What are the career opportunities?* - *Are there anyone outside or inside the ZRA that unduly can or try to influence employment?* - *Did you consider working somewhere else? If so, why did you stay at the ZRA?*
Attitude to tax – politics of taxation	Are there any features in the general public debate or in public attitudes that have affected conditions for ZRA employees?	- *Can you think of any concrete examples?* - *Does taxation in general feature in the political debate? If so, what is debated?* - *Is taxation an important topic for politicians? Why/why not?* - *Does ZRA feature in the public debate?* - *Is it tax policy or the ZRA which is debated?*
Autonomy – general	The ZRA falls under the category of Semi-Autonomous Revenue Authorities. However, there is some doubt and different interpretations of what	- *What does 'autonomy' mean for the organization? Do you think it is important?* - *Do you think this will change in the near future?*

	autonomy actually entails. What do you understand by the ZRA being autonomous?	- *Do you think people see the ZRA as autonomous? If so, autonomous from whom?* - *What is the mandate of the ZRA? Does the ZRA live up to its mandate?*
	Have you ever experienced anything that hindered or constrained you in doing your job? Do you remember any specific instances?	- *Can you think of any concrete day-to-day examples?* - *Can you think of any general/overarching examples?* - *Was that rare or often occurring?*
	Have you ever experienced any actors outside the ZRA that unduly influenced or tried to influence the functioning of the ZRA? If yes, whom and how?	- *Can you think of a concrete example?* - *How did these actors influence the ZRA?* - *Was this typical or rare?* - *How did you perceive this influence? Was it beneficial or unfavourable to the functioning of the ZRA?*
Autonomy – specific	Have you ever experienced that politicians or parliament had the opportunity or means to influence the ZRA's day-to-day work? How? Can you think of any concrete examples? Or that had the opportunity and means to influence your work?	- *Have you ever experienced that the President has had the opportunity/means to influence the ZRA's day-to-day work? How? Can you think of any concrete examples?* - *Have you ever experienced that the MoF has the opportunity/means to influence the ZRA's day-to-day work?* - *Does political intervention in the ZRA's work often occur? How so?* - *How autonomous is the ZRA from the government?*
	Zambia is in a period of transition. How autonomous do you think the ZRA was from the previous government? Do you think this will change going forward?	- *Has the ZRA's degree of political autonomy changed over time? How so?*
	How do you see the relationship between the MoF and the ZRA? Do you have any examples of this? Do you think this relationship will change going forward? From your perspective, how is the power relation between the MoF and ZRA?	- *What benefits and hindrances do you see from the ZRA being separated from the MoF?* - *Have you ever experienced that the ZRA could influence the work of the MoF?*
	How do you perceive the task of being the CG?	- *What concretely did he do to improve or worsen the functioning of the ZRA?*

	How do you perceive that the CG has managed this task?	- *Is there anything that hinders the functioning of the CG? Can you come with an example?* - *Does the CG have too much control over the functioning of the ZRA?* - *Does the CG have too close political ties?* - *Is it important for the functioning of the ZRA that the CG has close political ties?*
	How do you think the corporation between the different divisions and departments is within the ZRA?	- *What are the benefits and issues of the set-up?* - *Are there some departments which performs better than others?* - *Are some departments stronger or gain more attention that others?*
	Have you ever experienced donors had the opportunity/means to unduly influence or disrupt the ZRAs day-to-day work? How? Can you think of any concrete examples?	- *Was the donors' influence beneficial or disadvantageous? How/why?* - *How autonomous is the ZRA from donors?* - *Has the ZRA's degree of autonomy from donors changed over time? How so?*
	Have you ever experienced that corporations have the opportunity or means to unduly influence the ZRA's day-to-day work? How? Can you think of any concrete examples?	- *Which corporations (MNCs, Large domestic actors, MSMEs, other) could influence the ZRA?* - *Is the corporations' influence beneficial or disadvantageous? How/why?* - *How autonomous is the ZRA from MNCs?* - *Has the ZRA's degree of autonomy from MNCs changed over time? How so?*
Performance and perceptions	How would you evaluate the ZRA's performance in recent years? On what basis do you make this evaluation? How do you think it will look going forward?	- *Can you give an example of why you evaluate it as such?* - *Are there some areas where the ZRA has a better or worse performance?* - *Is the ZRA effective in its functioning? How so? Could it be more effective?* - *Has the performance of the ZRA change over time?* - *How effective is the ZRA compared to other government institutions?*
	Normally when you tax someone, they expect something in return. However, the ZRA can only tax while it is the government that has to	- *Do you think this divide between tax collection and provision of goods has an influence on the functioning of the ZRA? If so, how?*

	provide goods in return. Do you think this has an influence on the ZRAs ability to collect taxes? And if so, how?	- *Do you experience that people link the provision of public goods with collecting taxes? Why/why not?* - *Do people in general link paying taxes with receiving public goods? Why/why not? Do you have any examples of this?*
	How do you experience the ZRA is perceived by the public? Can you think of any concrete example where the ZRA has been praised or criticised? Who praised/criticised it?	- *Do you experience that the ZRA is perceived as well functioning by the public? Why/why not?* - *Do you experience that taxpayers view the ZRA as legitimate? Why/why not?* - *Do you experience that the government perceives the ZRA to be effective? Can you think of a concrete example where the government praised or criticised the ZRA?* - *Have people's perception of the ZRA changed over time? How has it changed?*
	All organizations face challenges. Can you think of any concrete challenges for the ZRA while you have worked there?	- *Are there issues of corruption in the ZRA? Has it changed over time?* - *What has been the main challenges for the ZRA in the last ten years?* - *Does the ZRA face any current challenges? What kinds of challenges (internal/external)? How has the ZRA overcome these challenges?*
	How do you think the ZRA can improve in the future?	- *How could the ZRA be more effective? Can you come with a concrete example?* - *Is there anything you would like to change about the ZRA if you could?* - *Do you remember any specific changes that you think have improved the ZRA?*
Closing	Is there anything that comes to mind, that you think might be relevant or interesting that I have not thought to ask you?	
	Thank you	

Appendix F: Supplementary material from Jeppesen (2021b)

Table F.1: List of variables

Variable	Description	Source
Total tax revenue	Total tax revenues excluding social contributions, % of GDP (both including and excluding natural resource revenue)	ICTD/UNU-WIDER 2018; Prichard et al. 2014
Direct tax revenue	Total direct taxes excluding social contributions, % of GDP (both including and excluding natural resource revenue)	ICTD/UNU-WIDER 2018; Prichard et al. 2014
Indirect tax revenue	Total indirect taxes, % of GDP (both including and excluding natural resource revenue)	ICTD/UNU-WIDER 2018; Prichard et al. 2014
Income tax revenue	Taxes on income, profits, and capital gains, % of GDP (both including and excluding natural resource revenue)	ICTD/UNU-WIDER 2018; Prichard et al. 2014
Corporate tax revenue	Total corporate and enterprise income and profit taxes, % of GDP (both including and excluding natural resource revenue)	ICTD/UNU-WIDER 2018; Prichard et al. 2014
Individual tax revenue	Total income, capital gains and profit taxes on individuals excluding resource revenues, % of GDP	ICTD/UNU-WIDER 2018; Prichard et al. 2014
Property tax revenue	Total taxes on property, % of GDP	ICTD/UNU-WIDER 2018; Prichard et al. 2014
Goods and services tax revenue	Total taxes on goods and services. Includes sales taxes/VAT and excises, % of GDP	ICTD/UNU-WIDER 2018; Prichard et al. 2014
Trade tax revenues	Total taxes on international trade, % of GDP	ICTD/UNU-WIDER 2018; Prichard et al. 2014
Payroll tax revenue	Taxes on payroll and workforce, % of GDP	ICTD/UNU-WIDER 2018; Prichard et al. 2014
GDP per capita	GDP per capita (constant 2010 US$)	World Development Indicators
Trade openness	Trade (% of GDP)	World Development Indicators
Urban population	Urban population (% of total)	World Development Indicators
Agriculture	Agriculture, forestry, and fishing, value added (% of GDP)	World Development Indicators
Age dependency share young	Age dependency ratio, young (% of working-age population)	World Development Indicators

Age dependency share old	Age dependency ratio, old (% of working-age population)	World Development Indicators
Aid dependence	Net ODA received (% of GNI)	World Development Indicators
UK aid dependence	Net bilateral aid from UK (% of total net bilateral aid) NB! When calculating net ODA, loan repayments are recorded as negative and deducted from ODA and loans. In some cases, loan repayments are higher than new ODA and net ODA will show as a negative number – this is both case for British aid and total bilateral aid. This creates a few outliers with values > 100% or <0% that have been excluded.	World Development Indicators. Coded based on Dom 2019
FR aid dependence	Net bilateral aid from FR (% of total net bilateral aid) NB! See note under UK aid dependence.	World Development Indicators. Coded based on Dom 2019
IMF crisis programme	Dummy variable indicating if an IMF crisis program (SAF, PRGF/ECF, or ESF) has been in effect for at least five months.	Dreher 2006. Coded based on Ahlerup et al. 2015
IMF non-crisis programme	Dummy variable indicating if an IMF crisis program IMF non-crisis programme (SBA, or EFF) has been in effect for at least five months.	Dreher 2006. Coded based on Ahlerup et al. 2015
Liberal democracy	Liberal democracy index. Scale ranges from low to high degree that the ideal of liberal democracy is achieved.	Coppedge et al. 2015
Public sector corruption	Public sector corruption index. Scale ranges from low corruption (0) to highly corrupt (1)	McMann et al. 2016
Rigorous and impartial public administration	The extent to which public officials generally abide by the law and treat like cases alike, or conversely, the extent to which public administration is characterized by arbitrariness and biases (i.e., nepotism, cronyism, or discrimination). Covers public officials that handle the cases of ordinary people. Scale where the absence of a functioning public administration is the lowest score.	Pemstein et al. 2018
VAT reform	Dummy variable indicating the presence of a VAT system.	Ebeke et al. 2016; International Tax Dialogue 2013; IBFD – Tax Research Platform

Note: This tables is from the supplementary material to Jeppesen (2021b). A few variables have been removed as they also figure in another appendix.

Table F.2: List of SARAs' legal and operational implementation in Sub-Saharan Africa

Country	SARA Operational (calendar year)	SARA Law	Webpage	Sources and Important notes
Angola	2015	2014	www.agt.minfin.gov.ao	Info from official webpage and Presidential decree n.º 324/14 Law passed in December 2014, which merged Direcção Nacional de Impostos, Serviço Nacional das Alfândegas, and Projecto Executivo para a Reforma Tributária into what is known as Administração Geral Tributária (AGT). AGT became operational in 2015.
Botswana	2004	2004	www.burs.org.bw	Info from official webpage and the Botswana Unified Revenue Service Act of 2003 Law created in 2003, and passed by parliament in 2004. The law merges the Departments of Customs & Excise, and Taxes into the Botswana Unified Revenue Service (BURS). BURS became operational in August 2004.
Burundi	2010	2009	www.obr.bi	Info from official webpage and law n°1/11 du 14 juillet 2009, as well as press statements (https://www.ppbdi.com/) and official document from African Development Bank Group Law passed in July 2009 and became operational in April 2010. The law established the L'Office Burundais des Recettes (OBR).
Ethiopia	2008	2008	www.mor.gov.et	Info from official webpage and Proclamation No. 587/2008. Law passed in July 2008, which merged the Ministry of Revenues, the Ethiopian Customs Authority, and the Federal Inland Revenues into the Ethiopian Revenues and Customs Authority (ERCA). It became operational the same year.
Gambia, The	2007	2004	www.gra.gm	Info from official webpage The Gambia Revenue Authority (GRA) was legally established in 2004 with the merger of the Customs & Excise Department and the Central Revenue Department (Income Tax Department) now called Domestic Taxes Department. It became operationalised in 2007.
Ghana	2010	2009	gra.gov.gh	Info from official webpage and Ghana Revenue Authority Act, 2009. Some argue that Ghana got a SARA in 1985. However, in 1985 three different tax agencies where created. First in December 2009 was a law passed that merged these three agencies, the Customs, Excise and Preventive Service (CEPS), the Internal Revenue Service (IRS), and the Value Added

				Tax Service (VATS) with the Revenue Agencies Governing Board (RAGB) to create the Ghana Revenue Authority (GRA). The GRA became operationalised in 2010.
Kenya	1995	1995	www.kra.go.ke	Info from official webpage and Kenya Revenue Authority Act. The Kenya Revenue Authority (KRA) was legally established in May 1995, and became operational in July 1995.
Lesotho	2003	2001	www.lra.org.ls	Info from official webpage and the Lesotho Revenue Authority Act no. 14 of 2001. The Lesotho Revenue Authority (LRA) was legally established in 2001, and became operationalised in January 2003.
Liberia	2014	2013	www.lra.gov.lr	Info from official webpage and the Liberia Revenue Authority Act of 2013. The Liberia Revenue Authority (LRA) was legally established September 2013 and became operationalised in July 2014.
Malawi	2000	1998	www.mra.mw	Info from official webpage and the Malawi Revenue Authority Act. The Malawi Revenue Authority (MRA) became legally established in 1998, and became operationalised in February 2000.
Mauritius	2006	2004	www.mra.mu	Info from official webpage and the Mauritius Revenue Authority Act 2004. The Mauritius Revenue Authority (MRA) was legally established in September 2004 and became operationalised in July 2006.
Mozambique	2006	2006	www.at.gov.mz	Info from official webpage and law no. 1/2006. Autoridade Tributária de Moçambique (AT) was legally established in March 2006, and became operational in November 2006.
Rwanda	1998	1997	www.rra.gov.rw	Info from official webpage Rwanda Revenue Authority (RRA) was legally established in November 1997 with law no. 15/97. It became operationalised in 1998.
Seychelles	2010	2009	www.src.gov.sc	Info from official webpage and the Revenue Administration Act 2009. Seychelles Revenue Commission (SRC) was legally established in December 2009, and became operational in January 2010.

Sierra Leone	2003	2002	www.nra.gov.sl	Info from official webpage and the National Revenue Authority Act 2002. Sierra Leone's National Revenue Authority (NRA) was legally established in September 2002 and became operationalised in 2003.
South Africa	1997	1997	www.sars.gov.za	Info from official webpage and the South Africa Revenue Service Act 1997. The South Africa Revenue Service (SARS) was legally established in September 1997 and became operationalised in October 1997
Eswatini	2011	2008	www.sra.org.sz	Info from official webpage and the Revenue Authority Act 2008. The Swaziland Revenue Authority (now named the Eswatini Revenue Authority), was legally established in 2008, and became operationalised in January 2011.
Tanzania	1996	1995	www.tra.go.tz	Info from official webpage and the Tanzania Revenue Authority Act. The Tanzania Revenue Authority (TRA) was legally established in August 1995, and became operationalised in July 1996.
Togo	2014	2012	www.otr.tg	Info from official webpage and law no. 2012-016 Portant Creation de l'Office Togolais des Recettes Office Togolais des Recettes (OTR) was established in December 2012, and became operationalised in January 2014.
Uganda	1991	1991	www.ura.go.ug	Info from official webpage and the Uganda Revenue Authority Act. The Uganda Revenue Authority (URA) was legally established in 1991 and became operationalised in September 1991.
Zambia	1994	1993	www.zra.org.zm	Info from official webpage and the Zambia Revenue Authority Act. The Zambia Revenue Authority (ZRA) was legally established in April 1993. The law merged the former Ministry of Finance departments of Income Tax, and Customs and Excise. ZRA became operational in April 1994.
Zimbabwe	2001	2001	www.zimra.co.zw	Info from official webpage and the Revenue Authority Act. The Zimbabwe Revenue Authority (ZIMRA) was legally established in January 2001(following the proclamation in February 2000) and became operational in September 2001. It merged the former Department of Taxes and the Department of Customs and Excise.

Note: This tables is from the supplementary material to Jeppesen (2021b). Namibia is not included as its SARA first became operational in 2021.

Table F.3: List of included countries and information regarding SARAs used in this article compared to other sources.

	Information used in paper			Information from other sources									
Country	SARA reformed (yes/no)	SARA operational	SARA law	ATO 2019	Dom 2019 (operational)	Dom 2019 (legal)	ATO 2018	ATO 2017	ATO 2016	Ebeke et al. 2016	Saar 2016	Fjeldstad and Heggstad 2011	Fjeldstad and Moore 2008
Angola	Yes	2015	2014	SARA	2015	2014	SARA	n/a	n/a	–	n/a	n/a	n/a
Benin	No	–	–	–	–	–	–	–	n/a	–	n/a	n/a	n/a
Botswana	Yes	2004	2004	SARA	2005	2004	SARA	SARA	n/a	2003	2003	n/a	n/a
Burkina Faso	No	–	–	–	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Burundi	Yes	2010	2009	SARA	2010	2009	SARA	SARA	SARA	2010	2009	2010	n/a
Cameroon	No	–	–	–	–	–	–	–	–	–	n/a	n/a	n/a
Cape Verde	No	–	–	–	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Central African Republic	No	–	–	n/a	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Chad	No	–	–	–	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Comoros	No	–	–	n/a	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Congo, Dem. Rep.	No	–	–	–	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Congo, Rep.	No	–	–	n/a	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Cote d'Ivoire	No	–	–	–	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Equatorial Guinea	No	–	–	n/a	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Eritrea	No	–	–	n/a	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ethiopia	Yes	2008	2008	n/a	2009	2008	n/a	n/a	n/a	1997	1997	2002	2002
Eswatini	Yes	2011	2008	SARA	2011	2008	SARA	SARA	SARA	–	2011	2011	n/a
Gabon	No	–	–	n/a	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a

Gambia, The	Yes	2007	2004	SARA	2007	2004	SARA	SARA	SARA	2005	2005	2005	2005
Ghana*	Yes	2010	2009	SARA	2010	2009	SARA	n/a	n/a	1985	2009	1985/2010	1985
Guinea	No	–	–	n/a	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Guinea–Bissau	No	–	–	n/a	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Kenya	Yes	1995	1995	SARA	1996	1995	SARA	SARA	SARA	1996	1995	1995	1995
Lesotho	Yes	2003	2001	SARA	2003	2001	SARA	SARA	SARA	2001	2001	2003	2003
Liberia	Yes	2014	2013	SARA	2014	2013	SARA	SARA	n/a	n/a	n/a	n/a	n/a
Madagascar	No	–	–	–	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Malawi	Yes	2000	1998	SARA	2000	1998	SARA	n/a	n/a	2000	1998	1995	1995
Mali	No	–	–	–	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Mauritania	No	–	–	n/a	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mauritius	Yes	2006	2004	SARA	2005	2004	SARA	SARA	SARA	2005	2004	2005	2005
Mozambique	Yes	2006	2006	SARA	2007	2006	SARA	SARA	n/a	2006	2007	2006	n/a
Namibia	Yes	2021	2017	–	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Niger	No	–	–	–	–	–	–	n/a	n/a	–	n/a	n/a	n/a
Nigeria	No	–	–	SARA	–	–	SARA	SARA	.	–	2007	n/a	n/a
Rwanda	Yes	1998	1997	SARA	1998	1997	SARA	SARA	SARA	1998	1997	1998	1998
Sao Tome and Principe	No	–	–	n/a	–	–	n/a	n/a	n/a	–	n/a	n/a	n/a
Senegal	No	–	–	–	–	–	–	–	–	–	n/a	n/a	n/a
Seychelles	Yes	2010	2009	SARA	–	–	SARA	SARA	SARA	–	2009	n/a	n/a
Sierra Leone	Yes	2003	2002	SARA	2003	2002	n/a	n/a	n/a	2003	2002	2002	2002
Somalia	No	–	–	n/a	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a
South Africa	Yes	1997	1997	SARA	1998	1997	SARA	SARA	SARA	1997	1997	1997	1996 - 1997

South Sudan	No	–	–	n/a	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sudan	No	–	–	n/a	–	1996	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tanzania	Yes	1996	1995	SARA	1996	1995	SARA	SARA	SARA	1996	1996	1996	1996
Togo	Yes	2014	2012	SARA	2014	2012	SARA	SARA	SARA	–	n/a	.	n/a
Uganda	Yes	1991	1991	SARA	1992	1991	SARA	SARA	SARA	1992	1991	1991	1991
Zambia	Yes	1994	1993	SARA	1994	1993	SARA	SARA	.	1994	1994	1994	1994
Zimbabwe	Yes	2001	2001	SARA	2002	2000	SARA	SARA	SARA	2001	2001	2001	2001

Note: This tables is from the supplementary material to Jeppesen (2021b). 'n/a' indicates a lack of information, while '–' indicates that no SARA is reported as being present. African Tax Outlook (ATO) does not report dates but simply the presence (or not) of a SARA. *Ghana originally created three semi-autonomous revenue entities in 1985, which were first unified in 2009/2010. The table has been slightly moderated as Namibia created a SARA that became operational in 2021.

Table F.4: The Performance effect of implementing a SARA in Sub-Saharan Africa – including effects of control variables

	Static fixed effects model			Dynamic fixed effect models		
	I	II	III	IV	V	VI
Total tax revenue						
SARA dummy	0.105			0.0264		
	(0.0668)			(0.0252)		
SARA						
1-2 years		0.0858	0.0935		0.0424	0.0431
		(0.0513)	(0.0606)		(0.0219)	(0.0258)
3-5 years		0.104	0.124		0.0188	0.0342
		(0.0648)	(0.0691)		(0.0286)	(0.0287)
6-10 years		0.151	0.158		0.0289	0.0479
		(0.0876)	(0.0838)		(0.0352)	(0.0345)
+10 years		0.0313	0.0201		-0.00843	0.00699
		(0.122)	(0.122)		(0.0406)	(0.0406)
Lag of total tax revenue				0.699***	0.697***	0.696***
				(0.0553)	(0.0553)	(0.0609)
Ln(GDP per capita)	0.183	0.202	0.352**	0.0138	0.0234	0.0589
	(0.117)	(0.112)	(0.127)	(0.0475)	(0.0472)	(0.0458)
Ln(trade openness)	0.00927	0.00753	0.106	0.0348	0.0326	0.0639
	(0.0573)	(0.0569)	(0.0573)	(0.0293)	(0.0297)	(0.0322)
Urban population	0.00527	0.00485	0.000824	0.00454*	0.00454*	0.000918
	(0.00579)	(0.00585)	(0.00611)	(0.00181)	(0.00189)	(0.00198)
Agriculture	-0.00808*	-0.00863*	-0.00604	-0.00198	-0.00219	-0.00014
	(0.00376)	(0.00391)	(0.00457)	(0.00124)	(0.00128)	(0.00184)
VAT reform	0.00539	-0.00157	-0.0493	0.00666	0.00561	-0.0103
	(0.0513)	(0.0505)	(0.0508)	(0.0197)	(0.0198)	(0.0181)

Liberal democracy	0.174	0.183	0.432*	0.143	0.147	0.179*
	(0.191)	(0.188)	(0.183)	(0.0828)	(0.0820)	(0.0702)
Rigorous and imp. Pub. Adm.	0.0249	0.0246	-0.0338	-0.000164	0.000642	-0.0187
	(0.0337)	(0.0343)	(0.0422)	(0.0153)	(0.0157)	(0.0201)
Age dep, young	0.0119**	0.0119***	0.0128***	0.00228	0.00234*	0.00329**
	(0.00336)	(0.00331)	(0.00304)	(0.00116)	(0.00113)	(0.00101)
Age dep, old	-0.0288	-0.0350	-0.0544*	0.00275	0.00175	-0.0103
	(0.0288)	(0.0294)	(0.0267)	(0.0103)	(0.0109)	(0.0102)
IMF crisis program	0.000878	-0.00538	0.00957	-0.0102	-0.0130	-0.00457
	(0.0234)	(0.0239)	(0.0203)	(0.0120)	(0.0122)	(0.0104)
IMF non-crisis program	-0.0316	-0.0361	-0.0311	-0.00455	-0.00651	0.0196
	(0.0493)	(0.0495)	(0.0493)	(0.0245)	(0.0240)	(0.0260)
Public sector corruption	-0.243	-0.250	-0.338*	-0.0669	-0.0680	-0.0764
	(0.128)	(0.126)	(0.137)	(0.0510)	(0.0532)	(0.0662)
Ln(Aid dep.)	0.0693*	0.0729*	0.0625	0.0161	0.0176	0.0146
	(0.0339)	(0.0349)	(0.0353)	(0.0136)	(0.0142)	(0.0131)
Ln(UK aid dep.)	0.00575	0.00580	0.0337*	0.00654	0.00783	0.0165*
	(0.0160)	(0.0167)	(0.0147)	(0.00643)	(0.00664)	(0.00675)
Ln(FR aid dep.)	0.0128	0.0131	-0.00645	-0.000368	0.000102	-0.0106
	(0.0149)	(0.0139)	(0.0144)	(0.00716)	(0.00697)	(0.00664)
Total tax incl. nat. res. rents	No	No	Yes	No	No	Yes
Fixed time and unit effects	Yes	Yes	Yes	Yes	Yes	Yes
N	42	42	43	42	42	43
Obs.	1024	1024	1131	992	992	1096
Adj. R2	0.362	0.368	0.377	0.714	0.715	0.717
Direct tax revenue						
SARA dummy	0.285***			0.0697**		
	(0.0732)			(0.0256)		
SARA						
1-2 years		0.263***	0.293***		0.0772*	0.0864**
		(0.0548)	(0.0604)		(0.0290)	(0.0300)

3-5 years		0.262***	0.302***		0.0586	0.0688*
		(0.0735)	(0.0746)		(0.0290)	(0.0325)
6-10 years		0.345**	0.347**		0.0790*	0.0820
		(0.104)	(0.109)		(0.0345)	(0.0410)
+10 years		0.333*	0.331*		0.0675	0.0679
		(0.136)	(0.145)		(0.0363)	(0.0443)
Lag of direct tax revenue				0.714***	0.713***	0.743***
				(0.0450)	(0.0448)	(0.0526)
Ln(GDP per capita)	0.218	0.212	0.423*	0.0387	0.0393	0.0887
	(0.110)	(0.110)	(0.163)	(0.0511)	(0.0518)	(0.0463)
Ln(trade openness)	0.109*	0.108*	0.158**	0.0730	0.0721	0.0890*
	(0.0490)	(0.0485)	(0.0581)	(0.0367)	(0.0366)	(0.0364)
Urban population	0.00286	0.00213	0.00765	0.00163	0.00152	0.000740
	(0.00445)	(0.00417)	(0.00674)	(0.00199)	(0.00200)	(0.00269)
Agriculture	-0.00345	-0.00342	-0.00787*	-0.000683	-0.000710	-0.00127
	(0.00332)	(0.00330)	(0.00356)	(0.00124)	(0.00127)	(0.00147)
VAT reform	-0.0439	-0.0442	-0.133*	-0.0301	-0.0302	-0.0497**
	(0.0490)	(0.0493)	(0.0597)	(0.0187)	(0.0189)	(0.0172)
Liberal democracy	-0.275	-0.289	0.542	-0.109	-0.109	0.160
	(0.264)	(0.259)	(0.303)	(0.120)	(0.120)	(0.123)
Rigorous and imp. Pub. Adm.	0.0585	0.0573	-0.0643	0.0493**	0.0493**	-0.00261
	(0.0322)	(0.0327)	(0.0520)	(0.0149)	(0.0152)	(0.0230)
Age dep, young	0.0161***	0.0158***	0.0157***	0.00464***	0.00463***	0.00409**
	(0.00322)	(0.00319)	(0.00381)	(0.00124)	(0.00124)	(0.00131)
Age dep, old	-0.0432	-0.0487*	-0.0375	0.00188	0.00103	-0.00152
	(0.0222)	(0.0219)	(0.0269)	(0.00902)	(0.00971)	(0.0100)
IMF crisis program	-0.0331	-0.0337	0.00244	-0.0367**	-0.0370**	-0.0254*
	(0.0233)	(0.0240)	(0.0246)	(0.0124)	(0.0129)	(0.0120)
IMF non-crisis program	-0.00899	-0.00710	-0.0416	-0.0347	-0.0349	-0.0115
	(0.0471)	(0.0476)	(0.0741)	(0.0225)	(0.0225)	(0.0352)
Public sector corruption	-0.202	-0.199	-0.469**	-0.0161	-0.0166	-0.0783

	(0.127)	(0.127)	(0.150)	(0.0476)	(0.0481)	(0.0565)
Ln(Aid dep.)	0.0300	0.0328	0.0457	0.000230	0.000566	0.00211
	(0.0223)	(0.0224)	(0.0259)	(0.0107)	(0.0108)	(0.0108)
Ln(UK aid dep.)	-0.0104	-0.0149	0.0366	-0.0108	-0.0110	0.00559
	(0.0137)	(0.0140)	(0.0226)	(0.00651)	(0.00671)	(0.00916)
Ln(FR aid dep.)	0.0152	0.0138	-0.0100	-0.00615	-0.00649	-0.0228**
	(0.0125)	(0.0127)	(0.0136)	(0.00722)	(0.00729)	(0.00746)
Direct tax incl. nat. res. rents	No	No	Yes	No	No	Yes
Fixed time and unit effects	Yes	Yes	Yes	Yes	Yes	Yes
N	41	41	40	41	41	40
Obs.	856	856	929	821	821	890
Adj. R2	0.483	0.486	0.425	0.760	0.759	0.764
Indirect tax revenue						
SARA dummy	0.0349			0.0222		
	(0.0591)			(0.0232)		
SARA						
1-2 years		0.0338	0.0504		0.0365	0.0427
		(0.0436)	(0.0512)		(0.0282)	(0.0285)
3-5 years		0.0266	0.0424		0.0162	0.0220
		(0.0636)	(0.0689)		(0.0274)	(0.0261)
6-10 years		0.0588	0.0612		0.0159	0.0198
		(0.0868)	(0.0892)		(0.0331)	(0.0302)
+10 years		-0.0823	-0.0948		-0.0161	-0.0192
		(0.131)	(0.127)		(0.0479)	(0.0418)
Lag of indirect tax revenue				0.698***	0.695***	0.698***
				(0.0595)	(0.0599)	(0.0568)
Ln(GDP per capita)	0.156	0.180	0.175	0.0225	0.0296	0.0126
	(0.155)	(0.152)	(0.132)	(0.0688)	(0.0700)	(0.0611)
Ln(trade openness)	0.0471	0.0456	0.0792	0.0454	0.0444	0.0605
	(0.0734)	(0.0745)	(0.0711)	(0.0324)	(0.0334)	(0.0344)
Urban population	0.00557	0.00491	0.00476	0.00392	0.00389	0.00374

	(0.00745)	(0.00750)	(0.00725)	(0.00286)	(0.00298)	(0.00287)
Agriculture	-0.00844	-0.00885	-0.00807	-0.00222	-0.00228	-0.00194
	(0.00458)	(0.00453)	(0.00451)	(0.00180)	(0.00176)	(0.00178)
VAT reform	0.0517	0.0413	0.0341	0.0277	0.0255	0.0252
	(0.0534)	(0.0525)	(0.0515)	(0.0241)	(0.0246)	(0.0235)
Liberal democracy	0.153	0.152	0.135	0.0691	0.0664	0.0528
	(0.171)	(0.169)	(0.163)	(0.0887)	(0.0907)	(0.0795)
Rigorous and imp. Pub. Adm.	0.0368	0.0399	0.0428	0.00764	0.0101	0.0133
	(0.0347)	(0.0360)	(0.0351)	(0.0142)	(0.0154)	(0.0144)
Age dep, young	0.00593	0.00566	0.00527	0.000843	0.000795	0.00101
	(0.00495)	(0.00482)	(0.00379)	(0.00161)	(0.00160)	(0.00119)
Age dep, old	-0.0244	-0.0297	-0.0289	-0.00554	-0.00557	-0.00347
	(0.0371)	(0.0377)	(0.0343)	(0.0131)	(0.0133)	(0.0116)
IMF crisis program	0.00660	0.0000283	0.00502	-0.00862	-0.0104	-0.00636
	(0.0262)	(0.0254)	(0.0227)	(0.0178)	(0.0177)	(0.0148)
IMF non-crisis program	-0.0494	-0.0521	-0.0434	-0.0217	-0.0231	-0.0139
	(0.0623)	(0.0638)	(0.0548)	(0.0250)	(0.0258)	(0.0240)
Public sector corruption	-0.128	-0.114	-0.0842	-0.0321	-0.0240	-0.0119
	(0.145)	(0.145)	(0.156)	(0.0620)	(0.0646)	(0.0608)
Ln(Aid dep.)	0.0766	0.0786	0.0661	0.0263	0.0269	0.0166
	(0.0410)	(0.0416)	(0.0374)	(0.0200)	(0.0205)	(0.0164)
Ln(UK aid dep.)	-0.0102	-0.00847	-0.000142	-0.00706	-0.00593	-0.00482
	(0.0188)	(0.0192)	(0.0193)	(0.00782)	(0.00836)	(0.00773)
Ln(FR aid dep.)	0.0201	0.0204	0.0169	-0.00190	-0.00150	-0.00273
	(0.0149)	(0.0137)	(0.0138)	(0.00668)	(0.00636)	(0.00632)
Indirect tax incl. nat. res. rents	No	No	Yes	No	No	Yes
Fixed time and unit effects	Yes	Yes	Yes	Yes	Yes	Yes
N	42	42	43	42	42	43
Obs.	925	925	990	887	887	950
Adj. R2	0.232	0.242	0.247	0.633	0.632	0.638

Notes: cluster-robust standard errors in parentheses and significance * $p < 0.05$, ** $p < 0.01$, and *** $p < 0.001$ is applied. Log of dependent variables is used. Zimbabwe is excluded from analysis as it is an extreme outlier due to vast economic crisis right after the implementation of its SARA. Source: Dependent variables based on the GRD by ICTD/UNU-WIDER (2018). Independent variable is coded by the author. See Table A1 above for further information.

English summary

Semi-autonomous revenue authorities (SARAs) have been implemented in 23 countries in sub-Saharan Africa. The first was in Uganda in 1991, while the most recent was in Namibia in 2021. Despite the continuous diffusion of this reform, we lack knowledge about the importance of SARAs' autonomy, how it differs between countries and what impact it has. Therefore, this dissertation sets out to explore whether the semi-autonomy of sub-Saharan African revenue administrations matters, and if so, when and how. This research question is pursued though both quantitative cross-country comparisons and a case study of the Zambia Revenue Authority (ZRA).

In the dissertation, I show that (1) on average, SARAs' more autonomous status has not caused them to improve total tax-to-GDP ratios compared to their counterparts within the government hierarchy. However, (2) implementing a SARA does have an initial positive effect on direct tax revenue. While SARAs do have an effect on direct tax revenue, I thus demonstrate that the original assumptions about SARAs' effects may be too optimistic. Yet this likely relates to the fact that (3) SARAs are not completely alike but have been delegated different levels and forms of autonomy. However, (4) the formal autonomy of SARAs cannot explain tax-to-GDP ratios. These findings point to the need for further knowledge about SARAs' actual autonomy and whether, when and how it matters. This is pursued thought a case study of the ZRA. I find that the ZRA's actual autonomy matters for (5) more direct performance measures, (6) more indirect organisational effects and (7) broader perceptions of the agency, although not always positively. In addition, (8) the importance of a country's economic context and structural limitations to revenue collection are discussed.

I thus find that the semi-autonomy of sub-Saharan African revenue administrations matters, but perhaps not in the straightforwardly positive way that has been previously suggested. This should not be taken as a discouragement to countries considering reform or that already have a SARA. Rather, it points to the importance of how a SARA is implemented and how much autonomy it possesses – something decision-makers can consider and change if need be. The findings here suggest that high managerial autonomy can make a SARA adaptable and responsive to the context in which it exists. They also indicate that a low level of autonomy in relation to the agency head makes the SARA vulnerable to politicisation. Yet too much autonomy, whereby the SARA can exceed its mandate without sufficient oversight, can also lead to adverse effects. This suggests that it is not only important that a SARA has capacity and is effective, but that the administration providing oversight needs to be so

as well. Furthermore, it highlights that expectations regarding SARAs' revenue effects should be made consistent with the economic and political context in which they exist, and more focus on improving not only revenue administration but also economic diversification may also be needed.

Dansk resumé

Semiautonome skattemyndigheder (SARAs) er implementeret i 23 lande i Afrika syd for Sahara. Den første blev etableret i Uganda i 1991; den seneste i Namibia i 2021. På trods af deres udbredelse mangler vi dog viden om disse myndigheders autonomi, hvordan autonomien varierer fra land til land, og hvilken effekt den har. Denne afhandling undersøger, om semiautonomi i afrikanske skattemyndigheder har betydning, og i så fald hvornår og hvordan. Dette forskningsspørgsmål søges besvaret ved hjælp af kvantitative analyser på tværs af lande og et casestudie af Zambia Revenue Authority (ZRA).

I afhandlingen viser jeg, at (1) SARAs ikke har øget de samlede skatteindtægter målt ift. BNP sammenlignet med skattemyndigheder indenfor regeringshierarkiet, men at (2) implementeringen af en SARA har en indledende positiv effekt på direkte skatteindtægter. Selvom SARAs har en effekt på direkte skatter viser jeg således, at den oprindelige antagelse om deres evne til at øge samlede skatteindtægter er for optimistisk. Dette hænger sandsynligvis sammen med, at (3) SARAs har fået delegeret forskellige niveauer af og former for autonomi. Ikke desto mindre (4) kan formel autonomi ikke forklare niveauet af skatteindtægter. Næste skridt var derfor at undersøge faktiske autonomi, og hvorvidt, hvornår og hvordan det har betydning. I et casestudie af ZRA fandt jeg, at ZRA's faktiske autonomi har betydning for (5) mere direkte performancemål, (6) mere indirekte organisatoriske effekter og (7) bredere opfattelser af agenturet, om end ikke altid i en positiv retning. Desuden diskuteres (8) betydningen af et lands økonomiske kontekst og strukturelle begrænsninger for inddrivelse af skatteindtægter.

Jeg finder således, at SARAs semiautonomi har betydning, men ikke så entydigt positivt som tidligere antydet. Dette bør ikke opfattes som demotivation for lande, der overvejer reform eller allerede har en SARA. I stedet understreger det vigtigheden af hvordan en SARA implementeres, og hvor meget autonomi den besidder, hvilket er noget, som beslutningstagerne kan tage højde for og ændre om nødvendigt. Resultaterne tyder på, at en høj grad af ledelsesmæssig autonomi kan gøre en SARA fleksibel og lydhør over for dens kontekst. De viser også, at begrænset autonomi i forhold til agenturets leder gør SARA sårbar over for politisering, og for meget autonomi, hvor SARA kan overskride sit mandat uden tilstrækkeligt tilsyn, kan have negative virkninger. Det er således vigtigt, at både SARA og tilsynet har kapacitet og er effektive. Endvidere viser det, at forventningerne til SARAs skatteindtægtseffekter bør afstemmes med deres økonomiske og politiske kontekst, og at der kan være behov for mere fokus på at forbedre både skatteadministration og økonomisk diversificering.