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1. Introduction

Collecting taxes, policing and administering justice are among the most basic functions of government. Historically, states were in large part formed around interactions between government agencies and subjects/citizens over these issues (Levi 1988; Tilly 1990). It is around the same issues that public officials have the greatest licence to exercise coercion against citizens. There are powerful sensitivities about the character of the agencies that perform these functions, and strong reactions against any hint of commercialism in their governing principles. 'Tax-farmer', like 'mercenary', has long been a term of disparagement (Stella 1993). It is then no surprise that suspicion has attended the rapid spread of (semi-) autonomous revenue agencies (ARAs) in Latin America and in Anglophone Africa[1] over the past two decades. The task of collecting taxes has been taken from ministries of finance and given to revenue agencies that have some autonomy from central executive power and from rules governing public service recruitment, remuneration and procedures. In consequence, tax collectors, who are anyway often perceived as corrupt and privileged, generally have achieved very substantial increases in their formal salaries. Popular reaction has sometimes been adverse. President Museveni was probably speaking for many Ugandans when, in 2000, he described the Uganda Revenue Authority as a 'den of thieves' (Therkildsen 2004, p. 82).

In the eyes of a few academics and external observers, the introduction of revenue agencies has been seen as a step on the road to privatisation of the revenue collection process (Kiser and Sacks 2007; Devas et al 2001; Byrne 1995). The establishment of an autonomous revenue authority, with staff paid at rates similar to those in comparable private sector jobs, does indeed seem to parallel the process of putting state agencies on a commercial footing as a prelude to privatisation. We demonstrate in the article that this is a misreading of the story of revenue authorities in Anglophone Africa. There are a number of debates about the consequences of establishing these agencies, especially the effects on revenue collection performance. It is hard to reach firm conclusions about most performance issues. We can, however, be clear about a point of fact. Despite the rhetoric and debate about 'autonomy', there has been very little loosening of the political and bureaucratic grip of central executive authorities over the revenue collectors. Presidents and Ministers of Finance are still very much in control. It is almost equally certain that the creation of revenue agencies has eased and facilitated a series of 'nuts and bolts' reforms in the ways in which taxes are assessed and collected. It is likely that this has deflected pressures that might otherwise have emerged for substantial privatisation and commercialisation of the tax collection system. In Anglophone Africa, revenue raising will remain a core state function, controlled by the top political leadership. The creation of ARAs has improved relationships between tax authorities and larger corporate taxpayers, and increased, at least marginally, the capacity of governments to raise revenue.

[1] We include in our definition of Anglophone Africa those countries where elites have become substantially Anglophone in the post-colonial period as a result of their aid and other relationships with Anglophone international organisations: notably Ethiopia and Rwanda. In Africa, the revenue authority model has been instituted in Ghana (1985), Uganda (1991), Zambia (1994), Kenya (1995), Malawi (1995), Tanzania (1996), South Africa (1997), Rwanda (1998), Zimbabwe (2001), Ethiopia (2002), Sierra Leone (2002), Lesotho (2003), Gambia (2005), and Mauritius (2005).

2. History and Geography

Historically, ministries of finance have existed to collect and manage government revenues. They rarely have a complete monopoly over collection. Sub-national governments often collect property taxes in particular.[2] Other taxes are sometimes collected by national agencies that enjoy some independence from finance ministries. This includes some of the organisations which collect import and export taxes: their border protection responsibilities, and partial orientation to security and policing roles, sometimes provides them with some autonomy. In resource rich countries, government income from oil, gas or minerals may be collected in whole or in part through dedicated ministries (e.g. of petroleum and mining) or state corporations. However, the global norm is that central government revenues are collected through units within ministries of finance. A consistent pattern of departure from this norm therefore invites explanation. Starting in the early 1990s, a large number of countries, nearly all in Anglophone Africa and Latin America, began to establish (semi-) autonomous revenue authorities, organisationally distinct from ministries of finance, and with some real operational autonomy. To date around 30 ARAs have been established, of which 15 are located in Anglophone Africa. The trend continues. Several other governments are currently considering joining in, including Burundi and Mozambique.

The geography of this reform is not hard to explain. In the 1980s, experiences of sustained economic stagnation or decline were concentrated in Latin America and Sub-Saharan Africa. In the Andean region, and most dramatically in Peru, state structures and public revenues had appeared on the point on total collapse in the mid-1980s (Taliercio 2004; Fjeldstad and Moore 2008). Perceptions of acute, deeply embedded crisis stimulated a wide range of economic, political and public sector reforms in Latin American and Sub-Saharan Africa in particular. The establishment of ARAs was a component of a broader pattern. But why were ARAs widely adopted in Anglophone, but not Francophone Africa? For the answer we have to look to ideology and culture.

From the mid-1980s, the New Public Management became a powerful movement in the Anglophone world, driven in particular by American intellectual scepticism about government and public bureaucracy and by strong commitments to actual reform from the Conservative Party government in Britain led by Margaret Thatcher, and the Labour Party government of New Zealand (Manning 2000; McCourt and Minogue 2001). A major component of the New Public Management programme was the organisational separation of the central policy functions of government from the tasks of implementation and service delivery, with, ideally, a contractual relationship between the two. For public organisations dealing with economic policy, public finance, and financial and economic regulation, the scepticism about the abuse of political and bureaucratic power embedded in the New Public Management movement was expressed in a preference for autonomous agencies that would make key decisions in the public interest, according to expert advice, and free of political interference in day-to-day operations. The most visible result was the move, mainly in the rich countries, for independent central banks. The case for giving autonomy to revenue collection agencies emerged naturally from New Public Management thinking. Its exact origin is not clear, but the staff of international financial institutions, including the International Monetary Fund and the World Bank, warmed to and nurtured it. Neither institution ever publicly committed itself to ARAs as a matter of policy. Their staff tend to understate the extent to which they have actually encouraged governments to adopt the ARA model.[3] Along with the UK national foreign aid agency (Department for International Development – DFID) and a linked network of Anglophone

[2] In comparative historical perspective, sub-national government units in contemporary poor countries, collect very small shares of total public revenues.
[3] We say this on the basis of a wide range of interactions with people involved in these issues.

international consultants, the International Monetary Fund and the World Bank played major promotion roles. Francophone Africa was not subjected to any similar barrage of persuasive ideas.

Is the adoption of ARAs a good thing for Anglophone Africa? What effect has it had on the capacity of governments to raise revenues easily, fairly, honestly and legitimately? As we have suggested in the Introduction, the answers are not yet very clear. We summarise what we think we know in the Conclusion. We arrive at those conclusions by examining the experiences with ARAs in Anglophone Africa, with a particular eye on two related sets of questions that frequently arise in discussions of interactions between African countries and international aid and development organisations. The first set concerns the transnational transfer of institutions. There is a large literature on this phenomenon and special concerns when it seems to be driven by development aid and aid donors (Batley 1999; McCourt and Minogue 2001). ARAs clearly were not invented in (Anglophone) Africa. Is it a problem that they have spread so fast under the influence of aid and of international financial institutions? The second set of questions relates to the more specific issue of the *autonomy* of revenue agencies. To people versed in critiques of the aid business, giving autonomy to revenue agencies sounds like yet another way of fragmenting the authority of already weak central government institutions. It seems analogous to the much criticised 'by-pass' agencies, established within government to implement individual donor-funded programmes. Is it analogous? Is the *autonomy* of ARAs a problem? Our answers are largely 'no' to both sets of concerns. Addressing the questions enables us to explain what ARAs actually imply for state capacity in Anglophone Africa.

3. Institutional Transfer

What actually has been transferred in the creation of ARAs? The first part of the answer has been given above: revenue collection agencies have been 'extracted' from the immediate organisational apparatus of ministries of finance and established as separate bodies. The second part of the answer is that the revenue collection apparatus has been unified in one institutional body.[4] Previously, different taxes – like sales and turnover taxes, value added tax, import and export taxes, and personal and corporate income taxes – were generally collected by separate units within ministries of finance. ARAs take responsibility for all major taxes.[5] The third and later parts of the answer are a little more complex. It is easier to deal with them by exploring the reasons that ARAs have been adopted. People in the business give a range of answers. As with other cases of organisational change, it is rarely possible to give definitive answers even for individual cases. Many different actors, domestic and foreign, were involved in each case. They likely had different motives, not all of which would have been put on the table or fully appreciated by the other actors involved. Further, understandings of the reasons for the change will have been influenced by the process of change itself. Several ARAs in Anglophone Africa were established more than a decade ago. Many of the original actors have moved on, and the organisations themselves have undergone continual modification. We can, however, get close to the truth by looking at the three main types of explanation normally given for the establishment of ARAs: (i) signalling political autonomy; (ii) creating managerial autonomy; and (iii) facilitating reform. We begin with the most 'ideological' (i.e. rooted in doctrine and deductive principles), and end with the most pragmatic.

(i) Signalling political autonomy

The most doctrinal answers are rooted intellectually in the New Institutional Economics and the New Public Management, and expressed in terms of concepts like *credible commitment* and *signalling*. The core problem is believed to lie in the capacity of both states, as legitimate public authorities, and of tax collectors, as corrupt abusers of positions of public authority, to extract money from taxpayers without adequate safeguards. There is a wealth of literature suggesting that, when faced with a corrupt tax collector, individual taxpayers will be better off if they pay a bribe, rather than refuse or try to join with other taxpayers in protective joint political action. They will be largely defenceless in the face of retaliatory penalising harassment from the tax man. A similar logic is applied to the capacity of governments (a) to use their taxation powers to harass political opponents and their financial supporters, and (b) to renege on any agreements they might have made to tax citizens reasonably after they have seduced them, with promises of moderation and good behaviour, into revealing their actual income and wealth. In short, the point of departure is the belief that neither governments nor their tax collecting agents can be trusted with powers over the taxation process. To the extent that they hand over that authority, in a binding and non-reversible way, to some independent authority that in turn can be trusted not to abuse it, and to abide by

[4] Ghana is an exceptional case. Formally, it was the first country in Africa, and one of the first in the world, to establish an ARA, in 1985. It was at that point becoming one of the first and, for a while, most enthusiastic adopters of the policies of structural adjustment and market liberalisation favoured by the World Bank. We can take the formal adoption of an ARA partly as a signal of this willingness to work with the international financial institutions. However, the three main units of the Ministry of Finance responsible for three different sets of taxes remained organisationally distinct. The Ghana Revenue Authority still has not adopted digital technologies on a significant scale. While formally an early reformer, Ghana is in most respects a laggard.

[5] An IMF survey conducted early in 2006, covering 11 ARAs in Sub-Saharan (and Anglophone) Africa, found that every one of them was collecting income taxes and value-added taxes, and all but one were collecting customs duties and excise taxes, respectively. This accounts for all major categories of taxes. By contrast, only one, on the small island of Mauritius, was responsible for property taxes (Kidd and Crandall 2006, 89).

correct procedure and the law, taxpayers will have less to fear from the tax agency and its staff, and be more willing to declare their real income and wealth. More tax revenue will be forthcoming, less will leak into the pockets of the collectors, and the government itself will become more legitimate.

The prescription corresponding to this diagnosis is to increase – perhaps even to maximise – the degree of autonomy that the revenue authority has in relation to politicians and government. Governments are urged to do this in their own self interests. It *signals* to business people and to potential investors that the power to tax will not be abused. Government has, according to a widely used term, *tied its own hands*. To use more technical jargon, it has made *credible commitments* to taxpayers about the integrity of future tax arrangements. There is no single formula for doing this; the word *autonomy* is abstract and does not translate directly into specific legal, procedural and organisational arrangements. There is, however, a relatively coherent package of formal measures that is likely to contribute to achieving this goal, provided only that informal power relations do not completely over-ride formal arrangements:

1. Give the revenue agency a separate legal status, as a corporate body with clear legal responsibilities and duties, and wide powers to own assets, borrow money etc.
2. Put it under the control of a management board whose members are independent of government by virtue of (a) being nominated from a diversity of sources, both inside and outside government;[6] (b) having long, fixed periods of tenure, revocable only on clear criteria and through open and legal processes; and (c) having remuneration arrangements that cannot be affected by the current government.
3. Place all staff clearly and directly under the authority of the chief executive, who will in turn be chosen by and answerable only to the management board.
4. Provide an operational budget that is independent of the normal annual national budgeting process, either through constitutional provisions or by allowing the authority to fund itself through appropriating a fixed share of the revenues it collects.

When they established ARAs, were the governments of Anglophone keen to signal *political autonomy*? The answer is a clear ‘no’. The evidence comes in two main forms. The first lies in formal governance arrangements. Formal structures and legal and administrative provisions differ sufficiently from one country to the next that it is hard to summarise governance arrangements in a few quantifiable measures. One of the most direct indicators relates to sources of finance. Outside Anglophone Africa, it is the norm that ARAs have access to sources of funding other than, or in addition to, the normal annual budget appropriations initiated by the executive and approved by the legislature. These alternative funding sources mainly take the form of entitlements to a proportion of revenue raised, and may also include some kind of performance bonus. Most ARAs in Anglophone Africa do not have access, even in principle, to any funding beyond the annual budget appropriations. They are thus under the direct financial control of government.[7] Another useful indicator is the identity of the authorities responsible for appointing the chairs and members of ARA supervisory/management boards. In Anglophone Africa, it is either the President or the Minister of Finance in almost every case (Kidd and Crandall, 2006, 86-88). While almost every ARA board

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[6] It has become the norm to appoint at least one private sector representative to the management or supervisory boards of ARAs. Of the 20 ARAs on which information is included in the IMF’s 2006 survey, 16 had advisory, supervisory or management boards, and private sector representatives sat on 14 of these. The corresponding numbers for Anglophone Africa were 11, 10 and 9 (Kidd and Crandall 2006, 86-88).

[7] The IMF’s 2006 survey showed that only 2 of 9 ARAs located outside Anglophone Africa were dependent solely on annual budget appropriations, compared with 7 of the 11 ARAs in Anglophone Africa (Kidd and Crandall, 2006, 86-88).

includes a private sector representative, in every case s/he is chosen by government rather than by any independent organisation (ibid).[8]

The more powerful evidence of the absence of political autonomy for ARAs in Anglophone Africa comes from observations of how they work in practice. There are many variations, but a close relationship between the chief executive of the ARA and the head of state is the norm. The South African Revenue Services (SARS) has been an ARA since 1997. Its chief executive since 1998 is one of the powerful people within the ruling African National Congress (Fjeldstad and Moore 2008). The Rwanda Revenue Authority (RRA) has been able to count on the personal support of the President, who has played a major role in the campaign to change public attitudes toward paying taxes and corruption (FIAS/DFID 2006). In Uganda, President Museveni and people close to him personally are widely believed to intervene directly into the Uganda Revenue Authority (Therkildsen 2004). In Zambia, during Chiluba's presidency (1991–2001), the management of the Zambia Revenue Authority found it difficult to maintain operational autonomy and to prevent political interference (von Soest 2006). For instance, the government instructed the Agency not to tax certain businesses, including enterprises owned by ruling party politicians that allegedly had never been subject to assessments or paid tax (ibid.). On the other hand, opposition politicians and former government members were subject to frequent tax audits and harassment from the tax authorities (Afronet 2002, p. 27).

In pointing out the close subordination of ARAs to governments, we are not making an implicit critique of centralised rule in Anglophone Africa. The case for political autonomy is contentious, even on the practical grounds relating to efficient revenue collection. We are simply indicating that the more doctrinal and deductive arguments that can justify the autonomy of revenue agencies played no visible role in reform decisions. That in turn indicates that these reforms were not designed to facilitate significant privatisation of tax collection. Had this been the case, provisions would have been made, either in the original law or later, to give revenue authorities more independence from government to facilitate the commercialisation process – and especially to develop techniques for financing revenue authorities through retention of a proportion of tax receipts, rather than continue to rely on annual budget appropriations.

(ii) Creating managerial autonomy

The term *autonomy* is central to another explanation of why ARAs should be, and have been, established. This is managerial autonomy: the extent to which the managers are able to dispense with standard public service rules – about staff recruitment, deployment, promotion and remuneration; procurement, and operating procedures – in favour of some mixture of their own organisation-specific rules and managerial discretion. This is the normal explanation among taxation professionals worldwide for the establishment of ARAs (e.g. Kidd and Crandall, 2006, 90): the problem with the within-ministry arrangement is that standard public service rules and procedures make it impossible to run a tax collection operation as it should be run. Much of the argument can be lifted straight from orthodox New Public Management texts. First, managers need to be able to deploy resources flexibly to meet the particular needs of the tasks they are trying to achieve and the sectors in which they operate. Second, managers need to be able actually to manage their subordinate staff: to find ways of motivating them, rewarding them according to performance, and disciplining them if necessary. Standard public service rules and procedures – and sometimes the public service trade unions believed to lie behind them – are understood to be the main obstacles. These arguments, and especially those relating to personnel management, do have

[8] Of the 11 Anglophone African ARAs surveyed by the IMF in 2006, in 6 cases the chief executive is formally appointed jointly by the supervisory/management board and the government, and in 4 cases by the government alone. The only exception, where the board had sole formal appointing power, was Mauritius (Kidd and Crandall, 2006, 86-88).

particular plausibility, at least in principle, in relation to revenue raising. On the one hand, tax collectors regularly interact with highly paid private sector professionals: accountants, consultants, tax lawyers, tax advisers. It makes sense that the collectors should be paid enough, and otherwise motivated, to ensure a high quality cadre who will not be outwitted by people on the other side of the fence. Perhaps more important, the collectors should not all leave to serve on the other side of the fence, or otherwise take their scarce finance-related skills into the private sector. Further, since tax collectors are especially vulnerable to corruption temptations, there is a strong case for a distinct organisational form to make it possible effectively to monitor staff behaviour and exercise discipline.

We should be wary of how we interpret the prevalence of 'managerial autonomy' explanations and justifications for establishing ARAs. For, at least on the part of tax collection staff themselves, there is a clear self-interest involved. The establishment of ARAs generally has been followed by substantial formal salary increases.[9] However, had strong beliefs in New Public Management principles been the dominant motivation, two complementary measures would have been introduced. First, many if not all of the existing staff of tax collection units in ministries of finance would have been obliged to apply for jobs in the ARA, and been subjected to a rigorous selection procedure. This was the procedure followed at the establishment in 1991 in Peru of SUNAT, one of the earliest and most iconic ARAs. Political crisis, widespread insurgency and a period of hyperinflation had reduced the government's tax take to around 4-6% of GDP, and President Fujimori had the space to take radical steps (Fjeldstad and Moore, 2008). There has been little of this in Anglophone Africa. Existing tax collection staff generally have been transferred directly into ARAs.[10] Second, disciplinary procedures would have been tightened up within ARAs, and more staff would have been penalised for the corruption that is widespread in many of them. However, the use of dismissals in the initial phases of some ARAs has not been sustained. In Tanzania, for instance, annual dismissals have in later years dropped to less than 2% of the staff total. Generally, the annual turnover of staff is low. In the Lesotho Revenue Authority, for instance, turnover is around 1–2 % per year (FIAS/DFID 2006b).

In sum, arguments about the need for managerial autonomy did play big roles motivating and justifying the creation of ARAs. All have received substantial managerial autonomy. Since the motivating arguments have been developed and deployed within a global epistemic community of tax professionals, spanning international financial institutions, consultants and tax administrators (Stewart 2002), it is not surprising that those aspects of the New Public Management case for ARAs that would tend to inflict pain on the tax collectors themselves – re-selection on merit and strengthened anti-corruption procedures – have been rather neglected.

[9] It appears, however, to have been difficult for some governments to maintain the generous remuneration packages for the tax authority amid an often unfavourable budget situation and increasing pressure from other segments of the public sector for pay increases in accordance with those paid to the tax officers. In several cases the real value of a tax officer's salary has been eroded over time by inflation and by a reduction in additional benefits. For instance, nominal wages in the Tanzania Revenue Authority remained unchanged between 1996 and 2000 (Fjeldstad 2003). Staff members in the Zambia Revenue Authority also complained that their employment conditions had worsened in recent years; hence, in 2003, tax officers in the authority for the first time initiated a work slowdown to press for pay advances, overtime benefits, and reimbursement for housing and study loans (von Soest 2006, p. 109). The Uganda Revenue Authority provides another illustrative example. Between 1991 and 1998, nominal wages remained unchanged. In 1991, the URA staff on average received salaries eight to nine times higher than salaries for corresponding positions in the civil service. This factor had shrunk to a factor of four to five in 2000 (see Therkildsen 2004).

[10] One exception is the Tanzania Revenue Authority (TRA) where all former staff members were dismissed and had to re-apply for a position in the new revenue authority in 1996. Almost 1200 staff members, equivalent to more than a third of the total former work force, were not re-employed on evidence or suspicion of misconduct (Fjeldstad, 2003). A less dramatic approach was used in Uganda, where the entire staff of 1700 people was placed on probation at the inception of the Revenue Authority, and approximately 250 (14%) were dismissed in the initial screening (Fjeldstad, 2006).

(iii) Facilitating reform

The most pragmatic argument for establishing an ARA is that this facilitates, in two distinct ways, other, more concrete reforms in tax administration. First, it sends a signal to external supporters of reform, especially to aid donors and to the international financial institutions, that the government is (a) serious about reform, and (b) is willing, by adopting an iconic idea, broadly to accept the reform agendas that they offer.[11] Second, this decision impacts on internal constituencies, especially sources of potential resistance to reform within ministries of finance. It signals a clear commitment to change, and to willingness to recruit external support to ensure that this happens. The establishment of ARAs both reflects, and has helped create, a broad consensus about tax reform in the global epistemic community we mentioned in the previous paragraph. Over the last two or three decades, a strong international consensus about tax reform has emerged. The key elements are: the introduction of broad based value added taxes on consumption, simplified tax design and improved tax administration (Fjeldstad and Moore, 2008). None of this requires the creation of autonomous tax agencies. But radical organisational reform facilitates many of the other more specific organisational changes that have become the norm: (a) introducing unique identification numbers for each individual taxpaying unit; (b) moving from a system organised around different taxes to one organised around localities and/or industries, such that individual tax payers have to deal with fewer tax officers; (c) establishing separate offices and procedures for different categories of taxpayers, typically starting with the creation of Large Taxpayer Units focusing on big companies; (d) beginning to physically separate 'back office' functions of assessing tax liabilities and auditing and cross-checking records from 'front office' functions of actually collecting money, to reduce the scope for direct extortion and bribery; (e) trying to make the process more 'user-friendly';[12] and (f) generally exploiting the potential of new information and communication technologies.

It is hard to assess the strength of this kind of instrumental motivation. The key players are unlikely to be fully transparent, or even necessarily to be fully and critically aware of the ways in which their own motivations and constructions of reality change over time. The only quantitative information we have on the issue comes from the 2006 IMF survey of ARAs. Respondents were given 8 possible reasons why their ARA was originally established. The explanation that received the highest ranking was a rather anaemic claim about a general need for reform ('low effectiveness of tax administration and low levels of compliance'). The second-ranked explanation was an assertion of instrumentality: 'need for a catalyst to launch broader revenue administration reform' (Kidd and Crandall, 2006, 90). This accords to our own impressions from experience. ARAs have been established in Anglophone Africa in large part as a means of advancing other, more specific, reforms. It is partly for that reason that, relative to ARAs in other parts of the world, those in Anglophone Africa are very similar to one another in basic form.[13] Because their adoption had major signalling and symbolic dimensions, there was little motivation to extensively re-engineer the designs adopted in neighbouring countries with which there was a great deal of interaction. There is substance behind the listing, on the home web-page of the Rwanda Revenue Authority, of links to 'sister revenue authorities' in Uganda, Kenya, Tanzania and Zambia (www.rra.gov.ra).

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[11] Appointing expatriates as chief executives can amplify this signal. Expatriates are currently serving as chief executive officers in the revenue authorities in Lesotho and Mauritius, and have done so for periods in Uganda and Zambia.

[12] Through, for example, opening customer-friendly 'one-stop shops', simplifying procedures, making possible online filing of returns, and providing extensive information for taxpayers in printed and digital form.

[13] We have already cited above evidence about the basic similarity of ARAs in Anglophone Africa, compared to others, in funding arrangements. A similar conclusion emerges when we look for the existence of what the IMF calls 'empowered management boards'. In 2006, these existed in 9 of the 11 ARAs surveyed in Anglophone Africa, but in only 5 of the ARAs in other parts of the world (Kidd and Crandall, 2006).

4. Conclusion

It is hard to sustain the argument that the ARA reform agenda in Anglophone Africa constitutes a significant neo-liberal project to weaken the state. The granting of a degree of managerial and strategic autonomy to tax administrations by creating semi-autonomous revenue authorities is in line with standard public sector reform practices in many countries; there is no reason, in logic, experience or intention, to see it as a prelude to privatisation. There are marginal exceptions. For some years, the collection of customs revenues in Mozambique was sub-contracted to Crown Agents, a not-for-profit British company owned by a number of public agencies. That arrangement was terminated, mainly because the reforms achieved few lasting results - the transfer of skills by foreign contractors was limited and the contract was very expensive for the government (Hubbard et al 1999). Moreover, recently some local government authorities in East Africa have outsourced the collection of property taxes and market fees to private contractors. There is, however, no compelling evidence that the privatisation of tax collection is a feasible means of enhancing revenues and to dealing with revenue corruption and other problems (Iversen et al 2006).

Although each country that has established a revenue authority has done so under differing circumstances, there are some general patterns in the underlying political and economic circumstances that led them to do so (Taliercio 2002). First, governments have been greatly dissatisfied with the performance of revenue collection, especially in the face of fiscal deficits and expanding public expenditure needs, and with chronic inefficiencies that exist with tax administration by the ministries of finance (Mann 2004). Second, perceptions of widespread corruption and tax evasion, combined with high taxpayer compliance costs, led to calls for wholesale reform of the tax administration (Ghura 1998; Barbone et al. 1999; Fjeldstad 2003, 2006). Third, in some aid-dependent African countries foreign donors were attracted to the concept of a semiautonomous revenue authority because it created opportunities for more widespread reforms of tax administration procedures (Therkildsen 2004).

Evidence is inconclusive whether the establishment of a revenue authority has led to better revenue administration performance compared to what would have been the case had the tax administration remained a department within the Ministry of Finance. Certainly, the establishment of a semi-autonomous revenue authority offers no ‘quick-fix’ to a country’s revenue and tax administration problems. Creating an ARA is expensive, may take a long time to achieve and require significant effort. However, a revenue authority can establish a platform from which change can be facilitated. The revenue authority model has the great merit of facilitating the degree of managerial autonomy that many tax administrations need. The creation of revenue agencies in Anglophone Africa has eased and facilitated a series of ‘nuts and bolts’ reforms in the ways in which taxes are assessed and collected. It is likely that this has deflected pressures that might otherwise have emerged for substantial privatisation and commercialisation of the tax collection system. Does the ‘standardisation’ of ARAs mean they are inappropriate to Anglophone Africa? Not really. National financial institutions are relatively transferable. Tax administration and law are highly specialised subjects. Tax professionals naturally talk to one another when they can. The same technological changes and political and economic processes that have supported globalisation generally in recent decades have strengthened international professional networks and institutions in the tax business.

Revenue authorities in Africa may have improved efficiency, but at the possible cost of accountability. Often driven by a single revenue performance target, the structures and motivations of ARAs may encourage concentration on revenue expansion from known businesses instead of widening the tax base and, in particular, to encourage some firms to deregister into the informal sector. In Rwanda, for instance, 13 large companies contributed 80 percent of the total taxes in 2005 (FIAS/DFID 2006). The removal from the tax net of those taxpayers who generate little net revenue is justified in terms of reducing both the administrative costs of collection incurred by the tax administration and the compliance costs incurred by taxpayers. This is contrary to the emphasis in principle within the current global tax reform agenda on broadening the tax net. We have no overall figures on changes in the total number of taxpayers in Anglophone Africa. However, it seems likely that there has been no big increase, and that, in many countries, the number of registered taxpayers has been reduced. We are not suggesting that a wider tax net is always a good thing. Our concern is that ARAs seems to encourage the exclusion of marginal payers from the tax net. The political arguments for inclusion are not made or heard. This would be less of a problem if the actual tax burdens in Africa were fairly and effectively distributed. But they are not. In particular, they often fall heavily on a small number of registered, formal sector companies.

The inadequate separation of tax administration and tax policy appears to have exacerbated these challenges. In addition, budget processes are often insufficiently transparent, with planning being undermined by last-minute tax proposals that may not be well conceived and partisan. Different sectors and different size businesses appear to be affected in different ways: large businesses may have a disproportionate and/or dysfunctional influence through effective political connections and organised lobbying. Because contemporary tax collection always involves some exercise of discretion, the creation of a powerful, revenue authority not subject to adequate external constraints could expose other segments of taxpayers to extortion. The tax relationship will only work well if the taxpayer has some kind of protection against extortion, notably substantive taxpayers' rights. Furthermore, if the autonomy of the revenue authority from the Ministry of Finance is established in conditions that create ill-feeling between the two, or provide few incentives to cooperation, then tax and budgetary policy may be compromised.

Another challenge is embedded in the application of the concept of *autonomy* to an organisation that handles large sums of money. Managerial autonomy – to run a tax agency on a day to day basis in ways that make sense from a perspective of its special functions – seems very sensible. The problems lie at the level of political control. The top managers of a tax agency cannot be left free to dispose of its income as they wish. They should be responsible to someone or, preferably, to some institution. One problem with revenue authorities in some African countries is that the label *autonomy* has in practice disguised the fact that they have been answerable to only one person, often the President.

At this point in time we can conclude that the ways in which revenue authorities have been introduced and promoted in Africa have led to problems which should have been foreseen. Above all, fascination with the potential of a single new 'super-agency' has distracted attention from the fact that, in tax raising as elsewhere in the public sector, good organisational performance often depends on the nature of the relationships among agencies. In particular:

a) Tax administrations need to cooperate with the Ministry of Finance, especially over tax and budgetary policy. If a revenue authority is established in ways that stimulate rivalry and jealousy with the Ministry of Finance, cooperation might be severely jeopardized.
b) If revenue authorities are not to be abused by powerful Presidents, and used as a private source of income or an instrument to intimidate political opponents, then their high status and managerial autonomy needs to be offset by pluralistic governance arrangements.

Essentially, the personal relationship of the head of the ARA and the President is likely to be very important, since, in Africa, personalities matter a lot. The relative success of the Rwandan and South African revenue authorities appears to be the result of relatively good remuneration, strong internal controls, and clear political support for the tax authorities' management and purpose. In

Rwanda, this is reflected in the President's personal and vocal support for the RRA. In South Africa, the political support is based on a close relationship between the Commissioner of the SARS and the Minister of Finance dating back to the antiapartheid struggle. It is likely that the performance of African revenue agencies is likely to continue to be influenced by such relations. As organisation theorists have long argued, in the public service, sustainable organisational autonomy cannot be granted, but has to be continually earned. It is always under threat. The organisation has continually to demonstrate the value of its autonomy to those who could terminate it.

The arguments about ARAs are, and are likely to remain, arguments about effective public sector organisation. Privatisation is not in sight.

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SUMMARY

Since the early 1990s, many countries in Anglophone Africa have established (semi-) autonomous revenue authorities (ARAs), organisationally distinct from ministries of finance, with some real operational autonomy, and with staff paid at rates similar to those in comparable private sector jobs. The introduction of revenue agencies has been seen by some as a step on the road to privatisation of the revenue collection process. We demonstrate in the article that this is a misreading of the story of revenue authorities in Anglophone Africa. This conclusion is reached by examining two related sets of questions. The first set concerns the transnational transfer of institutions. Is it a problem that ARAs have spread so fast under the influence of aid and of international financial institutions? The second set of questions relates to the more specific issue of the autonomy of revenue agencies. Is the establishment of revenue agencies another way of fragmenting the authority of already weak central government institutions? Our answers are largely 'no' to both sets of concerns. Addressing these questions enables us to explain what ARAs actually imply for state capacity in Anglophone Africa.

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