

Protecting the tax base and building a strong investment climate across West Africa

Improved Business and Investment Climate in West Africa Project

Context

The *Improved Business and Investment Climate in West Africa Project* is a four-year initiative that was launched in November 2014. The Project is funded by the European Union and seeks to eliminate or reduce investment climate (IC) and investment policy (IP) constraints, including investment-entry (IE) barriers, that impede national, intra-regional, and extra-regional investments in the ECOWAS common market.



Photo: Participants at a regional workshop organized by the Project on transfer pricing in Nigeria ©World Bank

The Project is implemented by the World Bank Group, which is providing technical assistance to the ECOWAS Member States at the national level and to the ECOWAS Commission at the regional level.

The transfer pricing program - an element of the wider Project - is implemented in partnership with OECD and ATAF. It is comprised of the following areas of support: comprehensive reviews and recommendations on the transfer pricing rules of ECOWAS countries, including a detailed survey and report; in-depth long-term support on transfer pricing policy, legislation and implementation technical assistance to three ECOWAS countries: Liberia, Nigeria and Senegal; the development of tools to assist ECOWAS countries to increase their capacity on transfer pricing and related issues; and the identification of ways in which ECOWAS countries can mutually support each other in the development and implementation of transfer pricing rules.

Objectives

- Improve the capacity of ECOWAS countries to administer cross-border transactions of multinational enterprises
- Support the development of a predictable business environment for multinational enterprises, in accordance with internationally agreed tax principles
- Develop a clearer understanding by taxpayers of the requirements to comply with transfer pricing rules
- Develop a technical transfer pricing skill-base to support the transfer pricing capacity development both within the pilot countries and across the region

Results

- **Liberia** has introduced new transfer pricing regulations (June 2016), including: transfer pricing documentation requirements, transfer pricing return schedule, practice note to guide taxpayers on their transfer pricing obligations (May 2017), and guidelines on advanced pricing agreements (August 2018).
- **Senegal** has enacted new transfer pricing legislation (March 2018), including: transfer pricing regulations, transfer pricing documentation requirements (incorporating country-by-country reporting, master file and local file as recommended under BEPS Action 13 on ^{Bank} the transfer pricing documentation), and a transfer pricing return schedule with instruction made available for [online](#) filing.



Photo: Participants at a workshop on transfer pricing ©World Bank

- **Nigeria** has updated their transfer pricing regulations including advance pricing agreement provisions (March 2018), and introduced transfer pricing documentation guidelines (September 2018), including country-by-country reporting, master file and local file as recommended under BEPS Action 13 on the transfer pricing documentation.
- **Regional:**
 - Several transfer pricing audits concluded resulting in significant revenue impact and more audits underway
 - Regional study on transfer pricing rules of ECOWAS countries presented at workshop for ECOWAS countries to take stock of the state of transfer pricing in the region and to determine the direction of further progress (over 60 participants).
 - Transfer pricing risk assessment mechanisms and processes established and aligned with international standards.
 - Intensive capacity building programs delivered to equip tax administrations with skills and knowledge for the conduct of transfer pricing audits (26 trainings delivered, 60 auditors and 60 members of judiciary benefited).

Facts & figures

- Transfer pricing rules aligned with **international standards**
- **60 auditors** received in depth multiyear training to enable them to conduct transfer pricing audits of complex multinational value chains
- **First transfer pricing audits** underway with revenue impact
- **Project objective:** Deepen regional integration in West Africa to the benefit of the private sector
- **Focus:** Remove constraints on the regional expansion of cross-border investments and their taxation
- **Timeframe:** 2014–2018 **Donor:** European Union (EU)
- **Beneficiary Institutions:** Economic Community of West African States (ECOWAS), in collaboration with the West African Economic and Monetary Union (WAEMU), member states (representatives of national governments, and private sector associations)
- **Technical Assistance Partner:** World Bank Group (WBG)

Testimonials

“There is an urgent need to improve taxation across the West African region, even as funds from taxes are needed to boost the region’s economy,” said *Dr. Babatunde Fowler, Executive Chairman Nigeria Federal Inland Revenue Authority (FIRS).*



Photo: Dr. Babatunde Fowler, Executive Chairman Nigeria Federal Inland Revenue Authority (FIRS) © World Bank

“The Economic Community of West African States is committed to implementing programs that facilitate regional integration and making it work for private sector operators and the people of West Africa,” said Kalilou Traore, the former ECOWAS Commissioner for Industry and Private Sector. He furthered, “We recognize that it is important to develop internationally shared transfer pricing principles for the region.”