

## Blantyre

- Conveyance Certificates – Manual DFOs and zone office
- FCAS system installed but not in use
- Intermittent internet
- Computer, scanner, printer
- Challenges
- Succession of staff
- Overlap of timber sawing license areas
- System use



# Annual Report 2018



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# Introduction

RDF continued its growth in 2018, with active projects in Sierra Leone, Liberia, Guinea, Mali, Ghana, Cameroon, Zambia, Republic of Congo and Afghanistan. Funding receivables was EUR 1.9 Million.

RDF projects support revenue management in low-income countries, covering license fees and exports for the mining, environment, oil and gas and the forestry sector, as well as local government revenue from business licenses and property tax. For each of these sectors, RDF supports government institutions with license administration systems that are becoming increasingly effective, opening up for administrative efficiency, less corruption, more revenues and promotion of investments to stimulate growth. The focus has increasingly become that of institutional performance, license holder compliance and tax compliance, supported by data integration between government agencies. RDF made it a long-term goal to develop a tax administration system, based on the experience of developing a risk management system for the tax authority in Cameroon. During 2018 RDF developed the GovIn e-service portal, designed for submission of tax returns and any forms required by government from companies.

During 2018, RDF systems installed in government institutions helped record over USD 161 Million in government revenues, which is three times higher than the previous year (USD 57 Million). The total revenues recorded through our systems reached over USD 402 Million.

RDF's new strategic goal is to helping governments mobilize USD 2 Billion revenues by the end of 2020. This is possible to achieve by continuous expansion of system utilization within more areas.

During 2018, RDF's xCAS system for permits and licenses was also implemented for the Ministry of

Hydrocarbons, Republic of Congo. RDF was also glad to sign a MOU with the Ministry of Mines and Petroleum, Afghanistan, which launched the Transparency Portal with data from MCAS and NTRS in December 2018. This is a significant confirmation of RDF's approach and methods, considering there have been many attempts of delivering similar systems for the last 10 years in Afghanistan. The portal for online publication of data, the Online Repository has proven to become international best practice. There are now over 5,000 registered users across all portals.

RDF also developed an integration plugin for tax registries RD ATOM, which connects our systems with the tax administration systems, ensuring correct tax id reference and tax registration compliance.

Our system for local government revenue REMOP has received more attention, based on the success implementation in Mzuzu, Malawi 2015. While we have not been able to identify funding for any local government project in 2018, the number of proposals and requests from local governments keep increasing.

RDF is a project-delivery based organisation and is capable of operating exclusively on project funding. RDFs work is conducted in the countries where RDF has projects. Administrative costs are purposely minimal and mostly for financial services or admin support. The projects are implemented with staff on consultancy contracts related to funded projects. The operations are coordinated by RDF's headquarters in Norway.

The financial statements give the correct picture of the financial position and result. Expenses related to development of software and methodologies are accounted for directly in relation to projects. The financial statements are presented with the view of continued operations. The organization had two employees at the end of the year. The board consists of three men and one woman. The organization is committed to gender equality in its considerations of the board, operations and partners. With exception of consultants' travels and electricity consumption, the operations of the foundation have limited impact on the environment.

We see a strong need for our services and recognize our increasing reputation for delivering impact. We expect our impact to widen in 2019. Our strategic focus is therefore to continue our improvements in developing quality systems in order to make our specialist in low-income countries even more effective.

Oslo, 31 May 2018

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**Aasmund Andersen**  
Board Chair



**Paul Devries**  
Board Member



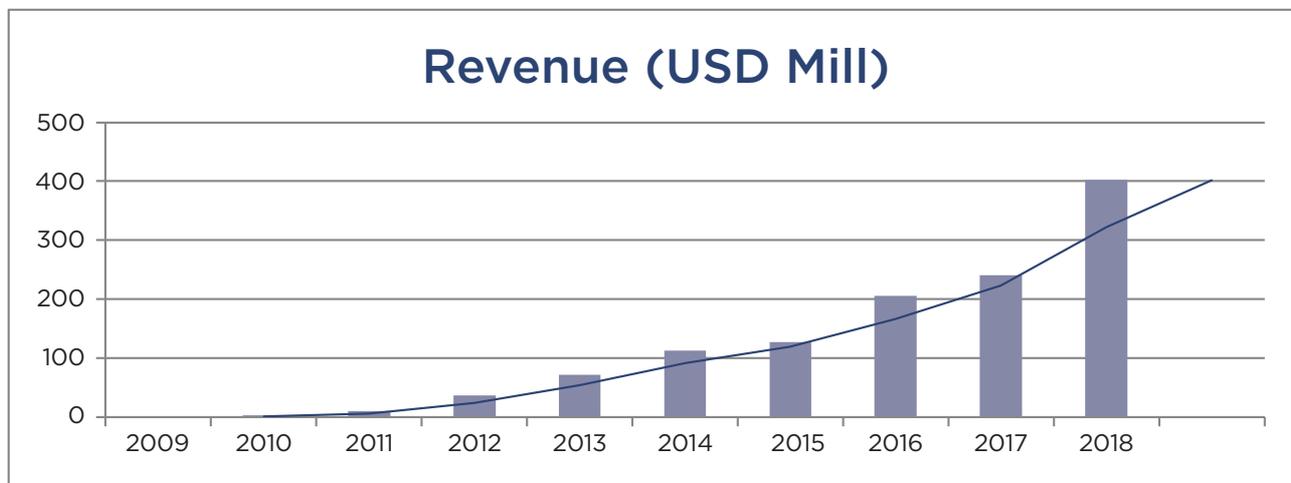
**Bengt Ljunggren**  
Board Member



**Annika Dybwad**  
Board Member

# Our Projects

RDF measures its impact on how much revenue is processed through systems provided to government institutions. This has steadily increased year by year. In 2018, USD 161 million were recorded through RDF systems.



RDF was active in ten countries during 2018, implementing projects providing license management systems, integrated revenue systems or local government property tax systems. The countries and respective sectors are listed below.

#	Country	License Mngt Systems Line Ministries	Revenue Mngt Systems Revenue Authorities	Property Tax Systems Local Governments
1	Sierra Leone	Mining, Forestry and Environment	Non-Tax revenue Collection system for the mining sector	Seven councils use our Property tax system
2	Liberia	Mining	Tax Compliance Risk Management System	None
3	Cameroon	None	Tax Compliance Risk Management System	Proposed
4	Malawi	Forestry	None	Mzuzu Council use our property tax system.
5	Mali	Mining, Oil & Gas	Non-Tax Revenue System	None
6	Zambia	Mining	None	None
7	Ghana	Mining	None	None
8	Guinea	Mining	Compliance Risk Management System	None
9	Afghanistan	Mining, Oil and Gas	None	None
10	Republic of Congo	Oil and Gas	None	None

Figure 1 Countries where government institutions received RDF support in 2018.

## 1 SIERRA LEONE

In Sierra Leone, RDF finalized the fifth phase of the Mineral Cadastre Administration System Project (MCAP), funded by the GIZ Regional Resource Governance Programme. MCAP V started late 2017 with an inception workshop, which defined a range of improvements in system usage across all departments at the National Minerals Agency. The project included a specialist from RDF embedded within the agency, helping to implement the improvements, which included a beneficial ownership registry in MCAS, GIS integrations, better approval processes, reporting and due diligence workflow within the system.

Continuous efforts were made to improve integrations between NMA and the National Revenue Authority (NRA), and improve networks that would allow NMA regional offices to connect to the MCAS HQ systems rather than their own standalone versions of MCAS.



## 2 LIBERIA

In Liberia, RDF started a third phase of the Mineral Rights Administration System (MRASP) project at the Ministry of Mines and Energy (MME), funded by the GIZ Regional Natural Resource Governance Programme. The project helped the Ministry open a new regional office, using the MCAS system to manage Class C artisanal licenses. All license data and payments were automatically published to the Online Repository portal.

A parallel project at the Liberia Revenue Authority (LRA) supported with integrating the taxpayer database to MCAS at MME to ensure all license holders have tax id numbers. Further data sharing was supported through an inter-ministerial task force, and introducing the RD Fusion system for risk management.



### 3 CAMEROON

The Revenue Process Integration Project in Cameroon has been ongoing since 2015, with funding support from GIZ. The revenue authority initially requested RDF support to address non-compliance in the VAT reimbursement process, and the RD Fusion system was developed in collaboration with all the technical staff of the different departments. Their work processes were improved, and the Fusion system now

gives all staff access to data from across units and systems, ensuring stronger validation controls. The system has over 300 trained users, and acts as the main risk management tool of the revenue authority.

During 2018, the revenue authority requested RDF support for online submission of tax returns (DSF). Based on this RDF developed what has now become GovIn e-service portal, integrated with the revenue authority own systems.



### 4 MALAWI

In 2018, RDF signed a new contract with the Ministry of Natural Resources, Forestry department, to implement the second phase of the Forestry Licensing System project. This phase is funded directly by the Malawi government. The project will upgrade the FCAS system in place and publish all timber export permits online. It is an effort

coordinated by the MWEITI and Ministry of Finance.

In Mzuzu, the RDF REMOP system continues to be used for collection of property tax and business licenses, even without much support from RDF. Both Blantyre and Lilongwe, the two largest cities have expressed interest in adopting the model, but the concept, which include mass-valuation of properties, is still blocked by the valuer's association.



## 5 MALI

In Mali, RDF started the third phase of the Mineral Rights Administration Support Project in Mali, funded by GIZ, supporting the National Geological Survey department (DNGM) at the Ministry of Mines. The project aims to further expand the usage of the MCAS system, as well as an ambitious expansion of the NTRS payment solution to include three more government agencies. The two-year project ended in December 2018 and included two RDF specialists based permanently at DNGM.

## 6 ZAMBIA

RDF was a consortium partner of the project Enhancing Tax Collection from Mining through Effective Regulation and Monitoring of Mineral Production at the Ministry of Mines in Zambia, funded by the European Union. As part of the project, RDF has implemented the MCAS system for export permits which is now integrated with the Zambia Revenue Authority. The project ended in January 2019.

## 7 GHANA

In Ghana, RDF did not have active projects in 2018. However, RDF staff continue to follow up to support the Minerals Commission use of MCAS. The first phase of the Mineral Rights Administration

System Support Project at the Minerals Commission, funded by the Australian Government, was completed mid-2016.

The Minerals Commission have frequently presented its systems at international conferences, such as the Mining Indaba in Cape Town and the PDAC conference in Toronto.

## 8 GUINEA

In Guinea, RDF ended the first phase of a project with the Ministry of Mines, funded by the GIZ Regional Resource Governance Programme. The project helped implement RD Fusion with integrated data from eight key institutions to be used for minerals related statistics and analysis. The project also started the implementation of MCAS for managing export permits and royalties for gold and diamond exports.

## 9 AFGHANISTAN

RDF started working with the Ministry of Mines and Petroleum in 2017, with funding support from DFID. In 2018 this support was taken over by GIZ, and the project continued to implement MCAS, NTRS and the Transparency Portal systems. The portal was launched by the Hon Minister in December 2018 and is now seen as a significant success. In an environment where most other support has failed, RDF's unique approach and quality systems keeps supporting improvements to the management of licenses and payments at the Ministry.

## 10 REPUBLIC OF CONGO

RDF signed an agreement with the Ministry of Hydrocarbons in December 2017 and started implementing the OGAS system during 2018. The project has installed the system and digitized all licenses, and will eventually include payments to be published online, in support of EITI recommendations.

# Income Statement 2018

All amounts in EUR

	Note	2018	2017
Revenue		1,613,543	1,255,921
<b>Total revenue</b>	1	<b>1,613,543</b>	<b>1,255,921</b>
Direct expenses		-714,499	-515,394
Salaries	2	-158,395	-156,150
Depreciation	5	-5,744	-7,102
Other operating expenses	2	-658,156	-471,205
<b>Total operating expenses</b>		<b>-1,536,793</b>	<b>-1,149,852</b>
<b>Operating Income</b>		<b>76,750</b>	<b>106,069</b>
Interest income		9	28
Financial income	6	60,946	66,658
<b>Total other income</b>		<b>60,955</b>	<b>66,685</b>
Interest expense		-7	0
Financial expense	6	-59,525	-46,064
<b>Total other expenses</b>		<b>-59,531</b>	<b>-46,064</b>
<b>Total other non-operating gain/loss</b>		<b>1,423</b>	<b>20,621</b>
<b>Net Income</b>	3	<b>78,173</b>	<b>126,690</b>
Transfers			
Other capital		78,173	126,690
<b>Total transfers</b>	3	<b>78,173</b>	<b>126,690</b>

# Balance sheet per 31 December 2018

All amounts in EUR

## Assets

	Note	2018	2017
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Vehicles, equipment	5	0	5,806
<b>Total fixed assets</b>		<b>0</b>	<b>5,806</b>
<b>Total non-current assets</b>		<b>0</b>	<b>5,806</b>
<b>Current Assets</b>			
Other receivables		1,777	1,797
Accounts receivable		158,018	168,440
Prepaid rent		40,414	18,395
Cash and cash equivalents	7	611,440	837,888
<b>Total current assets</b>		<b>811,649</b>	<b>1,026,520</b>
<b>TOTAL ASSETS</b>		<b>811,649</b>	<b>1,032,326</b>

## Equity and Liabilities

<b>Equity</b>			
Foundation capital	3	10,054	10,164
Other capital		591,695	519,123
<b>Total equity</b>	<b>3</b>	<b>601,750</b>	<b>529,287</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable		4,276	-12,334
Payroll taxes		10,219	11,172
Other short term liabilities	8	195,405	504,202
<b>Total current liabilities</b>		<b>209,900</b>	<b>503,040</b>
<b>Total liabilities</b>		<b>209,900</b>	<b>503,040</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>811,649</b>	<b>1,032,326</b>

**Aasmund Andersen**  
Styrets leder, Daglig leder

**Paul Devries**  
Styremedlem

**Bengt Ljunggren**  
Styremedlem

**Annika Dybwad**  
Styremedlem

# Notes

## Note 1 Accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and the generally accepted accounting principles for non-profit organizations.

### Grants

Revenue is recognised under the accrual accounting principle, i. e. when services are rendered. If parts of the grant are conditional, revenue is recognized when these conditions are met.

### Classification and valuation of balance sheet items

Fixed assets are intended for permanent ownership or use. Assets are valued at purchase price. Fixed assets are capitalized and depreciated over the asset's economic life. Write-down to fair value will be recorded when impairment is expected not to be temporary. Write-downs will be reversed when the basis for write-down is no longer present.

Current assets and current liabilities include items due within one year after the balance sheet date, and items related to the project cycle. Current assets are valued at the lower of cost and net realizable value (lowest value principle).

### Receivables

Accounts receivable and other receivables are recorded at net value (after bad debt provisions). The bad debt provisions are based on an individual assessment of each receivable.

### Currency

Balance sheet positions in foreign currencies are translated in functional currency at the exchange rate at the end of the fiscal year.

## Note 2 Salaries and compensation for managing director, board members and auditor

### Salaries

	2018	2017
Salaries	134,997	132,274
Payroll tax	18,821	19,320
Pension	4,577	4,557
Other compensation	0	0
<b>Total salaries</b>	<b>158,395</b>	<b>156,150</b>
Average number of employees	2	2

### Auditor Fees

	2018	2017
Annual audit cost	4,097	4,510
<b>Other services</b>	<b>993</b>	<b>572</b>
<b>Total audit fees</b>	<b>5,090</b>	<b>5,082</b>

The amounts include VAT.

The compensation of the general manger was EUR 78,347

No compensation has been paid to board members.

## Note 3 Equity

	Foundation capital	Other capital	Total
Foundation capital per 01.01.2018	10,054	513,522	523,577
Net income		78,173	78,173
<b>Equity 31.12.2018</b>	<b>10,054</b>	<b>591,695</b>	<b>601,750</b>

## Note 4 Mandatory pension contributions

Pension contributions - EUR 4,577





To the Board of Directors of  
Revenue Development Foundation

**Vidi Revisjon AS**  
Medlem av Crowe Global  
Medlem av DnR

Johan Scharffenbergs vei 91,  
0694 Oslo  
Telefon: +47 23 16 76 00

firmapost@crowe.no  
www.crowe.no  
Foretaksreg.: 993 809 489 MVA

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Revenue Development Foundation, which comprise the balance sheet as at December 31, 2018, and the income statement for the year then ended, and a summary of significant accounting policies.

In our opinion, the financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Revenue Development Foundation as at December 31, 2018, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### *Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Management is responsible for the other information. The other information comprises information included in the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of the Auditor's Responsibilities refer to <https://revisorforeningen.no/revisjonsberetninger>

## **Report on Other Legal and Regulatory Requirements**

*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

*Opinion on Registration and Documentation*

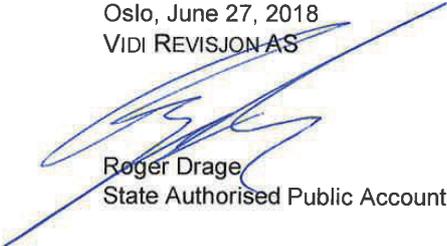
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Foundation's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

*Opinion on Management*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Foundation is managed in accordance with the law, the Foundation's purpose and bylaws otherwise.

Oslo, June 27, 2018

VIDI REVISJON AS



Roger Drage  
State Authorised Public Accountant

*Note: This translation from Norwegian has been prepared for information purposes only.*



Oscars gate 30  
Oslo 0352  
Norway

[info@revenuedevelopment.org](mailto:info@revenuedevelopment.org)