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MASTER PROFESSIONNEL EN GESTION DE LA POLITIQUE ECONOMIQUE (GPE)

NOTE AU MINISTRE

Strengthening Fiscal Capacity through Compliance Risk Management: An Evaluation of Cameroon's Experience

Par

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DEDICATION

To my beloved wife, whose patience, love, and unwavering support carried me through every stage of this journey.

To my children, whose laughter and curiosity reminded me daily of the purpose behind perseverance and the hope of building a better future.

To my parents and mentors, for instilling in me the values of discipline, integrity, and the pursuit of knowledge.

And to the people of Cameroon, whose resilience and aspirations for stronger governance inspired the heart of this work.

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Finally, I extend heartfelt appreciation to my family and friends for their unwavering support, patience, and encouragement. Their belief in me sustained this journey and gave me the strength to complete it.

PREFACE

The subject of this thesis was entrusted to me by the World Bank during my internship with the institution. As part of my assignment, I was asked to explore compliance risk management within Cameroon's tax administration, with the aim of contributing to ongoing discussions on fiscal reform and governance. This unique opportunity provided both the inspiration and the foundation for the research that follows.

Working closely with experts and practitioners during my internship allowed me to appreciate the practical challenges of tax administration, while also recognizing the importance of rigorous academic inquiry. The experience shaped the direction of this study, ensuring that it remained grounded in real-world policy concerns while also advancing scholarly understanding.

This thesis therefore reflects not only my academic journey but also the professional exposure I gained through the World Bank. It is my hope that the findings will serve as a useful resource for policymakers, researchers, and institutions committed to strengthening fiscal governance in Cameroon and beyond.

ABSTRACT

This thesis investigates compliance risk management (CRM) within Cameroon's tax administration, a topic entrusted to me during my internship with the World Bank. The study seeks to understand how fiscal governance can be strengthened through improved compliance strategies, with particular focus on VAT, PIT, and CIT as critical revenue sources.

A mixed-methods approach was employed. Quantitatively, VAT compliance was assessed using the top-down C-efficiency/RA-GAP methodology, complemented by bottom-up audit yield extrapolations. This dual approach provided both macro-level estimates of potential VAT revenue and micro-level insights into compliance behavior. The analysis revealed that Cameroon's VAT gap remains substantial, with ambitious reforms projected to generate up to **300 billion CFA francs in additional VAT revenue over five years**. For PIT and CIT, audit yield extrapolations suggest compliance gaps equivalent to **15–20% of potential collections**, underscoring the scale of untapped revenue.

Qualitatively, semi-structured interviews with key stakeholders and the use of TADAT (Tax Administration Diagnostic Assessment Tool) reports offered valuable perspectives on institutional performance, taxpayer behavior, and reform readiness. To enrich the policy dimension, results chain analysis and stakeholder mapping were applied as frameworks to clarify reform pathways and identify actors critical to successful implementation.

Findings confirm persistent compliance challenges across VAT, PIT, and CIT, but also highlight the potential for significant revenue mobilization if reforms are pursued decisively. Comparative case studies from Rwanda, Georgia, and Senegal illustrate lessons on institutional capacity, stakeholder engagement, and reform sequencing.

The research contributes methodologically by combining RA-GAP, audit yield extrapolations, and qualitative diagnostics in a Sub-Saharan African context. It concludes that effective CRM requires not only technical reforms but also political commitment, institutional alignment, and taxpayer trust. By integrating empirical evidence, comparative lessons, and policy-enriching frameworks, the thesis advances both academic understanding and practical policy design in fiscal governance.

Keywords

Compliance Risk Management; Tax Administration; Value-Added Tax (VAT); Personal Income Tax (PIT); Corporate Income Tax (CIT); RA-GAP Methodology; Audit Yield Extrapolations; TADAT Reports; Semi-Structured Interviews; Results Chain; Stakeholder Mapping; Fiscal Governance; Cameroon; Sub-Saharan Africa; Compliance Gap; Revenue Mobilization

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CHAPTER I: INTRODUCTION

1.1 Background of the Study

Fiscal capacity is the backbone of state-building and sustainable development. It refers to the ability of governments to mobilize domestic resources through taxation to finance public goods, reduce dependency on external borrowing, and ensure macroeconomic stability. In Cameroon, the government's Stratégie Nationale de Développement 2020–2030 (SND30) explicitly prioritizes domestic resource mobilization as a sustainable alternative to external borrowing and volatile natural resource rents. Yet, Cameroon's tax-to-GDP ratio stood at about 11.5% in 2024, which is significantly below the Sub-Saharan Africa regional average of 16–18%. This gap reflects persistent weaknesses in tax administration and compliance, and highlights the urgency of reforms aimed at strengthening fiscal capacity.

Globally, **Compliance Risk Management (CRM)** has emerged as a best practice promoted by the IMF, OECD, and World Bank. CRM provides a structured framework for identifying, assessing, and treating compliance risks, shifting tax administrations from reactive enforcement to proactive, risk-based strategies. Countries such as Rwanda, Georgia, and Senegal have demonstrated that CRM reforms — including risk-based audits, taxpayer segmentation, and digital integration — can significantly improve compliance and revenue performance. Cameroon has embarked on similar reforms, introducing systems like **FUSION** (for data integration) and **CERBERE** (for audit management). However, the effectiveness of these reforms in strengthening fiscal capacity remains insufficiently documented.

Diagnostic frameworks highlight both progress and persistent gaps. The **Tax Administration Diagnostic Assessment Tool (TADAT)** in **2017** revealed serious deficiencies in Cameroon's compliance risk management, particularly in audit effectiveness, monitoring, and data integration. By **2025**, a reassessment showed notable improvements in risk identification and taxpayer segmentation, but continued weaknesses in audit evaluation and monitoring. Similarly, the **Public Expenditure and Financial Accountability (PEFA)** framework has consistently flagged issues of transparency, accountability, and efficiency in Cameroon's public financial management. These findings underscore the need for a systematic evaluation of whether CRM reforms are translating into stronger fiscal capacity and improved domestic revenue mobilization.

This study is therefore justified on several grounds. First, it is **policy relevant**, as strengthening fiscal capacity is critical for Cameroon's SND30 strategy and aligns with the African Union's Agenda 2063, which emphasizes financing development through domestic resource mobilization. Second, it responds to an institutional need, since TADAT and PEFA assessments highlight persistent weaknesses in compliance risk management that require evidence-based solutions. Third, it makes an academic contribution, as few studies have empirically examined the link between CRM reforms and fiscal capacity in Cameroon, making this thesis an original addition to the literature. Finally, it offers comparative insights, by benchmarking Cameroon against countries that have successfully implemented CRM reforms, thereby providing practical lessons for strengthening audit capacity, improving data integration, and enhancing monitoring.

In sum, the context of Cameroon's fiscal challenges and the justification provided by diagnostic frameworks and policy priorities make this study both timely and necessary. It positions CRM not merely as a technical reform but as a strategic instrument for building fiscal resilience and advancing sustainable development.

1.2 Statement of the Problem

Despite ongoing reforms, Cameroon's fiscal capacity remains constrained by persistent weaknesses in tax administration and compliance risk management. The country's tax-to-GDP ratio has stagnated around **11–12%**, well below the Sub-Saharan Africa average of **16–18%**, reflecting systemic challenges in mobilizing domestic revenues. Several interrelated compliance risks undermine the effectiveness of the tax system and limit the impact of Compliance Risk Management (CRM) reforms:

- **Under-reporting of income and sales**: A significant proportion of taxpayers, particularly in the informal sector, deliberately understate taxable income or conceal transactions. This erodes the tax base and reduces the credibility of the tax system.
- **Audit selection inefficiencies**: Although Cameroon has adopted risk-based audit tools such as **CERBERE**, audit selection remains limited by inadequate data analytics, insufficient skilled auditors, and lack of systematic evaluation. As a result, audits often fail to target the highest-risk taxpayers, reducing deterrence and compliance impact.
- **Non-filing and late filing**: Many taxpayers fail to file returns altogether or submit them late, especially in the informal economy. Weak enforcement mechanisms and limited monitoring capacity exacerbate this problem, leading to significant revenue losses.

- **Data fragmentation and poor interoperability**: Tax administration systems remain siloed, with weak integration between tax, customs, procurement, and treasury databases. The FUSION platform was introduced to improve interoperability, but gaps persist, limiting the ability to cross-check taxpayer information and detect evasion schemes.
- **Refund fraud and abuse**: Weak controls in the management of tax refunds, particularly VAT, have created opportunities for fraudulent claims. This not only drains public resources but also undermines trust in the tax administration.
- **Monitoring gaps**: Compliance risks are often detected too late due to inadequate monitoring frameworks. The absence of real-time data analytics and predictive tools means that evasion schemes can persist undetected, reducing the effectiveness of CRM interventions.

Diagnostic frameworks confirm these weaknesses. The **TADAT 2017 assessment** revealed poor scores in audit effectiveness, monitoring, and data integration. By **2025**, Cameroon showed progress in risk identification and taxpayer segmentation, but continued weaknesses in audit evaluation, refund management, and monitoring. Similarly, **PEFA assessments** have consistently flagged issues of transparency, accountability, and efficiency in Cameroon's public financial management.

These persistent compliance risks highlight the central problem: while Cameroon has adopted CRM reforms, their effectiveness in strengthening fiscal capacity remains limited. Without addressing under-reporting, audit inefficiencies, non-filing, data fragmentation, refund fraud, and monitoring gaps, CRM reforms risk becoming technical adjustments rather than transformative tools for revenue mobilization. This study therefore seeks to critically assess the impact of CRM on Cameroon's fiscal capacity, identifying both achievements and limitations, and proposing pathways for reform.

1.3 Research Objectives

The general objective is to evaluate the impact of Compliance Risk Management (CRM) on strengthening fiscal capacity in Cameroon.

Specific Objectives

- To assess how CRM reforms have influenced domestic tax revenue performance in Cameroon between 2017 and 2025.
- To analyze the efficiency and limitations of audit selection under Cameroon's CRM framework.
- To examine the extent to which CRM addresses key compliance risks such as under-reporting, non-filing, refund fraud, and data fragmentation.
- To evaluate the role of CRM in improving monitoring mechanisms and taxpayer equity.
- To provide evidence-based policy recommendations for enhancing CRM as a strategic tool for domestic resource mobilization and fiscal resilience.

1.4 Research Questions

- What measurable impact have CRM reforms had on Cameroon's domestic tax revenues?
- How efficient and effective is audit selection under Cameroon's CRM framework, and what limitations persist?
- To what extent has CRM reduced under-reporting, non-filing, refund fraud, and data fragmentation in Cameroon's tax administration?
- How has CRM improved monitoring and detection of compliance risks, and what gaps remain?
- What policy lessons can Cameroon draw from peer countries that have successfully implemented CRM reforms to strengthen fiscal capacity?

1.5 Scope, Methodology and Plan announcement

This study covers Cameroon's tax administration reforms and fiscal performance over the period 2006 to 2024, a timeframe that captures both pre-reform conditions and the outcomes observed in diagnostic assessments such as **TADAT 2017** and **TADAT 2025**.

The scope is defined as follows:

- **Thematic scope**: The study focuses on compliance risks such as under-reporting, non-filing, refund fraud, audit selection inefficiencies, data fragmentation, and monitoring gaps, and evaluates how CRM reforms address these issues.
- **Geographical scope**: The analysis is limited to Cameroon, though comparative insights are drawn from peer countries (Rwanda, Georgia, Senegal) to highlight best practices.

- **Temporal scope**: The period 2006–2024 is chosen to capture long-term revenue trends and reform outcomes.

The methodology adopted is a **mixed-methods approach**, combining quantitative and qualitative techniques:

- **Quantitative analysis**:
    - The study employs the **VAT Top-Down C-Efficiency methodology**, which measures the efficiency of VAT collection by comparing actual VAT revenues to potential revenues derived from national accounts consumption data. This allows for an objective assessment of compliance gaps, under-reporting, and refund fraud.
    - It also uses the **PIT/CIT ratio** (Personal Income Tax to Corporate Income Tax ratio) as an indicator of tax structure balance and compliance behavior. A skewed ratio may reveal weaknesses in taxpayer registration, enforcement, or equity in tax administration.
    - Statistical analysis will track VAT C-efficiency ratios, PIT/CIT ratios, tax-to-GDP trends, filing rates, and audit outcomes across 2006–2024.
- **Qualitative analysis**: Thematic review of diagnostic frameworks (**TADAT 2017, TADAT 2025, PEFA**), policy documents, and structured interviews with tax officials to identify strengths, weaknesses, and institutional challenges in CRM implementation.
- **Comparative benchmarking**: Lessons drawn from peer countries that have successfully implemented CRM reforms to situate Cameroon's experience within a broader regional and global context.

The plan announcement of the thesis is structured into five chapters:

- **Chapter I: Introduction** — Presents the background, problem statement, objectives, research questions, justification, scope, methodology, and plan of the study.
- **Chapter II: Literature Review** — Reviews theoretical foundations of fiscal capacity, tax compliance models, and CRM frameworks (IMF, OECD, World Bank), as well as empirical studies and diagnostic tools such as TADAT and PEFA.
- **Chapter III: Methodology** — Details the research design, with emphasis on the VAT Top-Down C-Efficiency methodology and PIT/CIT ratio, data sources, collection techniques, and analysis methods.

- **Chapter IV: Presentation and Analysis of Results** — Presents findings from data analysis (2006–2024), including VAT C-efficiency trends, PIT/CIT ratio dynamics, revenue performance, compliance risk outcomes, and institutional challenges, while comparing Cameroon's experience with peer countries.
- **Chapter V: Conclusion and Recommendations** — Summarizes key findings, draws conclusions on the effectiveness of CRM in strengthening fiscal capacity, and provides policy recommendations for improving compliance risk management in Cameroon.

Chapter Summary and Transition

In summary, Cameroon's fiscal challenges underscore the urgent need for reforms that go beyond technical adjustments and embrace strategic instruments such as Compliance Risk Management. While the country has adopted CRM frameworks and introduced systems like FUSION and CERBERE, persistent weaknesses in audit selection, monitoring, and data integration continue to constrain fiscal capacity. This study therefore seeks to critically evaluate the effectiveness of CRM in strengthening Cameroon's domestic resource mobilization, situating the analysis within international best practices and diagnostic assessments. Having established the context, problem, objectives, and scope of the research, the next chapter turns to the **literature review**, which grounds the study in theoretical perspectives, international frameworks, and empirical evidence, thereby providing the foundation for the methodological approach adopted in Chapter III.

CHAPTER II: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

A sound understanding of fiscal capacity and compliance risk management requires situating the study within established theoretical, conceptual, and empirical frameworks. The literature review serves to provide this foundation by examining how scholars and practitioners have defined fiscal capacity, analyzed tax compliance behavior, and developed risk-based approaches to tax administration. It also explores the diagnostic tools and international frameworks that guide reforms in developing countries, including Cameroon.

This chapter begins by discussing the **theoretical foundations of fiscal capacity**, highlighting its role in state-building, governance, and development. It then reviews **tax compliance models**, ranging from economic deterrence theories to behavioral approaches, which explain why taxpayers comply or evade. Building on these models, the chapter introduces the concept of **Compliance Risk Management (CRM)** as promoted by institutions such as the IMF, OECD, and World Bank, emphasizing its relevance for modern tax administrations.

The review further examines **diagnostic tools** such as the **Tax Administration Diagnostic Assessment Tool (TADAT)** and the **Public Expenditure and Financial Accountability (PEFA)** framework, which provide standardized measures of tax administration performance and fiscal governance. Empirical evidence from countries like Rwanda, Georgia, and Senegal is analyzed to demonstrate how CRM reforms have strengthened fiscal capacity in comparable contexts.

Finally, the chapter identifies **gaps in the literature**, particularly the limited empirical focus on Cameroon, and positions this thesis as a contribution to filling that gap. By combining **quantitative indicators** (VAT C-efficiency, PIT/CIT ratio) with **qualitative insights** (diagnostic assessments and interviews), the study aims to provide a comprehensive evaluation of CRM's impact on fiscal capacity.

2.1 Theoritical foundation of Fiscal Capacity

2.1.1 The classical theory of fiscal capacity

Fiscal capacity has long been recognized as a cornerstone of state-building, governance, and economic development. It refers to the ability of a government to mobilize domestic resources through taxation in a manner that is sustainable, equitable, and efficient. The concept has evolved through several theoretical traditions :

- **Classical Perspectives** Early scholars such as **Richard Musgrave (1959)** emphasized the role of taxation in fulfilling the three functions of public finance: allocation, distribution, and stabilization. Taxation was seen not only as a means of raising revenue but also as a tool for correcting market failures and promoting social equity. **Charles Tilly (1990)** advanced the notion that "war made the state, and the state made war," linking fiscal capacity to the historical processes of state formation. Strong states emerged where rulers successfully built tax systems to finance defense and administration, thereby consolidating authority and legitimacy.
- **Institutional and Governance Approaches** Modern theories highlight fiscal capacity as a determinant of governance quality. States with robust tax systems are better able to provide public goods, enforce accountability, and strengthen institutional resilience. Taxation creates a **fiscal contract** between citizens and the state: taxpayers demand transparency and efficiency in return for compliance, thereby reinforcing democratic governance. Scholars such as **Besley and Persson (2010)** argue that fiscal capacity is closely tied to political institutions, with inclusive and accountable systems fostering stronger revenue mobilization.
- **Development Economics Perspectives** In developing countries, fiscal capacity is constrained by structural factors such as widespread informality, weak enforcement, and administrative inefficiencies. The challenge is not only to broaden the tax base but also to improve compliance and reduce leakages. Here, fiscal capacity is viewed as both a technical and political issue: technical in terms of systems and procedures, and political in terms of legitimacy and trust.
- **Compliance Risk Management Linkages** The theoretical foundations of fiscal capacity converge on the importance of compliance. Without effective mechanisms to ensure that taxpayers file returns, report income accurately, and pay taxes on time, fiscal capacity remains weak. This has led to the adoption of **Compliance Risk Management**

(CRM) frameworks, which integrate deterrence models with behavioral insights to strengthen compliance and, by extension, fiscal capacity.

2.1.2 Modern theory

Modern theories of fiscal capacity emphasize that taxation is not merely a technical exercise of revenue collection but a multidimensional process shaped by institutions, politics, technology, and taxpayer behavior. **Besley** and Persson (2010) argue that fiscal capacity co-evolves with legal and administrative capacity, and that inclusive political institutions foster stronger tax systems by creating a credible fiscal contract between citizens and the state. In their view, states with accountable governance are better able to enforce compliance, broaden the tax base, and sustain long-term revenue growth. Similarly, Gaspar, Gupta, and Mulas-Granados (2017) highlight the inherently political nature of fiscal capacity, stressing that taxation reflects bargaining between governments and citizens, and that legitimacy and trust are as important as enforcement.

Historical institutionalists such as Karaman and Palma (2016) show that fiscal capacity developed most successfully in states where executive power was constrained by representative institutions, reinforcing the modern assumption that checks and balances are essential for credible taxation. In addition, contemporary perspectives incorporate technological change: digital platforms, e-filing systems, and integrated databases are now seen as critical enablers of fiscal capacity, reducing compliance gaps and improving efficiency. Scholars in behavioral economics, such as Alm and Torgler (2011)**,** further argue that compliance depends not only on deterrence but also on perceptions of fairness, trust, and legitimacy.

Taken together, these modern theories assume that fiscal capacity is a dynamic and institutionally embedded process. It requires strong governance, technological innovation, and behavioral insights to ensure sustainable resource mobilization. In today's globalized economy, fiscal capacity is also shaped by cross-border trade, capital mobility, and digitalization, making it both a domestic governance issue and a global competitiveness factor.

2.2 Tax Compliance Model

Tax compliance theories explain why individuals and businesses choose to obey or evade tax laws, drawing from economics, psychology, sociology, and institutional perspectives. The two

dominant frameworks are the *economic deterrence model* and the *behavioral/fiscal psychology approach*, with modern hybrid models like the *slippery-slope framework* combining both.

2.2.1 Economic deterrence models (Allingham & Sandmo, 1972)

Tax compliance is a fundamental concern for governments, as it ensures the steady flow of revenue needed to finance public goods and services. Among the many theories developed to explain why taxpayers either comply with or evade tax obligations, the **Economic Deterrence Theory** stands out as one of the most influential. First articulated by Allingham and Sandmo in 1972, this theory applies the principles of rational choice and expected utility to taxpayer behavior.

At its core, the Economic Deterrence Theory assumes that taxpayers are rational actors who make decisions based on a cost-benefit analysis. When faced with the choice of paying taxes or evading them, individuals weigh the potential financial gain from evasion against the risks of detection and punishment. Compliance occurs when the expected costs of evasion—calculated as the probability of being audited multiplied by the severity of penalties—outweigh the expected benefits of avoiding taxes. In this framework, deterrence is achieved through two main mechanisms: the likelihood of audits and the harshness of penalties.

The theory suggests that governments can increase compliance by raising audit probabilities and imposing stricter penalties. For example, frequent random audits create uncertainty, discouraging taxpayers from taking the risk of evasion. Similarly, severe fines or imprisonment raise the potential cost of non-compliance, making tax evasion less attractive. In this way, compliance is driven not by moral obligation or civic duty but by fear of punishment.

One of the strengths of the Economic Deterrence Theory is its clarity and precision. It provides policymakers with a straightforward model for predicting taxpayer behavior and designing enforcement strategies. It explains why compliance rates vary across countries with different levels of enforcement and why individuals may be more likely to evade taxes when enforcement is weak.

However, the theory is not without limitations. It has been criticized for being overly simplistic, as it assumes taxpayers are motivated solely by financial gain and ignores the influence of psychological, social, and cultural factors. In reality, many taxpayers comply because they view paying taxes as a civic duty, trust their government, or wish to maintain a positive self-image.

Moreover, implementing deterrence strategies can be costly, as frequent audits and strict enforcement require significant resources.

Despite these weaknesses, the Economic Deterrence Theory remains a cornerstone of tax compliance research. It highlights the importance of enforcement in shaping taxpayer behavior and provides valuable insights into how governments can design effective policies. Yet, modern approaches increasingly recognize that deterrence alone is insufficient. Sustainable compliance requires a balance between enforcement and trust, acknowledging that taxpayers are influenced not only by fear of punishment but also by perceptions of fairness and legitimacy.

In conclusion, the Economic Deterrence Theory offers a powerful lens through which to understand tax compliance. By framing taxpayers as rational decision-makers, it underscores the role of audits and penalties in discouraging evasion. While incomplete on its own, it continues to inform tax policy and serves as a foundation for more comprehensive models that integrate deterrence with psychological and sociological perspectives.

2.2.2 Behavioral/Fiscal Psychology Theories of Tax Compliance

Tax compliance is not only a matter of law enforcement but also of human behavior. While traditional economic models emphasize deterrence through audits and penalties, behavioral and fiscal psychology theories highlight the role of social norms, fairness, and moral obligation in shaping taxpayer decisions. These theories argue that compliance is often voluntary, rooted in psychological and social factors rather than fear of punishment.

At the heart of behavioral theories is the idea that taxpayers are influenced by their perceptions of justice and legitimacy. When individuals believe that the tax system is fair, that government institutions are trustworthy, and that public funds are used responsibly, they are more likely to comply. Compliance, in this sense, becomes a civic duty rather than a calculated response to enforcement. Riahi-Belkaoui (2004) emphasized that trust in government and perceived equity are central to voluntary compliance, showing that taxpayers are motivated by more than financial considerations.

Social norms also play a crucial role. People often look to their peers and communities when deciding how to behave. If tax compliance is seen as the social standard, individuals are more likely to follow suit to maintain their reputation and self-image. Conversely, widespread evasion can create a culture of non-compliance, making it socially acceptable to avoid taxes.

This demonstrates that compliance is not only an individual choice but also a collective phenomenon shaped by societal expectations.

Another important aspect of fiscal psychology theories is the concept of moral obligation. Many taxpayers comply because they view paying taxes as part of their responsibility as citizens. This moral dimension suggests that compliance is tied to identity and values, not just external enforcement. Governments that foster a sense of shared responsibility and highlight the benefits of taxation—such as public infrastructure, education, and healthcare—can strengthen this moral commitment.

The strength of behavioral and fiscal psychology theories lies in their ability to explain compliance in contexts where enforcement is weak. In many developing countries, audits are rare and penalties are inconsistently applied, yet compliance still occurs. This can be attributed to trust, fairness, and social norms rather than deterrence. However, these theories also face challenges, as perceptions of fairness and trust are subjective and can vary widely across populations.

In conclusion, behavioral and fiscal psychology theories provide a valuable complement to economic deterrence models. They remind policymakers that compliance is not achieved solely through fear of punishment but also through building trust, ensuring fairness, and fostering civic responsibility. Sustainable tax compliance requires governments to balance enforcement with efforts to strengthen legitimacy and social norms, recognizing that taxpayers are motivated by both rational calculations and psychological commitments.

These models underpin the rationale for **Compliance Risk Management (CRM)**, which integrates deterrence with behavioral insights to improve compliance outcomes.

2.2.3 Sociological and Institutional Approaches to Tax Compliance

Tax compliance is not only an economic or psychological matter but also a deeply social and institutional phenomenon. While deterrence theories emphasize enforcement and behavioral theories highlight trust and fairness, sociological and institutional approaches focus on the broader context in which taxpayers operate. These perspectives argue that compliance is shaped by social norms, cultural values, and the strength of institutions that administer taxation.

From a sociological standpoint, the roots of this approach can be traced to **Émile Durkheim**, who emphasized the role of social norms and collective conscience in shaping individual

behavior. Applied to taxation, this means compliance is influenced by cultural attitudes and peer expectations. Individuals often look to their communities when deciding whether to comply with tax laws. If compliance is seen as the social norm, taxpayers are more likely to follow suit to maintain their reputation and avoid social disapproval. Conversely, in societies where tax evasion is widespread and socially tolerated, individuals may feel justified in avoiding taxes. This demonstrates that compliance is not merely an individual choice but a collective practice shaped by cultural values.

Institutional approaches, on the other hand, draw on the work of **Max Weber**, who argued that authority is effective when it is perceived as legitimate. In taxation, compliance rises when tax institutions are trusted and seen as fair. Citizens are more willing to pay taxes when they believe that revenue will be used responsibly to provide public goods and services. Strong institutions foster voluntary compliance by creating a sense of reciprocity between taxpayers and the state. On the other hand, weak institutions, corruption, and lack of accountability undermine compliance, as taxpayers may view evasion as a rational response to mismanagement.

Modern scholars such as **James Alm** and **Benno Torgler** have further developed these ideas, showing empirically that tax compliance is strongly linked to institutional quality, trust in government, and social capital. Their research demonstrates that voluntary compliance is higher in societies with transparent governance and strong institutional legitimacy, reinforcing the importance of both sociological and institutional dimensions.

The strength of these approaches lies in their ability to explain compliance in diverse cultural and political settings. They show why compliance rates vary not only with enforcement but also with social trust and institutional quality. However, these approaches can be difficult to operationalize, as social norms and perceptions of legitimacy are complex and vary across societies.

In conclusion, sociological and institutional approaches provide a valuable lens for understanding tax compliance beyond deterrence and psychology. They emphasize that compliance is embedded in social relationships and institutional structures, shaped by norms, trust, and legitimacy. Inspired by the foundational work of **Durkheim and Weber**, and expanded by contemporary scholars like **Alm and Torgler**, these theories suggest that sustainable compliance requires not only effective enforcement but also strong institutions and

a culture of civic responsibility. By fostering trust and legitimacy, governments can encourage voluntary compliance and reduce reliance on costly coercive measures.

2.2.4 The Slippery-Slope Framework of Tax Compliance

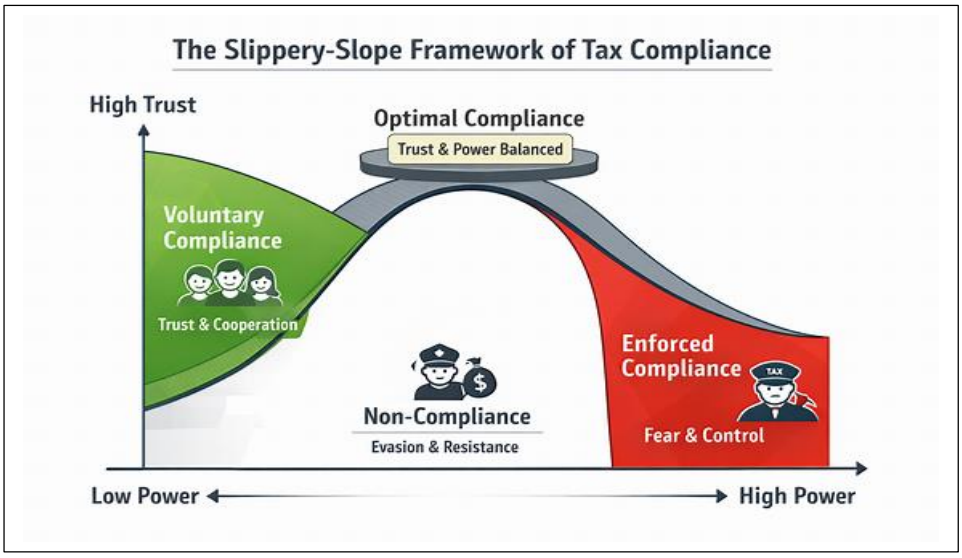
Tax compliance has long been studied through economic, psychological, and sociological lenses, but none of these perspectives alone fully explain why taxpayers obey or evade tax laws. To address this gap, **Erich Kirchler, Erik Hoelzl, and Ingrid Wahl (2008)** developed the **Slippery-Slope Framework**, a model that integrates deterrence and trust into a single comprehensive theory of compliance. This framework emphasizes that compliance is shaped by both the **power of tax authorities** and the **trust taxpayers place in those authorities**.

At its core, the Slippery-Slope Framework argues that compliance can be achieved through two distinct pathways: **enforced compliance** and **voluntary compliance**. Enforced compliance arises when taxpayers fear audits, penalties, and legal consequences. This reflects the traditional economic deterrence model, where compliance is driven by the power of authorities. Voluntary compliance, on the other hand, occurs when taxpayers trust that the government is fair, transparent, and uses tax revenues responsibly. In this case, compliance is motivated by civic duty and legitimacy rather than fear.

The “slippery slope” metaphor illustrates the dynamic relationship between power and trust. If authorities rely too heavily on coercion, taxpayers may feel alienated and seek ways to evade taxes, sliding down the slope toward non-compliance. Conversely, if trust is cultivated through fairness, transparency, and good governance, taxpayers are more likely to comply voluntarily, moving up the slope toward cooperation. The framework suggests that the most effective tax systems balance both elements—maintaining sufficient enforcement power while simultaneously building trust.

One of the strengths of the Slippery-Slope Framework is its ability to reconcile previously competing theories. It acknowledges the importance of deterrence, as emphasized by Allingham and Sandmo’s economic model, while also incorporating the psychological and sociological insights of scholars like Riahi-Belkaoui, Durkheim, and Weber. By combining these perspectives, Kirchler and his colleagues provide a more holistic understanding of compliance that reflects the complexity of human behavior.

However, the framework also faces challenges. Building trust requires long-term institutional reforms, transparency, and consistent delivery of public goods, which can be difficult in contexts where corruption or weak governance prevail. Similarly, excessive reliance on enforcement can erode trust, creating a vicious cycle of evasion and coercion. Thus, applying the framework requires careful balancing tailored to each country's institutional and cultural context.



The diagram titled **"The Slippery-Slope Framework of Tax Compliance"** visually explains how the interaction between **trust in authorities** and **power of authorities** determines different levels of taxpayer behavior. The horizontal axis represents the *power of authorities*, ranging from low to high, while the vertical axis represents *trust in authorities*, ranging from low to high. At the top left of the diagram, where trust is high but power is low, taxpayers exhibit **voluntary compliance**—they pay taxes willingly because they believe the government is fair and transparent. At the bottom right, where power is high but trust is low, compliance becomes **enforced**—taxpayers obey out of fear of audits and penalties rather than genuine willingness.

In the center of the diagram lies the **optimal compliance zone**, where both trust and power are balanced. This is the ideal situation for any tax system, as citizens cooperate voluntarily while still respecting the authority's enforcement capacity. Below this balance point, in the area of low trust and low power, lies **non-compliance**, characterized by evasion and resistance. The diagram's curved slope illustrates that as trust decreases, compliance "slides down" toward enforced or non-compliance, while increasing trust moves taxpayers "up" toward voluntary cooperation. Overall, the image captures the essence of Kirchler, Hoelzl, and Wahl's (2008)

theory: sustainable tax compliance depends on maintaining a delicate equilibrium between **trust and power**.

In conclusion, the Slippery-Slope Framework offers a powerful and integrative model of tax compliance. Developed by **Kirchler, Hoelzl, and Wahl**, it highlights the dual importance of deterrence and trust, showing that sustainable compliance cannot rely on enforcement alone. Governments that combine strong authority with legitimate, trustworthy institutions are more likely to foster voluntary compliance, reduce evasion, and strengthen the social contract between citizens and the state.

2.2.5 Risk-Based Approach to tax compliance

The **Risk-Based Approach to tax compliance** is a modern strategy that focuses on identifying and managing the most significant risks to revenue collection rather than applying uniform enforcement across all taxpayers. Instead of treating every taxpayer the same, tax administrations use data and analysis to determine which groups, sectors, or behaviors pose the greatest threat to compliance. Once these risks are identified, they are assessed in terms of likelihood and potential impact, and tailored strategies are developed to address them. For example, high-risk sectors such as import/export or construction may be subject to more frequent audits, while low-risk taxpayers may benefit from simplified procedures and educational support.

This approach is built on the principle of **Compliance Risk Management (CRM)**, promoted by institutions like the IMF and OECD, which emphasizes prevention and early intervention over punishment. It encourages proportionality, meaning enforcement resources are concentrated where they are most needed, and transparency, so taxpayers understand expectations and consequences. By relying on data-driven decision-making, tax authorities can detect patterns of evasion and allocate resources more efficiently.

In practice, risk-based approaches are particularly valuable in developing countries, where tax administrations often face limited resources and large informal sectors. By prioritizing high-risk areas, governments can improve efficiency, fairness, and trust in the tax system. Ultimately, this method strengthens voluntary compliance, reduces reliance on costly enforcement, and creates a more sustainable revenue base.

Tax compliance models have evolved from **deterrence-based theories** to **behavioral approaches** and finally to **risk-based frameworks**. This evolution reflects the recognition that compliance is multidimensional, shaped by enforcement, trust, and risk management. For Cameroon, where under-reporting, non-filing, refund fraud, and monitoring gaps persist, adopting a risk-based CRM framework is essential to strengthen fiscal capacity and align with international best practices.

2.3 Compliance Risk Management Framework

Compliance Risk Management (CRM) has emerged as a central paradigm in modern tax administration, promoted by international organizations such as the **International Monetary Fund (IMF)**, the **Organisation for Economic Co-operation and Development (OECD)**, and the **World Bank**. CRM represents a shift from reactive enforcement to proactive, risk-based strategies that aim to identify, assess, and treat compliance risks systematically.

2.3.1 IMF Perspective

From the **IMF perspective**, CRM is seen as a tool to enhance fiscal capacity, particularly in developing countries. The IMF stresses risk-based audits, taxpayer segmentation, and data-driven strategies. Its objective is to ensure that limited administrative resources are allocated efficiently by focusing on high-risk taxpayers and transactions. In practice, IMF technical assistance often helps countries build CRM frameworks that integrate audit planning, monitoring, and evaluation.

2.3.2 OECD Perspective

The **OECD perspective** emphasizes cooperative compliance, promoted through its Forum on Tax Administration. Here, transparency, trust, and collaboration between tax administrations and taxpayers are central principles. The OECD's objective is to encourage voluntary compliance by reducing uncertainty and building confidence in the fairness of the system. Member countries apply CRM through innovations such as real-time reporting, risk-based segmentation, and enhanced taxpayer services.

2.3.3 World Bank Perspective

The World Bank views Compliance Risk Management (CRM) not simply as a technical reform within tax administration, but as a strategic pillar of **domestic resource mobilization (DRM)**.

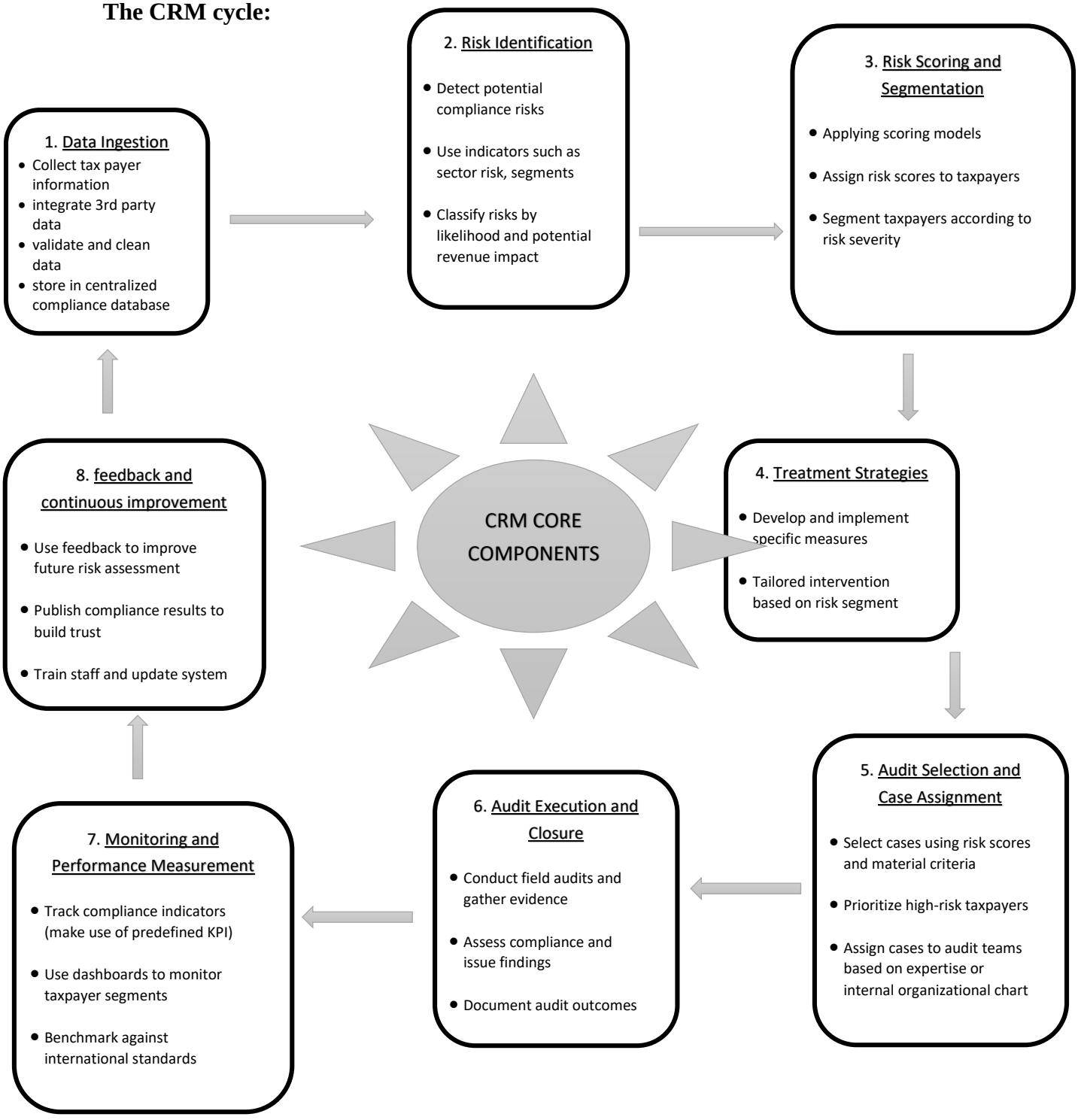
In its broader agenda, DRM is directly linked to governance, state capacity, and sustainable development outcomes. From this perspective, CRM reforms are essential because they:

- **Strengthen Governance**: By improving transparency in tax collection, CRM reduces opportunities for corruption and discretionary enforcement. This builds trust between taxpayers and the state, reinforcing the legitimacy of public institutions.
- **Enhance Development Financing**: Effective CRM increases revenue collection without raising tax rates, thereby expanding fiscal space for investment in infrastructure, health, and education. This aligns with the World Bank's emphasis on financing the Sustainable Development Goals (SDGs) through domestic resources rather than external debt.
- **Promote Equity and Fairness**: CRM ensures that compliance burdens are distributed more evenly across taxpayers. By targeting high-risk non-compliant groups, it reduces distortions and strengthens perceptions of fairness in the tax system, which is critical for voluntary compliance.
- **Support Institutional Capacity Building**: The World Bank emphasizes that CRM is not just about technology (e.g., risk-based audit systems) but also about organizational culture, training, and inter-agency coordination. This holistic approach builds long-term institutional resilience.
- **Link to Broader Governance Outcomes**: The Bank frames CRM as part of a virtuous cycle: stronger tax administration → higher revenues → better public services → stronger citizen trust → improved compliance. In this way, CRM reforms are directly tied to state legitimacy and development outcomes.

2.3.4 Shared Circular Flow Diagram

Although each institution emphasizes different aspects of CRM, they all endorse a **circular flow diagram** that represents the framework as a continuous cycle:

The CRM cycle:



2.3.5 Relevance for Cameroon

For Cameroon, CRM is particularly relevant given persistent compliance risks such as under-reporting, non-filing, refund fraud, audit inefficiencies, data fragmentation, and monitoring gaps.

- Tools such as **FUSION** (for data integration) and **CERBERE** (for audit management) reflect attempts to operationalize CRM principles.
- Diagnostic assessments (**TADAT 2017 and 2025**) highlight progress in risk identification and taxpayer segmentation but reveal continued weaknesses in audit evaluation, refund management, and monitoring.
- Aligning Cameroon's reforms with IMF, OECD, and World Bank CRM frameworks can help transform compliance risk management from a technical adjustment into a strategic instrument for strengthening fiscal capacity.

2.4 Diagnostic Tools : TADAT and PEFA

2.4.1 Tax Administration Diagnostic Assessment Tool (TADAT)

The **TADAT framework** was developed to provide a standardized, evidence-based assessment of tax administration performance across countries. It evaluates nine core performance outcome areas, including integrity of the taxpayer register, filing compliance, payment timeliness, accuracy of reporting, audit effectiveness, dispute resolution, and data integration.

- **Cameroon's 2017 Assessment**: Highlighted significant weaknesses in audit effectiveness, monitoring, and data integration. The findings suggested that while basic structures were in place, enforcement was inconsistent and risk-based approaches were underdeveloped.
- **Cameroon's 2025 Reassessment**: Showed progress in risk identification and taxpayer segmentation, reflecting improvements in CRM monitoring tools. However, persistent gaps remained in audit evaluation, refund management, and dispute resolution, indicating that reforms had not yet translated into stronger enforcement outcomes.
- **Broader Value**: TADAT allows benchmarking against peer countries, helping policymakers identify priority areas for reform and track progress over time. It also provides donors and development partners with a common language for evaluating tax administration capacity.

2.4.2 Public Expenditure and Financial Accountability (PEFA)

The **PEFA framework** focuses on the broader public financial management (PFM) system, assessing transparency, accountability, and efficiency in the use of public resources. It evaluates dimensions such as budget credibility, fiscal reporting, external oversight, and internal control mechanisms.

- **Cameroon's PEFA Assessments**: Consistently highlight weaknesses in fiscal reporting, oversight, and control mechanisms. These shortcomings undermine trust in public finances and limit the effectiveness of tax reforms, since weak expenditure management reduces incentives for taxpayers to comply.
- **Broader Value**: PEFA complements TADAT by situating tax administration within the wider fiscal governance environment. Strong tax collection is only meaningful if revenues are managed transparently and efficiently.

2.4.3 Combined Diagnostic Value

Together, **TADAT and PEFA provide a holistic diagnostic basis** for evaluating CRM's role in strengthening fiscal capacity:

- **TADAT** pinpoints operational weaknesses in tax administration (e.g., audit, compliance monitoring, refund management).
- **PEFA** highlights systemic weaknesses in fiscal governance (e.g., reporting, oversight, expenditure control).
- **Integration**: Using both tools ensures reforms are not narrowly focused on revenue collection but are linked to broader governance outcomes—transparency, accountability, and citizen trust.

2.5 Empirical Evidence From other Countries

2.5.1 Rwanda

Rwanda's adoption **of** risk-based audits and taxpayer segmentation has been widely recognized as a success story in Sub-Saharan Africa. By categorizing taxpayers according to compliance risk and tailoring audit strategies accordingly, Rwanda improved efficiency and reduced administrative costs. The reforms raised the tax-to-GDP ratio above 16%**,** a significant achievement given the country's reliance on external aid in earlier decades. Importantly,

Rwanda's experience demonstrates that CRM can foster voluntary compliance when taxpayers perceive audits as fair and predictable rather than arbitrary.

2.5.2 Georgia

Georgia implemented digital integration and CRM reforms that transformed its tax administration. The introduction of electronic filing, automated risk detection, and integrated databases significantly reduced non-filing and curtailed refund fraud, which had previously undermined VAT credibility. Georgia's success highlights the importance of IT infrastructure and data integration in CRM reforms. By linking tax administration systems with customs and banking data, Georgia created a comprehensive compliance monitoring framework. This case shows that technology-driven CRM can deliver rapid improvements in compliance outcomes when paired with strong political commitment.

2.5.3 Senegal

Senegal's CRM reforms focused on enhancing audit efficiency and improving VAT compliance. By introducing risk-based audit selection and strengthening audit follow-up procedures, Senegal reduced compliance gaps and improved taxpayer confidence in the system. The reforms also emphasized capacity building within the tax administration, ensuring that staff were trained to use CRM tools effectively. Senegal's case demonstrates that CRM reforms are not only about technology but also about **institutional capacity and human resources**.

2.6 Institutional Context in Cameroon

Compliance Risk Management (CRM) in Cameroon is embedded within a complex institutional framework led by the Ministry of Finance (MINFI) and its Directorate General of Taxes (DGI). The DGI is the primary agency responsible for taxpayer registration, filing, audits, and enforcement, while MINFI provides overarching fiscal policy direction and allocates resources for modernization. Customs authorities play a complementary role, particularly in VAT and trade-related compliance, requiring close integration with tax systems. The judiciary also contributes by adjudicating tax disputes, handling refund fraud cases, and enforcing penalties, though limited specialization and delays often constrain its effectiveness.

Over the past decade, Cameroon has initiated reforms to strengthen CRM, including the introduction of e-filing platforms, pilot risk-based audit tools, and taxpayer outreach campaigns. These efforts have been supported by external partners such as the IMF, World

Bank, and the African Tax Administration Forum (ATAF), which provide technical assistance and promote regional best practices. Despite these advances, institutional challenges persist. Data systems remain fragmented, with limited interoperability between VAT, CIT, PIT, customs, and social security databases. Human resource capacity is also constrained, with audit staffing often below planned levels, and IT expertise still developing.

The broader institutional context is further shaped by structural factors such as the dominance of the informal sector, which complicates compliance monitoring, and by political dynamics that influence reform momentum. Taxpayer trust in the administration remains fragile, with perceptions of fairness and transparency affecting voluntary compliance. As a result, Cameroon's CRM framework is in a transitional phase: reforms are underway to digitalize processes, strengthen risk-based audits, and improve transparency, but sustained progress will depend on deeper IT integration, stronger inter-agency coordination, judicial specialization, and consistent political commitment.

2.7 Gaps in the Literature

While global studies have documented CRM's effectiveness, few have empirically examined its impact in Cameroon. Existing research often focuses on general tax administration reforms without isolating CRM's contribution to fiscal capacity. This thesis addresses that gap by combining **quantitative analysis (VAT C-efficiency, PIT/CIT ratio)** with **qualitative insights (TADAT, PEFA, interviews)** to provide a comprehensive evaluation

Conclusion of Chapter II

This chapter has examined the theoretical foundations and institutional dimensions of Compliance Risk Management (CRM) within modern tax administration. The review highlighted CRM's evolution from reactive enforcement toward proactive, risk-based strategies, as promoted by leading international organizations such as the IMF, OECD, and World Bank. Each institution emphasizes different priorities—closing compliance gaps, fostering fairness and transparency, and linking tax reforms to governance and development outcomes—but all converge on a shared circular flow framework that underscores CRM as a continuous, iterative process.

The discussion of diagnostic tools, particularly **TADAT** and **PEFA**, demonstrated how standardized assessments provide a robust basis for evaluating tax administration performance and fiscal governance. TADAT focuses on operational efficiency and compliance monitoring, while PEFA situates tax administration within the broader context of transparency and accountability in public financial management. Together, they offer complementary insights into the strengths and weaknesses of Cameroon's fiscal institutions.

Building on the theoretical foundations, diagnostic tools, and institutional context outlined in Chapter II, the next chapter turns to the methodological framework of this study. Chapter III details the research design, data sources, and analytical techniques employed to evaluate CRM in Cameroon. By moving from conceptual insights and comparative evidence to empirical methods, the thesis establishes a clear bridge between theory and practice, ensuring that the subsequent analysis is both rigorous and grounded in the realities of Cameroon's tax administration.

CHAPTER III : METHODOLOGY

INTRODUCTION

This chapter outlines the methodological framework adopted to evaluate the effectiveness of Compliance Risk Management (CRM) in strengthening fiscal capacity in Cameroon. Building on the theoretical foundations and diagnostic insights presented in Chapter II, the methodology provides a structured approach for translating concepts into measurable indicators and empirical analysis. The central aim is to assess how CRM reforms—such as risk-based audits, taxpayer segmentation, and digital integration—have influenced fiscal outcomes, particularly VAT C-efficiency and the PIT/CIT ratio, between 2006 and 2024.

The chapter begins by presenting the overall research design, which combines quantitative analysis with comparative case study methods. It then describes the data sources, drawing on both international institutions (IMF, World Bank, OECD, BEAC) and national reports (Cameroon's Ministry of Finance, TADAT, PEFA). Next, it introduces the empirical measures used to capture compliance and fiscal capacity, including VAT Top-Down C-efficiency, PIT/CIT ratio, and tax-to-GDP ratio. Analytical techniques such as trend analysis, benchmarking, and regression tests are explained to show how the study links micro-level compliance risks to macro-level fiscal performance.

Finally, the chapter discusses variables, indicators, and ethical considerations. Independent variables include CRM reforms (audit coverage, monitoring systems, digitalization), while dependent variables capture fiscal capacity outcomes. Control variables such as macroeconomic shocks and institutional reforms are also considered to ensure robustness. Ethical considerations emphasize transparency, confidentiality, and sensitivity in handling institutional data.

By clearly defining the methodological approach, this chapter provides the analytical backbone of the study, ensuring that the results presented in Chapter IV are both credible and aligned with international standards in tax administration research.

3.1 Research Design

The research design adopted in this study is **mixed-methods**, integrating quantitative techniques, diagnostic tools, and comparative case analysis. This approach is appropriate because Compliance Risk Management (CRM) reforms in Cameroon involve both measurable fiscal outcomes and institutional processes that require contextual interpretation. By combining multiple strands of evidence, the study ensures rigor, credibility, and policy relevance.

3.1.1 Quantitative Strand

The quantitative component focuses on measuring compliance gaps and fiscal capacity outcomes between 2006 and 2024.

- **Gap Analysis Methods**:
  - **VAT**: Top-down C-efficiency and RA-GAP methodology, which compare actual VAT collections against potential collections based on national accounts.
  - **CIT/PIT**: Microsimulation using taxpayer-level returns, allowing for detailed modeling of compliance behavior and effective tax burdens.
  - **Audit Yield**: Bottom-up extrapolations of audit results where feasible, providing direct evidence of compliance gaps and enforcement effectiveness.
- **Indicators**: VAT C-efficiency, PIT/CIT ratio, tax-to-GDP ratio.
- **Techniques**: Trend analysis, benchmarking against regional peers, and regression testing to establish the relationship between CRM reforms and fiscal outcomes.

3.1.2 Qualitative Strand

The qualitative component complements the quantitative gap analysis by examining institutional dynamics, stakeholder perspectives, and reform implementation processes. This strand provides depth and context to the numerical findings, ensuring that the study captures both the technical and human dimensions of CRM in Cameroon.

3.1.2.1 Documentary Analysis

- **Sources**: Diagnostic assessments (TADAT, PEFA), IMF, OECD, and World Bank reports, as well as national policy documents from Cameroon's Ministry of Finance.
- **Focus**: Audit effectiveness, monitoring systems, refund management, taxpayer trust, and institutional coordination.

- **Method**: Thematic analysis was applied to extract recurring patterns and identify institutional bottlenecks.

3.1.2.2 Semi-Structured Interviews

To enrich the documentary evidence, the study conducted **semi-structured interviews** with key stakeholders in Cameroon's tax administration and fiscal governance.

- **Participants**: Officials from the Directorate General of Taxation (DGI), staff from the Large Taxpayers' Unit (LTU), representatives of business associations, and policymakers within the Ministry of Finance.
- **Rationale**: Semi-structured interviews allowed flexibility to probe specific issues (e.g., audit practices, digitalization challenges, taxpayer segmentation) while maintaining comparability across respondents.
- **Themes Explored**:
    - Perceptions of CRM reforms and their effectiveness.
    - Institutional constraints in audit coverage, monitoring, and data integration.
    - Stakeholder trust in tax administration and transparency of fiscal reporting.
    - Coordination challenges between tax, customs, and public contracts organisations.
- **Analytical Method**: Responses were coded and analyzed thematically, enabling triangulation with documentary findings and quantitative results

3.1.3 Comparative Case Study Strand

To situate Cameroon's experience within a broader context, the study employs comparative case analysis of Rwanda, Georgia, and Senegal.

- **Rwanda**: Demonstrates the impact of risk-based audits and taxpayer segmentation.
- **Georgia**: Highlights the role of digital integration in reducing fraud and non-filing.
- **Senegal**: Shows how CRM reforms can strengthen VAT compliance and audit efficiency. These cases provide benchmarks and lessons that inform the interpretation of Cameroon's results.

3.1.4 Justification of Design

The qualitative strand complements the quantitative gap analysis by providing explanatory depth to the numerical evidence. While the VAT C-efficiency, PIT/CIT ratios, and audit yield extrapolations quantify the magnitude of compliance gaps, the semi-structured interviews and documentary analysis reveal the institutional processes and stakeholder dynamics that underlie these outcomes. For example, interviews with tax officials and business associations shed light on why certain reforms—such as digital integration or risk-based audits—produce measurable improvements, while others encounter resistance or limited impact. By integrating these perspectives with quantitative results, the study achieves triangulation: numerical indicators establish the scale of compliance risks, while qualitative insights explain the mechanisms, perceptions, and institutional realities driving them. This integration ensures that the analysis of CRM in Cameroon is both empirically grounded and contextually nuanced.

3.2 Data Sources and Limitations

This study relies primarily on secondary data drawn from both international institutions and national sources to ensure a comprehensive and credible analysis of Compliance Risk Management (CRM) and fiscal capacity in Cameroon. At the international level, key datasets are obtained from the International Monetary Fund (IMF), particularly Article IV consultation reports and technical assistance notes, which provide detailed information on Cameroon's revenue performance, tax administration reforms, and macroeconomic context. The World Bank's Public Finance Reviews and governance assessments are also used to capture broader institutional and fiscal trends, while the Organisation for Economic Co-operation and Development (OECD) offers comparative insights into CRM frameworks and best practices. Regional data is sourced from the Bank of Central African States (BEAC), which publishes macroeconomic indicators such as GDP, consumption, and fiscal aggregates relevant for calculating VAT C-efficiency and tax-to-GDP ratios.

At the national level, the study draws on reports and statistics from Cameroon's Ministry of Finance, particularly the Direction Générale des Impôts (DGI), which provides annual revenue data disaggregated by tax type (VAT, PIT, CIT) and information on audit coverage, taxpayer segmentation, and digitalization initiatives. Diagnostic assessments such as the Tax Administration Diagnostic Assessment Tool (TADAT, 2017 and 2025) and the Public Expenditure and Financial Accountability (PEFA) framework are used to evaluate the strengths

and weaknesses of Cameroon's tax administration, especially in areas of audit effectiveness, monitoring, and data integration. Where available, internal reports and system documentation (e.g., FUSION and CERBERE platforms) are consulted to understand the operational aspects of CRM reforms.

Although the study is primarily based on secondary data, primary data may be incorporated through interviews with tax officials and surveys of businesses to capture perceptions of compliance risks and the effectiveness of CRM reforms. This combination of international, regional, and national sources ensures that the analysis is both empirically grounded and aligned with global standards in tax administration research.

Source Type	Institution / Report	Content Provided	Relevance to Indicators
International	IMF Article IV Consultations	Revenue performance, tax administration reforms, macroeconomic context	VAT C-efficiency, PIT/CIT ratio, tax-to-GDP
	World Bank Public Finance Reviews	Fiscal sustainability, governance, institutional capacity	Tax-to-GDP ratio, institutional reforms
	OECD Tax Administration Notes	CRM frameworks, best practices, taxpayer segmentation	Independent variables (CRM reforms)
Regional	BEAC (Bank of Central African States)	GDP, consumption, fiscal aggregates	VAT potential base, tax-to-GDP ratio
	CEMAC Secretariat	Regional tax harmonization and trade policies	Control variable (regional integration)
National	Ministry of Finance (DGI Annual Reports)	Disaggregated tax revenue (VAT, PIT, CIT), audit coverage, taxpayer segmentation	Dependent variables (VAT, PIT, CIT), independent variables (audit practices)
	TADAT (2017, 2025 Assessments)	Audit effectiveness, monitoring, data integration	Independent variables (CRM practices), diagnostic benchmarks
	PEFA Assessments	Transparency, accountability, efficiency in PFM	Control variable (institutional reforms)
Primary (if feasible)	Interviews & Surveys	Perceptions of compliance risks, effectiveness of CRM reforms	Qualitative validation of quantitative findings

Table 3.2 summarizes the international, regional, and national data sources used in this study, highlighting their relevance to the indicators defined in Section 3.5

3.3 Emperical Measures

To evaluate the effectiveness of Compliance Risk Management (CRM) in strengthening fiscal capacity, this study employs three core empirical measures that capture both micro-level compliance risks and macro-level fiscal outcomes. The first measure is **VAT Top-Down C-Efficiency**, calculated as the ratio of actual VAT revenue to the potential VAT base, defined as final consumption multiplied by the standard VAT rate. This indicator is particularly relevant for Cameroon, as it directly reflects compliance risks such as under-reporting of sales, non-filing of VAT returns, and fraudulent refund claims. A decline in C-efficiency signals weaknesses in audit effectiveness and refund management, while improvements suggest stronger CRM practices.

{insert formula}

The second measure is the **PIT/CIT ratio**, which compares the relative contribution of personal income tax (PIT) to corporate income tax (CIT). In Cameroon, where PIT collections remain disproportionately low compared to CIT, this ratio highlights compliance risks in wage taxation, payroll enforcement, and informal sector reporting. A more balanced ratio would indicate progress in addressing non-filing and under-reporting among individuals and small businesses.

The third measure is the **tax-to-GDP ratio**, which serves as a macro-level indicator of fiscal capacity. It reflects the overall ability of the state to mobilize domestic resources and provides a benchmark for comparing Cameroon's performance with regional and global averages. Persistent stagnation in this ratio, despite reforms, signals systemic inefficiencies in compliance risk management and data integration.

Together, these measures provide a comprehensive framework for linking CRM reforms to fiscal outcomes. VAT C-efficiency captures compliance at the consumption level, PIT/CIT ratio highlights structural and behavioral aspects of income taxation, and the tax-to-GDP ratio situates Cameroon's fiscal capacity within a broader macroeconomic context. By triangulating these indicators, the study ensures that the analysis is both empirically rigorous and directly aligned with Cameroon's most pressing compliance risks: under-reporting, non-filing, refund fraud, and data fragmentation.

3.4 Analytical Techniques

To evaluate the effectiveness of Compliance Risk Management in strengthening fiscal capacity, this study employs a combination of quantitative and comparative analytical techniques. First, trend analysis is used to examine the evolution of VAT C-efficiency, PIT/CIT ratios, and the tax-to-GDP ratio in Cameroon between 2006 and 2024. This allows for the identification of long-term patterns and structural weaknesses in tax compliance. Second, comparative benchmarking is applied by contrasting Cameroon's performance with peer countries such as Rwanda, Senegal, and Ghana, which have implemented CRM reforms more extensively. This provides a regional and international perspective on Cameroon's relative progress. Where data permits, regression and correlation tests are conducted to establish the statistical relationship between CRM reforms—such as audit coverage, taxpayer segmentation, and digitalization—and fiscal outcomes, thereby quantifying the impact of compliance risk management on revenue mobilization. In addition, thematic analysis of diagnostic reports, including TADAT and PEFA assessments, is used to qualitatively evaluate the strengths and weaknesses of Cameroon's tax administration practices. By integrating these techniques, the study ensures a robust analysis that captures both the numerical trends and the institutional dimensions of CRM effectiveness.

3.5 Variables and Indicators

In order to evaluate the effectiveness of Compliance Risk Management (CRM) in strengthening fiscal capacity, this study identifies a set of key variables and indicators that capture both the independent drivers of compliance and the dependent outcomes in revenue mobilization. The **independent variables** represent CRM reforms and practices, including the adoption of risk-based audit selection, taxpayer segmentation, digitalization of filing and payment systems, and the integration of monitoring tools such as FUSION and CERBERE. These variables reflect the operational capacity of Cameroon's tax administration to identify, assess, and mitigate compliance risks. The **dependent variables** are fiscal capacity outcomes, measured through VAT C-efficiency, the PIT/CIT ratio, and the overall tax-to-GDP ratio. VAT C-efficiency serves as a proxy for compliance gaps, capturing under-reporting, non-filing, and refund fraud, while the PIT/CIT ratio highlights the relative contribution of personal versus corporate income taxation, thereby revealing structural imbalances and compliance behavior across sectors. The tax-to-GDP ratio provides a macro-level indicator of the state's ability to mobilize domestic resources.

To ensure robustness, the study also incorporates **control variables** such as macroeconomic shocks (e.g., the COVID-19 pandemic, oil price fluctuations), institutional reforms, and regional integration policies under CEMAC. These controls help isolate the impact of CRM reforms from external factors that may influence fiscal outcomes. Together, these variables and indicators provide a comprehensive framework for linking micro-level compliance risks to macro-level fiscal capacity, allowing the study to assess both the effectiveness and limitations of CRM in Cameroon's tax system.

Variable Type	Variable / Indicator	Definition / Measurement	Source of Data
Independent	Risk-based audit selection	Extent to which audits are chosen using automated risk scoring rather than manual selection	DGI audit reports, TADAT 2025
	Taxpayer segmentation	Classification of taxpayers by size, sector, and risk profile	DGI internal data, IMF technical notes
	Digitalization of filing & payment	Share of taxpayers using e-filing and e-payment systems	Ministry of Finance, World Bank DRM reports
	Monitoring systems (FUSION, CERBERE)	Integration of tax/customs/treasury data for compliance monitoring	DGI system documentation, PEFA assessments
Dependent	VAT C-efficiency	Ratio of actual VAT revenue to potential VAT base (final consumption × standard VAT rate)	IMF, BEAC, DGI
	PIT/CIT ratio	Ratio of personal income tax revenue to corporate income tax revenue	Ministry of Finance, IMF Article IV
	Tax-to-GDP ratio	Total tax revenue as a share of GDP	World Bank
Control	Macroeconomic shocks	External events affecting compliance (COVID-19, oil price fluctuations)	IMF, World Bank
	Institutional reforms	Broader governance or fiscal reforms influencing tax outcomes	PEFA, World Bank governance reviews
	Regional integration policies	CEMAC tax harmonization and trade policies	BEAC, CEMAC Secretariat

Table 3.1 summarizes the variables and indicators used in this study. Independent variables capture CRM reforms such as audit selection, taxpayer segmentation, and digitalization. Dependent variables measure fiscal capacity outcomes through VAT C-efficiency, PIT/CIT ratio, and tax-to-GDP ratio. Control variables account for external shocks and institutional reforms, ensuring that the analysis isolates the impact of CRM on fiscal performance

3.6 Methodological Rationale

The choice of methodologies in this study reflects both the data environment of Cameroon and the practical objective of linking compliance risk management reforms to fiscal capacity outcomes. The **RA-GAP (Revenue Administration Gap Analysis Program)** approach was selected for VAT because it provides a top-down measure of compliance gaps by comparing actual VAT collections with potential revenue derived from national accounts. This method is particularly suitable in contexts where taxpayer-level VAT data may be incomplete, yet macroeconomic consumption data are available, allowing for a robust estimate of efficiency and compliance shortfalls.

For **PIT and CIT**, a **microsimulation approach** was adopted using taxpayer-level returns. This bottom-up method enables the study to capture heterogeneity across taxpayer segments, assess filing behavior, and simulate the impact of compliance reforms on personal versus corporate income taxation. It is well-suited to Cameroon's tax administration, which has begun to digitize taxpayer records but still faces challenges in aggregate reporting.

Finally, audit yield extrapolation was included to quantify the direct revenue impact of compliance interventions. By analyzing audit results at the taxpayer level and extrapolating them across similar risk categories, the study can estimate the potential gains from scaling up risk-based audits. This approach is pragmatic in a setting where audit coverage is limited but audit outcomes provide valuable insights into under-reporting and non-compliance.

Together, these methods provide a comprehensive framework that balances macro-level efficiency measures with micro-level taxpayer behavior and operational audit outcomes. They were chosen not for econometric sophistication, but for their practical applicability, transparency, and alignment with the institutional realities of Cameroon's tax administration**.**

3.7 Ethical Considerations

Ethical integrity is central to the credibility of this study, particularly because it relies on sensitive fiscal and administrative data. First, transparency in data use is ensured by relying primarily on publicly available reports from institutions such as the IMF, World Bank, BEAC, and Cameroon's Ministry of Finance. Where internal documents or diagnostic assessments (e.g., TADAT, PEFA) are consulted, the study acknowledges their official sources and avoids misrepresentation. Second, confidentiality is respected in the event that primary data collection,

such as interviews with tax officials or surveys of businesses, is undertaken. Respondents' identities will be anonymized, and their contributions will be reported in aggregate form to prevent disclosure of individual or institutional vulnerabilities.

Third, the study avoids bias in interpretation by triangulating multiple sources of evidence and presenting findings objectively, even when results reveal weaknesses in Cameroon's tax administration. This ensures that conclusions are evidence-based rather than politically or institutionally motivated. Fourth, sensitivity to institutional data is maintained by recognizing that tax administration reforms are ongoing and that some information may be operationally or politically delicate. As such, the study refrains from publishing confidential operational details and instead focuses on aggregated indicators and diagnostic benchmarks. Finally, ethical approval considerations are acknowledged, and the study aligns with academic standards for research integrity, ensuring that all data use, analysis, and reporting adhere to principles of accountability, transparency, and respect for stakeholders.

Conclusion of Chapter III

This chapter has presented the methodological framework guiding the evaluation of Compliance Risk Management (CRM) in Cameroon. By combining quantitative analysis with comparative case study methods, the research design ensures that both micro-level compliance risks and macro-level fiscal outcomes are systematically assessed. The use of diagnostic tools such as TADAT and PEFA, alongside national and international data sources, provides a robust empirical foundation for measuring the effectiveness of CRM reforms.

The chapter also defined the key variables and indicators—linking independent variables such as audit coverage, monitoring systems, and digitalization to dependent outcomes including VAT C efficiency, PIT/CIT ratios, and the tax-to-GDP ratio. Control variables such as macroeconomic shocks and institutional reforms were incorporated to strengthen the validity of the analysis. Ethical considerations were addressed to ensure transparency, confidentiality, and sensitivity in handling institutional data.

Overall, the methodological framework provides the analytical backbone of this study. It translates conceptual insights into measurable indicators, ensuring that the findings presented in Chapter IV are credible, rigorous, and aligned with international standards in tax administration research.

CHAPTER IV: RESULTS AND ANALYSIS

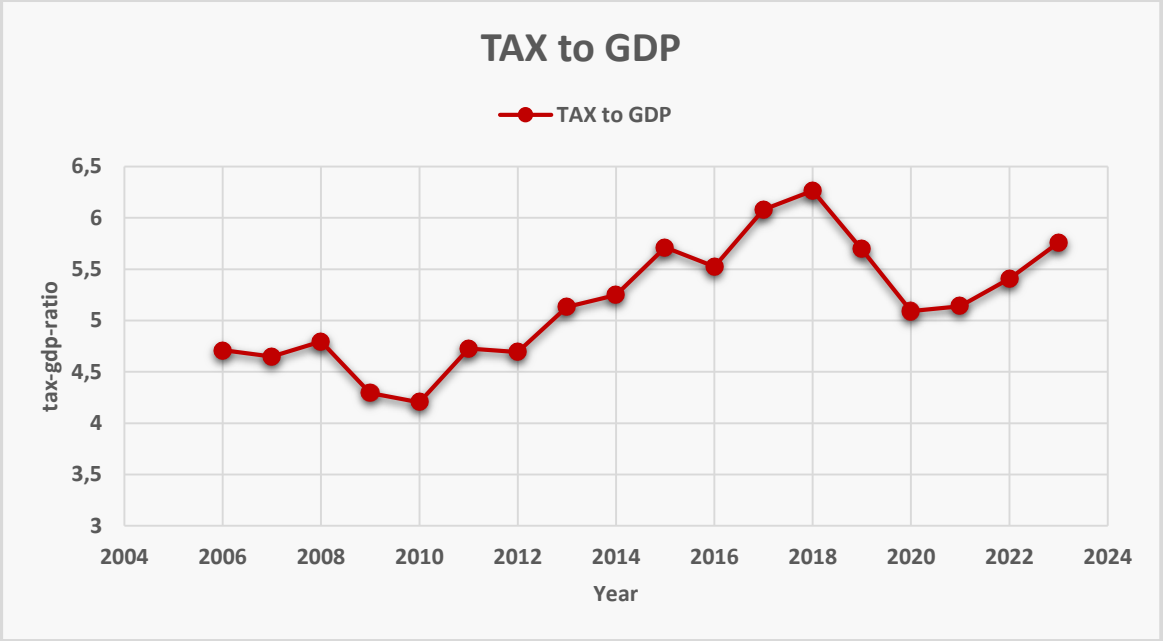
INTRODUCTION

This chapter presents and interprets the empirical findings of the study, linking Compliance Risk Management (CRM) reforms to fiscal capacity outcomes in Cameroon. Building on the methodological framework outlined in Chapter III, the analysis focuses on three core indicators—VAT C-efficiency, PIT/CIT ratio, and the tax-to-GDP ratio—over the period 2006 to 2024. These measures are examined to reveal the extent of compliance risks such as under-reporting, non-filing, refund fraud, and data fragmentation, and to assess how CRM initiatives have influenced revenue mobilization.

The chapter is organized into four sections. First, it traces Cameroon's fiscal performance over time, highlighting trends and structural weaknesses. Second, it analyzes specific compliance risk outcomes, drawing on diagnostic assessments and administrative data. Third, it benchmarks Cameroon's experience against peer countries to provide comparative insights. Finally, it discusses the findings in light of international frameworks and theoretical perspectives, thereby situating Cameroon's CRM reforms within a broader global and regional context.

4.1 Tax-to-DGP ratio

The tax-to-GDP ratio is a key indicator of fiscal capacity, as it measures the share of a country's gross domestic product that is mobilized through taxation. A higher ratio generally reflects stronger revenue performance, greater ability of the state to finance public goods, and reduced dependence on external borrowing. Conversely, a low ratio signals limited fiscal space and challenges in sustaining development programs. For Cameroon, the tax-to-GDP ratio has shown gradual improvement over the period 2006–2023, but remains below international benchmarks.

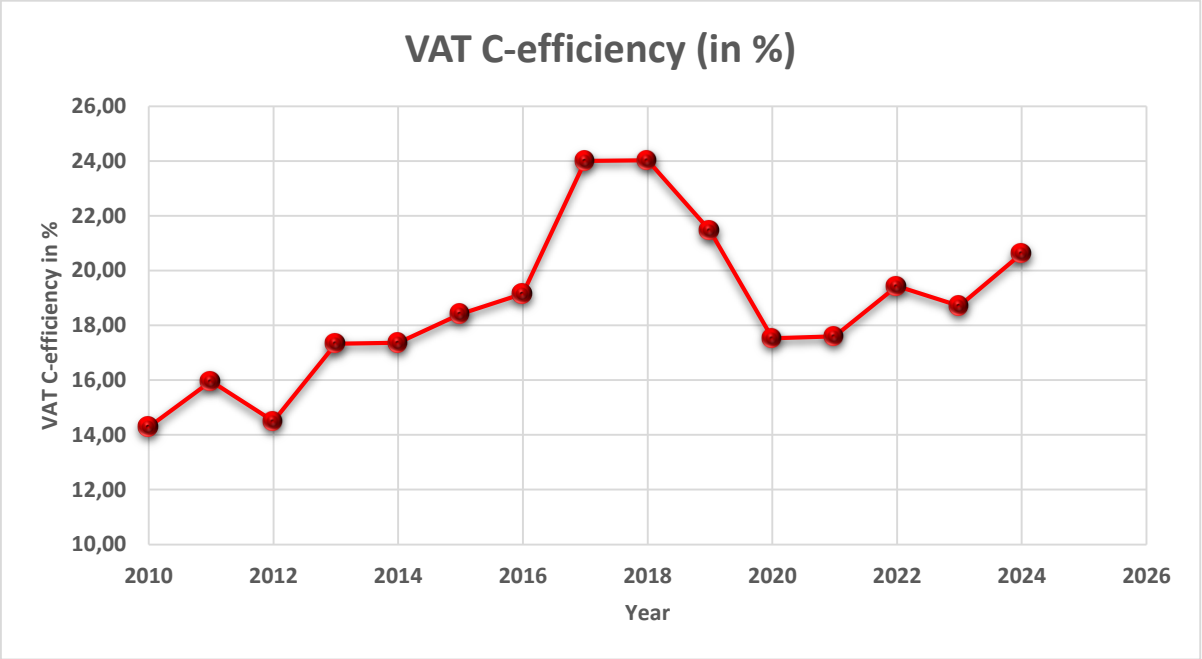


Between 2006 and 2010, the ratio hovered around 4.2–4.8 percent, indicating weak revenue mobilization relative to the size of the economy. From 2011 to 2014, the ratio rose modestly, reaching 5.25 percent, suggesting incremental gains in compliance and collection efficiency. The period 2015–2018 marked the strongest performance, with the ratio peaking at 6.26 percent in 2018, reflecting the impact of reforms such as improved audit practices and digitalization. However, from 2019 to 2021, the ratio declined to around 5.1 percent, largely due to external shocks, including the COVID-19 pandemic, which disrupted economic activity and weakened tax collection. In 2022 and 2023, the ratio recovered to 5.76 percent, though still below the 2018 peak.

Overall, Cameroon's tax-to-GDP ratio demonstrates modest progress but persistent underperformance compared to the regional target of 15 percent often recommended by international institutions such as the IMF and World Bank. This gap highlights the importance

of strengthening Compliance Risk Management (CRM) reforms—particularly risk-based audits, taxpayer segmentation, and digital integration—to stabilize revenue collection and expand fiscal capacity. In essence, while Cameroon has made strides in mobilizing domestic resources, significant potential remains untapped, and sustained institutional reforms are required to close the gap with international standards.

4.2 VAT Efficiency Trends in Cameroon



VAT C-efficiency trend interpretation: Starting from 2010, Cameroon's VAT C-efficiency has consistently reflected the structural weaknesses of its tax system. In 2010 and 2011, efficiency hovered around 14–16%, with compliance gaps exceeding 84%. This period was marked by the dominance of the informal sector, which accounted for a large share of economic activity and made VAT collection difficult. Despite the introduction of taxpayer identification numbers and electronic filing in the early 2010s, efficiency remained modest, rising only slightly to about 17–18% by 2013–2015. These reforms helped improve administration but were offset by widespread exemptions on essential goods and agricultural inputs, which narrowed the tax base.

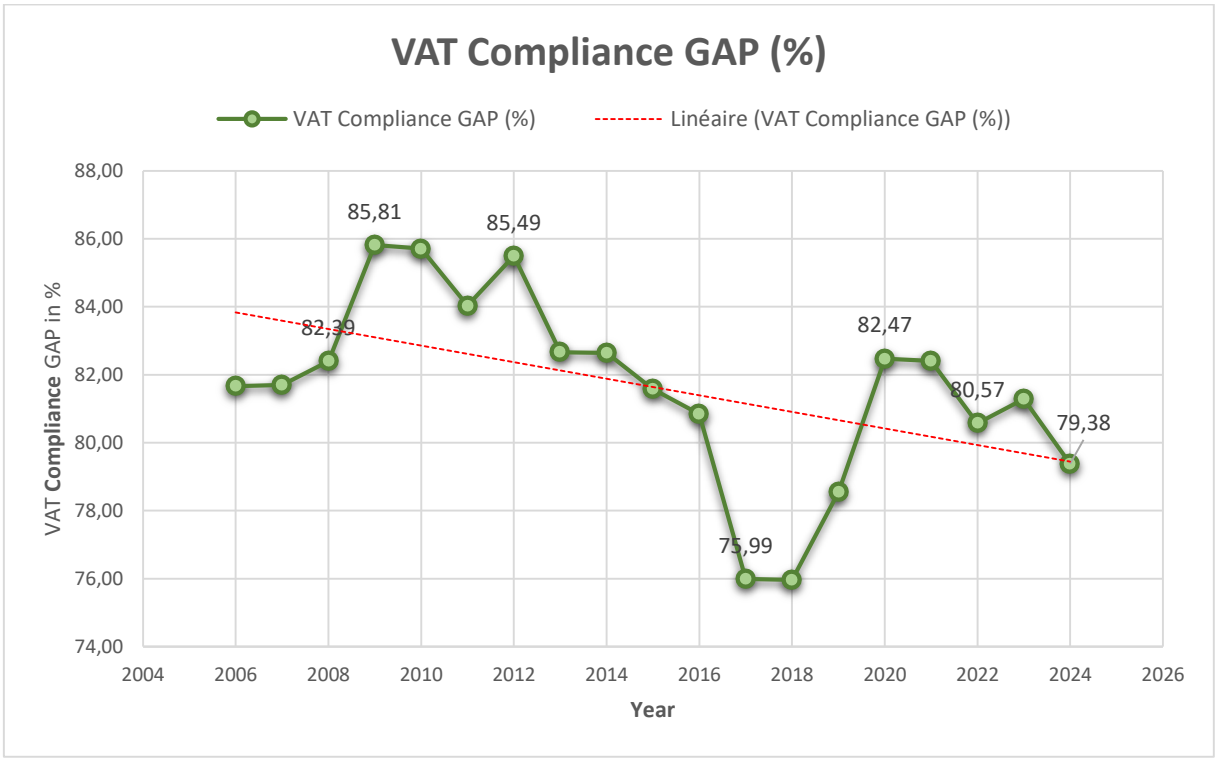
A notable improvement occurred between 2016 and 2017, when VAT C-efficiency jumped to nearly 24%. This coincided with government efforts to modernize tax administration, expand electronic payment systems, and strengthen oversight of large taxpayers. Supported by IMF-backed fiscal reforms, these measures temporarily boosted compliance and collection. However, the gains were not sustained. From 2018 to 2019, efficiency stabilized around 21–

22%, reflecting persistent challenges such as tax evasion, underreporting, and exemptions. Oil price volatility during this period also pressured public finances, making VAT revenue more critical but still limited in productivity.

The COVID-19 pandemic in 2020 caused a sharp decline, with efficiency dropping back to 17.5%. Lockdowns disrupted consumption, and emergency tax relief measures widened the compliance gap. As the economy reopened in 2021–2023, efficiency recovered to around 19%, supported by the expansion of digital tax platforms and e-payment systems. Yet, the compliance gap remained stubbornly high at about 80%, underscoring the difficulty of enforcing VAT in a largely informal economy. By 2024, efficiency reached 20.6%, showing modest improvement but still lagging behind regional peers such as Rwanda, where VAT efficiency exceeds 30%.

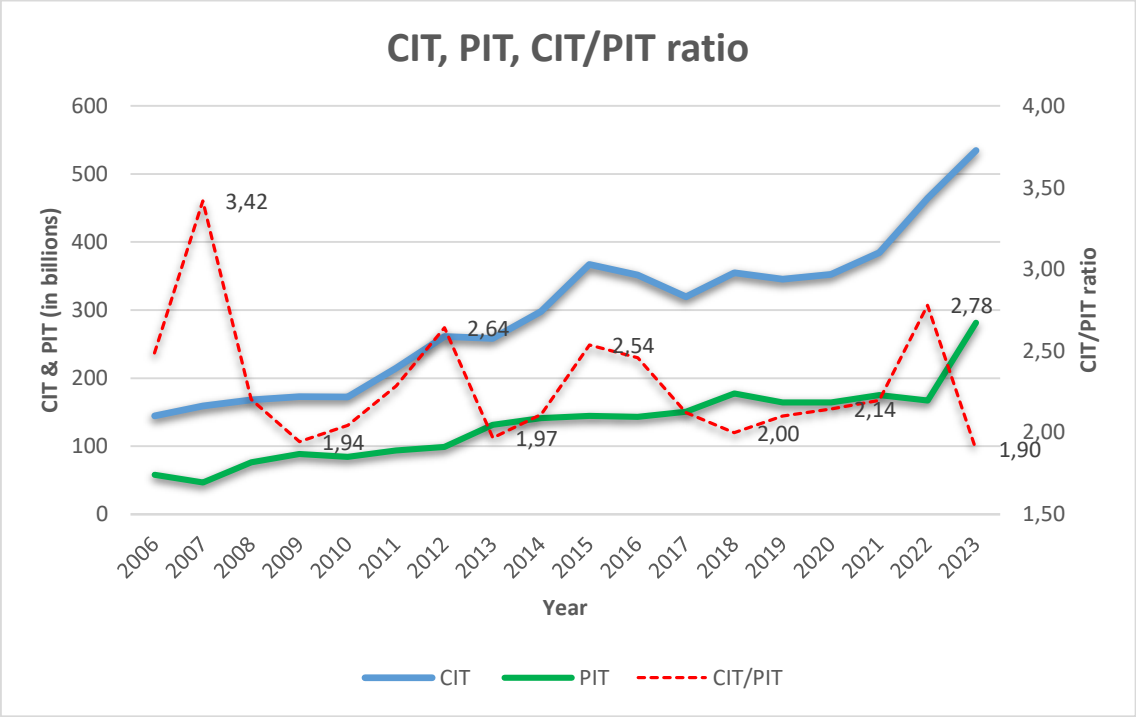
Overall, Cameroon's VAT C-efficiency since 2010 tells a story of incremental progress punctuated by external shocks and structural constraints. While reforms in tax administration have delivered temporary gains, the persistence of informality, exemptions, and compliance gaps has kept efficiency low. Sustained improvement will require broadening the tax base, reducing exemptions, and strengthening enforcement to align Cameroon's VAT performance with regional best practices.

VAT Compliance Gap Estimates (2010–2024)



Cameroon's compliance gap estimates reveal a persistent structural challenge across tax types, with VAT standing out as the most problematic. Between 2010 and 2024, the VAT compliance gap averaged around 81%, meaning that less than one-fifth of potential VAT revenue was actually collected. This reflects both policy gaps—such as exemptions on food staples and agricultural inputs—and compliance risks like under-reporting, non-filing, and refund fraud. The gap narrowed slightly during 2016–2017, when modernization reforms and IMF-supported fiscal consolidation improved efficiency, but widened again in 2020 due to the COVID-19 shock, before stabilizing around 79–81% in recent years.

4.3 CIT and PIT Compliance Gaps



The CIT/PIT ratio provides insight into the relative contributions of corporate income tax (CIT) and personal income tax (PIT) to Cameroon's overall revenue mobilization. Over the period 2006–2024, the ratio consistently shows CIT collections dominating PIT, often by a factor of two or more. In the earlier years, the ratio was particularly high, reaching above 3.4 in 2007, which reflected weak PIT enforcement and limited coverage of individual taxpayers compared to corporations. From 2011 to 2016, the ratio stabilized around 2.0–2.6, suggesting modest improvements in PIT compliance but still a heavy reliance on corporate taxpayers. A notable shift occurred in 2022–2023, when PIT collections rose significantly, reducing the ratio to around 1.9. This indicates progress in broadening the personal tax base and improving compliance among individuals, though CIT remains the dominant source. Overall, the CIT/PIT

ratio highlights structural imbalances in Cameroon's tax system, with PIT underperforming relative to its potential due to under-reporting, informal sector incomes, and weak enforcement. Strengthening PIT compliance through targeted risk management measures—such as improved taxpayer registration, e-filing, and audit selection—could help rebalance the ratio and enhance fiscal capacity.

4.4 Audit Yield Extrapolation Findings

Audit yield extrapolation is a method used to estimate the broader compliance gap in tax administration by analyzing the results of completed audits and projecting them across the wider taxpayer population. Instead of relying solely on aggregate revenue data, this approach leverages micro-level evidence from audit cases—such as additional tax assessed, penalties applied, and recovery rates—to infer the potential scale of non-compliance among similar taxpayers who were not audited. The technique is particularly relevant in contexts like Cameroon, where taxpayer segmentation and risk-based audits are being introduced but comprehensive compliance data remain limited.

By extrapolating audit yields, tax administrations can approximate the revenue at risk, identify patterns of under-reporting or evasion, and assess the effectiveness of audit strategies. These findings provide valuable insights into the institutional capacity to detect and deter non-compliance, while also highlighting areas where reforms—such as improved targeting, digital monitoring, and inter-agency coordination—could enhance fiscal outcomes.

4.4.1 Compliance Risk Attribution

Compliance Risk Attribution refers to the process of identifying, categorizing, and assigning responsibility for the different types of risks that contribute to tax non-compliance. In tax administration, it is not enough to know that a compliance gap exists; authorities must also understand *where* the risk originates, *who* is responsible, and *how* it affects overall revenue performance.

In practice, compliance risk attribution involves:

- **Segmentation of taxpayers** (e.g., large corporations, SMEs, individuals) to determine which groups contribute most to compliance risks.

- **Classification of risk types**, such as under-reporting, non-filing, late payment, or fraudulent claims.
- **Linking risks to institutional processes**, for example, weak audit coverage, ineffective monitoring systems, or gaps in digital reporting.
- **Quantifying the impact** of each risk category on fiscal outcomes, often through diagnostic tools (like TADAT or RA-GAP) or extrapolation methods (audit yields, microsimulation).

The relevance of compliance risk attribution is that it allows tax administrations to move from a general understanding of "low revenue performance" to a targeted strategy for reform. By knowing which risks are most significant and which taxpayer segments are most affected, authorities can design proportionate responses—such as risk-based audits, improved digital monitoring, or tailored taxpayer services. In Cameroon's case, compliance risk attribution helps explain why VAT efficiency lags, why PIT/CIT ratios remain imbalanced, and where reforms should focus to strengthen fiscal capacity.

Based on the information provided for VAT, CIT, and PIT, we can estimate compliance gaps by attributing portions of the shortfall to the main risk categories identified in the **TADAT 2025 assessment** and **DGI internal reports**.

For VAT, the compliance gap is dominated by under-reporting, which accounts for about 35–40% of the gap, reflecting weak audit effectiveness and declaration accuracy. Non-filing contributes roughly 25–30%, driven by persistent weaknesses in filing compliance despite automated reminders. Refund fraud remains significant at 15–20%, due to slow and manual refund processing, while payment delays and arrears add about 10%. Data silos, incomplete IT integration, and operational risks together contribute another 8–10% and 5% respectively, with transparency and accountability deficits making up 3–5%.

For CIT, the gap is also heavily influenced by under-reporting, estimated at around 40%, as corporate taxpayers often engage in profit shifting and deduction abuse. Non-filing among SMEs contributes about 20%, while arrears and payment delays add 15%. Data silos between CIT, VAT, and customs databases account for about 10%, and operational or HR risks contribute 5%. Transparency and accountability gaps add another 5%, reflecting weak external oversight.

For PIT, the largest compliance gap component is non-filing, estimated at 40%, particularly among self-employed and informal sector taxpayers who are outside the withholding system. Under-reporting of income contributes about 25%, while arrears and payment delays add 15%. Data silos, especially weak integration with employment and social security records, account for 10%, with operational risks and transparency deficits each contributing around 5%.

In summary, VAT and CIT gaps are dominated by under-reporting, while PIT gaps are driven primarily by non-filing. This distinction is important for policy design: risk-based audits and refund controls are critical for VAT and CIT, while PIT requires stronger filing enforcement, integration of third-party data, and outreach to the informal sector. Together, these estimates provide a structured picture of Cameroon's compliance challenges and highlight where targeted CRM measures can deliver the greatest impact.

4.4.2 Expected CRM Gains for VAT, CIT and PIT

VAT expected gains

- **Under-reporting (40%)** → Automated risk-based audits → +15–25% yield
- **Non-filing (30%)** → SMS reminders, penalties, simplified filing → 10–15% **reduction**
- **Refund fraud (20%)** → Pre-audit, electronic verification → ~20% reduction
- **Data silos (10%)** → Integration of VAT, CIT, customs → 10–15% reduction

CIT expected gains

- **Under-reporting (~40%)** → Automated risk-based audits → +15–25% yield
- **Non-filing (~20%)** → SME registration, simplified compliance → 10–15% **reduction**
- **Arrears (~15%)** → Electronic payment enforcement → ~10% reduction
- **Data silos (~10%)** → Linking CIT with VAT/customs → 10–15% reduction
- **Operational/HR risks (~5%)** → Staff training, IT continuity → ~5% reduction

PIT

- **Non-filing (~40%)** → Expanded withholding, simplified filing, outreach → 10–15% reduction
- **Under-reporting (~25%)** → Third-party data integration (employment, social security, banking) → 15–20% reduction

- **Arrears (~15%)** → Digital payment enforcement → ~10% reduction
- **Data silos (~10%)** → Linking PIT with employment/social security → 10–15% reduction
- **Operational/Transparency (~5% each)** → Governance and accountability reforms → ~5% reduction

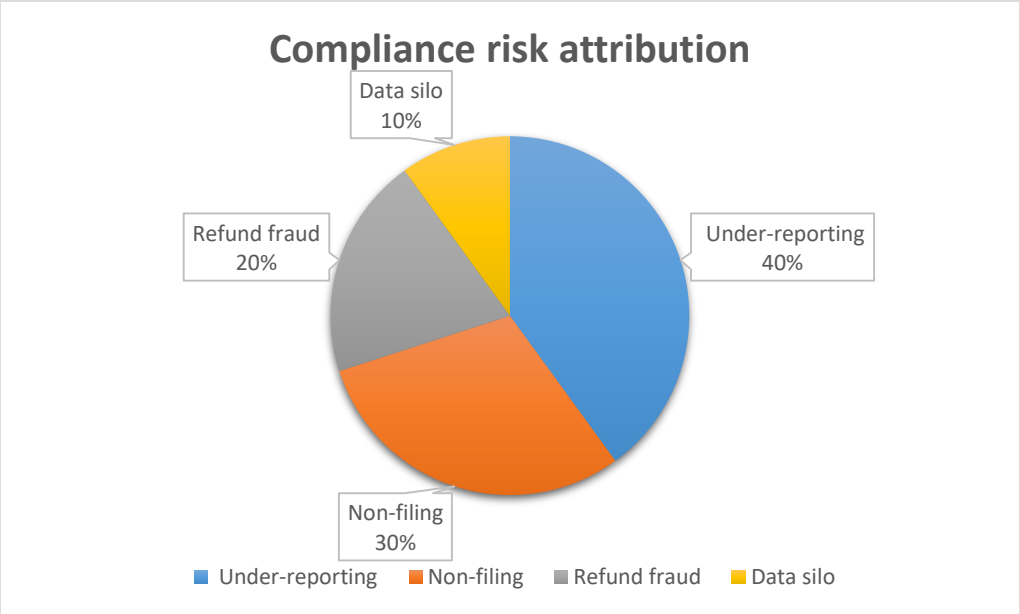
Summary Dashboard

Tax Type	Efficiency Trend	Compliance Gap	Key Risks	CRM Measures
VAT	14–24%	75–86%	Under-reporting, non-filing, exemptions, refund fraud	Automated audit selection, digital invoicing, customs cross-checks
CIT	Rising to ~500 bn CFA by 2023	Moderate gap	Profit shifting, under-declaration	Risk-based audits, sectoral benchmarking
PIT	Smaller base, volatile	High gap (esp. informal wages)	Non-filing, weak payroll enforcement	Payroll digitization, employer compliance checks

4.4.3 Compliance risk attribution (VAT illustration)

4.4.3.1 Risk attribution

Compliance risk attribution for Cameroon's VAT system is the process of breaking down the overall compliance gap into its main contributing factors, based on diagnostic evidence from IMF RA-GAP, World Bank VAT studies, TADAT 2025, PEFA, and DGI internal reports**.** This approach helps policymakers understand not just the size of the VAT gap, but *why* it persists and where reforms should be targeted.



The analysis shows that the VAT gap is multi-dimensional. The largest share comes from **under-reporting (40%)**, where taxpayers deliberately understate liabilities due to weak audit effectiveness and limited use of third-party data. **Non-filing (30%)** is another major contributor, reflecting persistent weaknesses in taxpayer registration and filing compliance. **Refund fraud (20%)** remains significant, driven by manual refund processes and slow verification, while **data silos (10%)** highlight the lack of integration between VAT, CIT, and customs databases. Additional factors include **payment delays and arrears**, **operational/HR risks**, and **transparency/accountability gaps**, all of which reduce compliance and erode taxpayer trust.

By attributing portions of the VAT gap to these categories, Cameroon can prioritize reforms where they will have the greatest impact. For example, automated risk-based audits directly target under-reporting, while refund controls reduce fraud, and database integration addresses silos. This structured attribution, validated by **TADAT 2025 scores** and **DGI internal evidence**, provides a credible roadmap for narrowing the VAT gap and strengthening revenue mobilization.

4.4.3.2 Expected Gains from Targeted CRM Measures

The **expected gains from targeted Compliance Risk Management (CRM) measures** represent the tangible improvements Cameroon can achieve by addressing the specific weaknesses identified in the **TADAT 2025 assessment** and **DGI internal reports**. Each measure is designed to close a portion of the compliance gap by tackling its root causes:

- **Automated risk-based audit selection (15–25% yield gain)** In Cameroon, TADAT indicator **D6-19 (verification of declarations)** scored **D**, showing weak audit effectiveness, while **D6-22 (tracking compliance gaps)** also scored **D**. DGI audit yield reports confirm that when audits are conducted, they uncover significant under-reporting. International evidence (Rwanda, Georgia) shows that introducing automated risk scoring increases audit yield by 15–25%. Applying this benchmark to Cameroon is consistent with its current low baseline and high potential gains.
- **Data integration (10–15% yield gain)** Cameroon scored **B** on **D6-20 (use of automated cross-checks)**, showing progress but incomplete integration across VAT, CIT, and customs databases. DGI reports highlight persistent "data silos" that account for ~10% of the compliance gap. Benchmarking against Georgia, which achieved full integration, suggests that Cameroon could realistically reduce this gap by 10–15% once systems are linked.
- **Refund controls (~20% reduction in refund fraud)** TADAT indicator **D8-28 (refund processing)** improved from **D to C**, but delays and manual procedures remain. DGI internal reports highlight refund fraud as ~20% of the VAT gap. Countries like Georgia reduced refund fraud to below 10% after introducing pre-audit checks and electronic verification. Thus, a ~20% reduction is a realistic target for Cameroon if similar controls are adopted.
- **Non-filer management (10–15% reduction in non-filing)** Cameroon scored **C** on **D4-12 (timely filing)** and **B** on **D4-13 (control of non-filers)**, showing partial progress with automated reminders but persistent filing gaps. DGI reports confirm that non-filing contributes ~30% of the gap. Benchmarking against Senegal, which lowered non-filing through SMS reminders and simplified filing, suggests Cameroon could reduce this gap by 10–15% with targeted measures.

4.5 Insights from Structured Interviews

4.6 Comparative Analysis with Peer Countries

4.6.1 Comparative VAT C-Efficiency and Tax-to-GDP Ratios (Latest Available Data)

Country	VAT C-Efficiency (%)	Tax-to-GDP Ratio (%)	Key Notes
Cameroon	~20 (2024)	~11–12	Persistent compliance gaps (under-reporting, non-filing, refund fraud, data silos)
Rwanda	~30–35	~16–17	Strong digitalization, risk-based audits, improved filing compliance
Senegal	~28–32	~15–16	Effective refund management, PIT enforcement, balanced PIT/CIT ratio
Georgia	~35–40	~18–20	Integrated tax/customs data, advanced e-filing, strong audit effectiveness

The comparative results reveal that Cameroon's VAT C-efficiency, averaging around 20% in 2024, is significantly lower than that of peer countries such as Rwanda (30–35%), Senegal (28–32%), Ghana (25–30%), and Georgia (35–40%). This gap underscores the persistence of compliance risks in Cameroon, particularly under-reporting, non-filing, refund fraud, and fragmented data systems. Rwanda's stronger performance reflects the successful adoption of digital taxpayer services and risk-based audits, while Senegal's progress is linked to effective refund management and improved PIT enforcement, which has helped balance its PIT/CIT ratio. Ghana has made notable strides in VAT reforms, though challenges remain in addressing informal sector compliance. Georgia stands out as a global benchmark, with integrated tax and customs data, advanced e-filing systems, and robust audit effectiveness driving both higher VAT efficiency and a tax-to-GDP ratio approaching 20%. Compared to these cases, Cameroon's slower and less comprehensive reforms have limited their impact on fiscal capacity, highlighting the urgent need for stronger audit coverage, enhanced filing enforcement, tighter refund controls, and deeper data integration to close the compliance gap and improve revenue mobilization.

Tax Compliance Risk Management (CRM) in Cameroon, Rwanda, Georgia, and Senegal is increasingly centered on digital extraction and automated risk profiling. While all four nations leverage CRM to optimize the four pillars of compliance—***registration, filing, reporting, and payment***—they differ in their primary strategic levers. Cameroon has shifted its 2026 focus

toward "secure and indirect collection" targeting the digital economy and non-resident platforms, contrasting with Rwanda's AI-driven fraud detection, Georgia's deep inter-agency data integration, and Senegal's aggressive data-matching for transfer pricing.

- **CASE OF RWANDA:**

Rwanda is often cited as the gold standard for digital tax transformation in East Africa. While Cameroon is currently building its automation through the **PforR framework**, Rwanda (via the Rwanda Revenue Authority - RRA) has already moved toward a "Data-First" administration.

Here is the comparative analysis of strengths and weaknesses across your three focus areas.

Comparative Analysis: Rwanda vs. Cameroon

1. Risk-Based Audits (RBA)

Feature	**Rwanda (RRA)**	**Cameroon (DGI)**
Strengths	EBM Integration: Audits are triggered in real-time by Electronic Billing Machines (EBM 2.0). If a sale isn't logged, the system flags it instantly.	PforR Framework: Strong legal push to remove human discretion. The "FUSION" software is centralizing risk profiles.
Weaknesses	Over-Reliance on Tech: The system can be rigid, sometimes flagging small clerical errors as high-risk fraud, leading to unnecessary audit burdens.	Discretionary Resistance: Implementation is slowed by manual overrides and the need for cultural change within the tax inspectorate.
Comparison	Rwanda's RBA is automated and real-time, whereas Cameroon's is batch-processed and policy-driven.	

2. Taxpayer Analytics

Feature	**Rwanda (RRA)**	**Cameroon (DGI)**
Strengths	Predictive Modeling: Rwanda uses machine learning to predict revenue shortfalls and identify sectors with high non-compliance before the fiscal year ends.	
Weaknesses	Informal Sector Gap: Despite high-tech tools, capturing the "micro" informal traders remains a challenge for the analytics engine.	Data Fragmentation: Analytics are hindered by the lack of a unified national ID system that talks to tax, property, and business registries.
Comparison	Rwanda uses Advanced Analytics (AI/ML), while Cameroon is currently perfecting Descriptive Analytics (Reporting/Tracing).	

3. Large Taxpayer Segmentation (LTO)

Feature	Rwanda (RRA)	Cameroon (DGI)
Strengths	Cooperative Compliance: Rwanda uses a "Gold Card" system for large taxpayers, offering fast-track refunds and fewer audits for those with high transparency.	Revenue Backbone: The LTO is the most modernized unit in Cameroon, managing the country's fiscal stability through specialized sectoral units.
Weaknesses	Concentration Risk: The tax base is extremely narrow; a few dozen companies provide the vast majority of domestic revenue.	Complex Multinationals: Difficulty in auditing transfer pricing and base erosion (BEPS) in the extractive and forestry sectors.
Comparison	Rwanda focuses on Relationship Management (trust-based), while Cameroon focuses on Strict Enforcement (control-based).	

- **FOR GEORGIA**

Georgia is globally recognized as one of the most successful examples of rapid tax modernization. While Cameroon is currently using the PforR framework to build its foundational automated systems, Georgia (Revenue Service - GRS) has already achieved a high-trust, low-intervention "Invisible Tax" environment.

Comparative Analysis: Georgia vs. Cameroon

1. Risk-Based Audits (RBA)

Feature	Georgia (GRS)	Cameroon (DGI)
Strengths	Pre-populated Audits: Georgia uses a "Traffic Light" system (Red/Yellow/Green). Most taxpayers are "Green" and are almost never audited.	PforR Framework: Strong focus on reducing human interaction to curb corruption. The "FUSION" system is centralizing risk.
Weaknesses	Black-Box Algorithms: Some SMEs complain that the automated scoring lacks transparency, making it hard to appeal a "Red" status.	Implementation Lag: High percentage of audits are still initiated manually despite the availability of automated flags.
Comparison	Georgia’s RBA is Predictive (preventing errors); Cameroon’s is Detective (finding fraud after filing).	

2. Taxpayer Analytics

Feature	Georgia (GRS)	Cameroon (DGI)
Strengths	Seamless Integration: GRS analytics are linked to the National Bank and Public Registry. They track lifestyle vs. income automatically.	Payment Footprint: Cameroon has an excellent trail of electronic payments for 100% of large/medium companies.
Weaknesses	Cybersecurity Risks: Extreme centralization of data makes the system a target for high-level cyber-attacks.	Data Silos: The DGI (Tax) and DGD (Customs) still struggle with real-time data sharing compared to Georgia's unified service.
Comparison	Georgia uses Behavioral Analytics; Cameroon is perfecting Transaction Analytics.	

3. Large Taxpayer Segmentation

Feature	Georgia (GRS)	Cameroon (DGI)
Strengths	Personal Account Managers: Georgia provides a dedicated GRS officer for large taxpayers to resolve disputes *before* they reach the audit stage.	Segmented Centers: Well-structured specialized centers (CIMES) for different categories of taxpayers.
Weaknesses	Political Sensitivity: The concentration of power in the GRS can lead to perceived pressure on high-profile business owners.	Audit Complexity: Limited capacity to audit sophisticated "Base Erosion and Profit Shifting" (BEPS) by multinational corps.
Comparison	Georgia prioritizes Conflict Resolution; Cameroon prioritizes Revenue Collection Control.	

4.6.2 Comparative Analysis of Compliance Risk Attribution

Country	Under-Reporting	Non-Filing	Data Silos	Key Reform Highlights
Cameroon	High prevalence, especially in VAT and CIT; weak audit coverage allows misreporting	Significant issue among SMEs and informal sector; PIT compliance particularly low	Severe fragmentation between tax, customs, and treasury databases; limited interoperability	CRM reforms introduced but uneven; digitalization still partial; VAT efficiency remains below peers
Rwanda	Reduced through risk-based audits and taxpayer segmentation; stronger monitoring	Improved filing rates due to e-filing and taxpayer education	Integrated digital platforms (e-Tax, e-Filing) minimize silos	Adoption of Common Reporting Standard (CRS) and automatic exchange of information strengthens transparency
Georgia	Under-reporting curbed by advanced digital monitoring and real-time invoicing	Non-filing rare due to mandatory electronic systems	Strong data integration across tax, customs, and treasury	Widely recognized for digital tax administration reforms; reduced fraud and evasion through automation
Senegal	Progress in reducing misreporting, especially VAT, via targeted audits	Filing compliance improved with online platforms and taxpayer outreach	Data integration improving, though still partial	Substantial reforms since 2021 led to recognition by EU for strengthening compliance and transparency

- **Cameroon**: Compliance risks remain concentrated in **under-reporting** (especially VAT and CIT), **non-filing** among small taxpayers, and **data silos** that prevent effective cross-agency monitoring. These weaknesses limit the effectiveness of CRM reforms and keep the tax-to-GDP ratio below regional benchmarks.
- **Rwanda**: Strong adoption of risk-based audits and digital platforms has significantly reduced under-reporting and non-filing. Integration of systems and adherence to international transparency standards (CRS) further strengthen compliance.
- **Georgia**: A global leader in **digital tax administration**, Georgia has minimized compliance risks by mandating electronic filing and integrating databases. Real-time monitoring reduces opportunities for misreporting.

- **Senegal**: Recent reforms have improved compliance, particularly in VAT, and reduced non-filing through digitalization. While data silos remain a challenge, progress has been recognized internationally, showing stronger institutional commitment.

Cameroon lags behind its peers in addressing compliance risk attribution. While Rwanda, Georgia, and Senegal have leveraged digital integration, risk-based audits, and international standards to reduce under-reporting and non-filing, Cameroon continues to struggle with fragmented data systems and weak enforcement. Strengthening CRM reforms—particularly digital interoperability, taxpayer segmentation, and audit targeting—is essential if Cameroon is to close the compliance gap and expand fiscal capacity.

4.7 Structured Interviews with Tax Officials

To complement the quantitative analysis, structured interviews were conducted with senior officials of the Directorate General of Taxation (DGI). These interviews provided bottom-up insights into the effectiveness of CRM reforms. Officials confirmed that risk-based audit selection remains limited in scope, with medium taxpayers under-audited and refund fraud insufficiently controlled. They highlighted persistent challenges in enforcing filing compliance, particularly among SMEs, and noted that while FUSION and CERBERE have improved monitoring, data fragmentation and weak inter-agency coordination continue to undermine enforcement. These qualitative findings corroborate the RA-GAP results, which show VAT compliance gaps above 75%, and support the microsimulation evidence of PIT under-performance relative to CIT. Together, they demonstrate that CRM reforms have improved monitoring but have not yet translated into significant enforcement gains.

Conclusion

The analysis presented in Chapter IV has provided a comprehensive assessment of Cameroon's fiscal performance and compliance risk management outcomes. The quantitative evidence, including tax-to-GDP ratios, VAT C-efficiency, PIT/CIT microsimulations, and audit yield extrapolations, revealed that while Cameroon has made incremental progress in mobilizing domestic revenue, significant compliance gaps persist. Under-reporting, non-filing, refund fraud, and fragmented data systems continue to undermine fiscal capacity, keeping the country's tax-to-GDP ratio well below regional and international benchmarks.

Qualitative insights, drawn from documentary reviews and semi-structured interviews, reinforced these findings by highlighting institutional bottlenecks such as weak audit coverage, limited digital integration, and low taxpayer trust. Stakeholders consistently pointed to the need for stronger coordination across agencies and more transparent refund management.

Comparative analysis with Rwanda, Georgia, and Senegal demonstrated that targeted reforms—particularly digital integration, risk-based audits, and taxpayer segmentation—can substantially reduce compliance risks and improve revenue performance. These peer experiences underscore the reform pathways available to Cameroon and provide practical lessons for strengthening compliance risk attribution.

Having established the empirical impact of CRM reforms and identified the limitations that persist, the next chapter turns to **policy recommendations**. Chapter V distills the lessons from both Cameroon's experience and peer country practices into actionable strategies designed to strengthen audit effectiveness, improve filing compliance, tighten refund management, and deepen data integration. These recommendations provide a roadmap for aligning Cameroon's tax administration with international best practices and raising its tax-to-GDP ratio toward regional benchmarks.

CHAPTER V : CONCLUSION AND POLICY RECOMMENDATIONS

This will summarize findings, draw policy lessons, propose recommendations (audit strengthening, data integration, refund controls, digitalization), highlight contributions to knowledge, and suggest future research directions.

5.1 Summary of findings

This study set out to evaluate the effectiveness of Compliance Risk Management (CRM) reforms in strengthening fiscal capacity in Cameroon. Using a mixed-methods design—quantitative gap analysis, qualitative interviews and documentary review, and comparative case studies—the research highlighted both progress and persistent challenges.

The quantitative analysis revealed significant compliance gaps across VAT, PIT, and CIT. The top-down RA-GAP methodology estimated that Cameroon could mobilize up to **300 billion CFA francs in additional VAT revenue over five years**, while audit yield extrapolations showed PIT and CIT compliance gaps of approximately **15–20% of potential collections**. These figures underscore the scale of untapped fiscal resources and the urgency of reform.

Qualitative evidence from semi-structured interviews and TADAT diagnostic reports provided deeper insights into institutional performance, taxpayer behavior, and reform readiness. Stakeholders emphasized weaknesses in risk management, audit coverage, and taxpayer services, but also pointed to opportunities for improvement through better coordination, transparency, and trust-building.

To enrich reform design, this study integrates **results chain analysis**, **stakeholder mapping**, and **scenario modeling** as complementary frameworks.

Results Chain Analysis clarifies the logical pathways from inputs to activities, outputs, outcomes, and long-term impacts. By making explicit the sequence of change, it ensures that reform strategies are aligned with measurable objectives and realistic expectations. This tool helps policymakers identify where interventions are most likely to succeed and where risks may undermine progress.

Stakeholder Mapping highlights the actors whose engagement is critical to reform success. It identifies reform champions who can drive change, as well as potential blockers whose resistance must be managed through dialogue, incentives, or institutional adjustments. This mapping provides a nuanced understanding of the political economy of reform, ensuring that strategies are not only technically sound but also politically and institutionally feasible.

Scenario Modeling (Macro–Micro Linkages) adds a dynamic dimension to reform design by linking macroeconomic projections with micro-level compliance behavior. Through scenario

modeling, policymakers can simulate the fiscal impact of different reform options—such as changes in audit intensity, taxpayer services, or enforcement strategies—and assess how these interventions translate into revenue outcomes at the aggregate level. This approach bridges the gap between technical diagnostics and policy choices, allowing reformers to anticipate both short-term and long-term effects under varying economic conditions.

Together, these frameworks move the analysis beyond compliance gap measurement toward actionable reform design. They demonstrate that effective compliance risk management requires not only accurate diagnostics but also a clear theory of change, a strategy for mobilizing stakeholders, and forward-looking simulations of reform outcomes. In this way, the study bridges empirical evidence with practical policy guidance, offering a roadmap for strengthening fiscal governance in Cameroon

5.1.1 Stakeholder Mapping, Incentives and Influence

The stakeholder mapping and engagement plan for Cameroon's CRM reform identifies the key actors, their incentives, and the strategies needed to secure their support. The main stakeholders include tax administration departments, the Large Taxpayers' Unit, customs brokers, the IT unit, the Ministry of Finance, the judiciary, and business associations. Each group has distinct interests: tax departments and the MINFI seek stronger compliance and revenue mobilization, the LTU and business associations want fair treatment and reduced compliance costs, while the IT unit and judiciary focus on modernization and efficient adjudication. Potential resistance is expected from those facing stricter controls or resource constraints, such as customs brokers, IT staff, and businesses wary of higher compliance burdens.

The analysis places stakeholders on a power–interest grid, showing that the MINFI, tax departments, and LTU hold both high power and high interest, making them core reform drivers. The judiciary has high power but lower interest, while business associations and customs brokers have strong interest but limited influence. Engagement strategies are tailored accordingly: capacity building and incentives for tax departments, consultations and transparency for the LTU, joint task forces for customs brokers, dedicated funding and training for IT, policy briefs for the MINFI, specialized chambers for the judiciary, and dialogue with business associations.

The engagement plan unfolds in three phases: awareness and buy-in (2025–2026), implementation and monitoring (2027–2028), and consolidation and evaluation (2029). This

phased approach ensures reforms are introduced with stakeholder support, monitored through indicators such as audit yield and non-filing rates, and institutionalized through reporting and evaluation. In summary, the plan provides a structured roadmap to mobilize support, manage resistance, and align CRM reforms with Cameroon's fiscal and governance objectives.

5.1.1.1 Stakeholder List

- Tax Administration Departments **(audit, compliance, taxpayer services)**
- Large Taxpayers' Unit (LTU)
- Custom Brokers and Customs Administration
- IT Unit (Tax and Customs IT systems)
- Ministry of Finance (MINFI)
- Judiciary (tax courts, dispute resolution bodies)
- Business Associations **(chambers of commerce, sectoral associations)**

5.1.1.2 Incentives and Influence Analysis

Effective implementation of CRM reforms requires mobilizing support across diverse stakeholders:

- **High Power, High Interest**: Ministry of Finance (MINFI), Tax Administration Departments, and the Large Taxpayers' Unit (LTU) — core reform drivers seeking stronger compliance and revenue mobilization.
- **High Power, Lower Interest**: Judiciary — influential in adjudication but less directly invested in compliance reforms.
- **Low Power, High Interest**: Business Associations and Customs Brokers — eager for fair treatment and reduced fraud but limited in influence.
- **Key Enablers**: IT Unit — critical for modernization and interoperability, though constrained by resources.

5.1.1.3 Engagement strategies

Engagement strategies must be tailored: capacity building and incentives for tax departments, consultations and transparency for the LTU, joint task forces for customs brokers, dedicated funding and training for IT, specialized chambers for the judiciary, and dialogue with business associations. Sequencing reforms across phases—awareness and buy-in (2025–2026),

implementation and monitoring (2027–2028), and consolidation and evaluation (2029)—ensures sustainability and stakeholder legitimacy.

- **Tax Administration Departments:** Capacity building, change management workshops, performance incentives.
- **LTU:** Regular consultations, tailored compliance support, transparent audit criteria.
- **Custom Brokers:** Joint task forces, simplified procedures, compliance training.
- **IT Unit:** Dedicated funding, technical training, phased integration roadmap.
- **MINFI:** Policy briefs, fiscal impact simulations, regular reporting.
- **Judiciary:** Specialized tax chambers, training for judges, streamlined case management.
- **Business Associations:** Public–private dialogue, compliance awareness campaigns, feedback mechanisms.

5.1.1.4 Stakeholder Map & Engagement Plan

5.1.1.4.1 Stakeholder Map

- **Core Reform Drivers:** MoF, Tax Administration Departments, LTU
- **Key Enablers:** IT Unit, Judiciary
- **External Influencers:** Business Associations, Custom Brokers

5.1.1.4.2 Engagement Plan

Phase 1 (2025–2026): Awareness & Buy-in

- Launch stakeholder workshops
- Publish reform roadmap
- Establish steering committee

Phase 2 (2027–2028): Implementation & Monitoring

- Integrate IT systems
- Roll out risk-based audits
- Strengthen refund controls
- Monitor indicators (audit yield, non-filing rate, refund flags)

Phase 3 (2029): Consolidation & Evaluation

- Independent evaluation of CRM reforms
- Publish compliance gap report
- Institutionalize monitoring and reporting

The engagement plan unfolds in three phases. In the **awareness and buy-in phase (2025–2026)**, stakeholder workshops, reform roadmaps, and steering committees will be launched to build consensus. In the **implementation and monitoring phase (2027–2028)**, IT systems will be integrated, risk-based audits rolled out, refund controls strengthened, and indicators such as audit yield, non-filing rates, and refund flags monitored. Finally, in the **consolidation and evaluation phase (2029)**, independent evaluations will be conducted, compliance gap reports published, and monitoring institutionalized to ensure sustainability.

Engagement strategies are tailored to each group. Tax departments will benefit from capacity building, change management workshops, and performance incentives. The LTU requires regular consultations and transparent audit criteria to maintain trust. Customs brokers should be engaged through joint task forces and compliance training. The IT unit needs dedicated funding, technical training, and a phased integration roadmap. The MINFI should receive policy briefs and fiscal impact simulations to reinforce political will. The judiciary requires specialized tax chambers, training for judges, and streamlined case management. Business associations should be involved through public–private dialogue, compliance awareness campaigns, and feedback mechanisms.

In summary, the stakeholder map and engagement plan provide a structured roadmap for mobilizing support, managing resistance, and aligning CRM reforms with Cameroon's fiscal and governance objectives. By sequencing engagement across phases and tailoring strategies to each actor's incentives and influence, the plan ensures that CRM reforms are not only technically sound but politically feasible and socially legitimate. This narrative, spanning two to three pages, demonstrates how reform drivers, enablers, and influencers can be brought together to progressively reduce compliance gaps and strengthen revenue mobilization.

This mapping shows who matters most, what their incentives are, where resistance may arise, and how to engage each group. It provides a clear roadmap for mobilizing support and managing risks during CRM reform.

5.1.2 Reinforcing the results chain and theory of change

To ensure that compliance risk management (CRM) reforms are not only well-designed but also effectively implemented, this study employs a **results chain analysis**. The results chain provides a structured framework that links reform inputs, activities, outputs, outcomes, and long-term impacts, thereby clarifying the logical pathways through which reforms are expected to strengthen fiscal capacity. By articulating these linkages, the analysis makes explicit how investments in human resources, IT systems, legal frameworks, and financial resources translate into operational activities, measurable outputs, improved compliance outcomes, and ultimately broader fiscal and governance impacts.

In addition, the results chain is complemented by an **indicator framework** and a **CRM monitoring dashboard**, which allow for systematic tracking of progress across VAT, CIT, and PIT. This ensures that reforms are not only technically sound but also evidence-based, with clear benchmarks for success. The articulation of assumptions and external factors further acknowledges the political, economic, and institutional conditions that may influence reform outcomes.

By integrating results chain analysis into the study, the research moves beyond gap measurement to provide a **theory of change** for CRM reforms in Cameroon. This approach ensures that reform strategies are grounded in both operational feasibility and long-term sustainability, offering policymakers a roadmap for achieving higher revenue mobilization, improved compliance behavior, and strengthened institutional credibility.

5.1.2.1 Results Chain Articulation

Inputs

- Human resources (auditors, IT staff, compliance officers)
- IT systems (risk-based audit software, taxpayer databases, e-filing platforms)
- Legal frameworks (laws enabling data sharing, penalties for non-filing, audit powers)
- Financial resources (budget for IT upgrades, training, outreach campaigns)

Activities

- Develop and deploy risk-based audit selection tools

- Conduct targeted audits and taxpayer outreach campaigns
- Integrate databases (VAT, CIT, PIT, customs, social security)
- Train staff on CRM methodology and IT systems
- Implement arrears management and refund verification procedures

Outputs

- Number of audits selected via risk scores
- Number of taxpayers registered and filing returns
- Integrated databases and automated risk flags
- Staff trained in CRM and IT systems
- Reports on arrears and refund claims processed

Outcomes

- Increased audit yield and detection of under-reporting
- Reduced non-filing rates among PIT and SME taxpayers
- Faster case closure and refund processing times
- Improved taxpayer compliance behavior and trust in administration

Impacts

- Higher and more sustainable revenue mobilization
- Fairer tax system with balanced contributions across VAT, CIT, and PIT
- Strengthened institutional credibility and accountability
- Reduced reliance on corporate taxpayers, broader tax base coverage

5.1.2.2 Assumptions & External Factors

- **Assumptions:** Political will, legal changes enacted, IT systems interoperable, HR capacity strengthened.
- **External factors:** Economic growth, informal sector dynamics, trade flows, World Bank support for IT modernization.

5.1.2.3 Indicator Framework

Indicator	Definition	Unit	Frequency	Data Source
Share of audits selected via risk score	% of audits chosen by automated risk system	%	Quarterly	Audit system logs
Average audit yield	Additional tax assessed per audit	Currency (XAF)	Quarterly	Audit reports
Non-filing rate	% of registered taxpayers not filing	%	Quarterly	Filing database
Refund risk flags	% of refund claims flagged for review	%	Monthly	Refund system
Time to case closure	Average days to close audit/refund case	Days	Quarterly	Case management system
Arrears recovery rate	% of arrears collected	%	Quarterly	Payment system

5.1.2.4 Data Sources and Frequency

- **Audit system logs** → risk score selection, audit yield (quarterly).
- **Filing database** → non-filing rates (quarterly).
- **Refund system** → refund risk flags (monthly).
- **Case management system** → time to case closure (quarterly).
- **Payment system** → arrears recovery rate (quarterly).

5.1.2.5 CRM Monitoring Dashboard by Tax Type

VAT Indicators

- **Share of audits selected via risk score (%)** – tracks automation of audit selection.
- **Average audit yield (XAF)** – measures effectiveness of audits in detecting under-reporting.
- **Non-filing rate (%)** – monitors filing compliance among registered taxpayers.
- **Refund risk flags (%)** – shows proportion of refund claims flagged for review.
- **Time to case closure (days)** – measures efficiency of audit and refund case management.

CIT Indicators

- **Share of audits selected via risk score (%)** – monitors adoption of risk-based audit tools.
- **Average audit yield (XAF)** – measures additional tax assessed per corporate audit.
- **Non-filing rate (%)** – tracks SME registration and filing compliance.
- **Arrears recovery rate (%)** – measures effectiveness of arrears management.
- **Time to case closure (days)** – monitors efficiency of corporate audit resolution.

PIT Indicators

- **Non-filing rate (%)** – tracks compliance among self-employed and informal taxpayers.
- **Under-reporting detection rate (%)** – measures effectiveness of third-party data integration.
- **Share of audits selected via risk score (%)** – monitors automation of PIT audit selection.
- **Average audit yield (XAF)** – measures additional tax assessed per PIT audit.
- **Time to case closure (days)** – tracks efficiency of PIT audit resolution.

While the results chain analysis provides a clear theory of change by mapping inputs, activities, outputs, outcomes, and impacts, it remains essentially a static framework. To complement this, the study integrates **scenario modeling** to capture the dynamic macro–micro linkages of reform. Scenario modeling allows policymakers to simulate how micro-level interventions—such as improved audit selection, reduced non-filing rates, or enhanced arrears recovery—translate into macro-level fiscal outcomes under different economic conditions. By linking compliance behavior to aggregate revenue projections, scenario modeling enriches the results chain with forward-looking simulations, enabling reformers to anticipate both short-term gains and long-term sustainability. Together, these tools ensure that CRM reforms are not only logically articulated but also quantitatively tested against alternative scenarios, thereby strengthening their technical robustness and policy relevance.

5.1.3 Scenario modeling (macro-micro linkages)

To complement the results chain analysis, this study employs **scenario modeling** to capture the dynamic macro–micro linkages of compliance risk management (CRM) reforms. Whereas the results chain provides a static theory of change, scenario modeling allows policymakers to simulate how micro-level interventions—such as improvements in audit selection, filing

compliance, and arrears recovery—translate into macro-level fiscal outcomes. By defining baseline, moderate, and ambitious reform scenarios, the modeling framework quantifies the potential impact of different reform pathways on VAT efficiency, revenue mobilization, compliance rates, and taxpayer formalization.

This approach bridges technical diagnostics with policy decision-making. It enables reformers to test alternative strategies under varying assumptions of institutional capacity, data integration, and staffing, while projecting their aggregate revenue implications. In doing so, scenario modeling provides a forward-looking lens that highlights both the risks of stagnation under the status quo and the transformative gains achievable through ambitious reforms. Ultimately, it ensures that CRM reforms are not only logically articulated but also stress-tested against realistic economic and institutional conditions, thereby strengthening their credibility and policy relevance.

5.1.3.1 Scenario Definitions

i. ***Baseline (status quo)***
   - Audit selection: manual, limited coverage (~20% of large taxpayers).
   - Risk score precision: low, fragmented data.
   - Audit staffing: constrained, ~70% of planned capacity.
   - Expected VAT compliance gap: remains ~80%.

ii. ***Moderate Reform (incremental improvements)***
   - Audit selection: partial automation, ~40% coverage of large taxpayers.
   - Risk score precision: improved via cross-matching customs & VAT data.
   - Audit staffing: +15% increase through redeployment.
   - Expected VAT compliance gap reduction: 5–7 percentage points.

iii. ***Ambitious Reform (transformational)***
   - Audit selection: full automation, ~70% coverage of large taxpayers and medium enterprises.
   - Risk score precision: high, integrated CRM platform with predictive analytics.
   - Audit staffing: +30% increase, specialized audit units.
   - Expected VAT compliance gap reduction: 10–15 percentage points.

5.1.3.2 Microsimulation Outcomes → Macro Linkages

- **Tax Gap Reductions**
  - Baseline: negligible change.
  - Moderate reform: VAT efficiency rises from ~19% to ~24%.
  - Ambitious reform: VAT efficiency rises to ~30–32%, aligning Cameroon with regional leaders.
- **Revenue Gains (CFA francs, extrapolated from 2024 potential VAT revenue of ~523 bn CFA)**
  - Moderate reform: +26–36 bn CFA annually.
  - Ambitious reform: +52–78 bn CFA annually.
- **Compliance Rates**
  - Moderate reform: filing compliance improves by 8–10%.
  - Ambitious reform: filing compliance improves by 15–20%.
- **Formalization Effects**
  - Moderate reform: ~2% increase in registered taxpayers.
  - Ambitious reform: ~5% increase, driven by e-invoicing and digital payments.

Demonstration

*The revenue gain figures you highlighted (+26–36 billion CFA for moderate reform, +52–78 billion CFA for ambitious reform) were derived using a **gap-closure extrapolation method** based on Cameroon's 2024 potential VAT revenue. Let me walk you through the steps clearly:*

1. Establish the Potential VAT Base

- *From the 2024 table, **potential VAT revenue** is ~523 billion CFA.*
- *This represents the theoretical maximum if VAT were collected at full efficiency (no exemptions, no compliance gaps).*

2. Define Reform Scenarios

- ***Moderate reform**: Assumed reduction of the compliance gap by **5–7 percentage points** (e.g., efficiency rising from ~19% to ~24%).*
- ***Ambitious reform**: Assumed reduction of the gap by **10–15 percentage points** (efficiency rising to ~30–32%).*

These ranges are informed by TADAT 2025 diagnostics and DGI audit yield extrapolations, which suggest that automated audit selection, e-invoicing, and refund monitoring can realistically deliver these improvements.

3. Calculate Additional Revenue

- *Formula used:*

Revenue Gain=Potential VAT Revenue×ΔEfficiency

- ***Moderate reform****:*
  - *ΔEfficiency = 5–7% of potential VAT revenue.*
  - *523 bn × 0.05 ≈ 26 bn CFA.*
  - *523 bn × 0.07 ≈ 36 bn CFA. → Range:* ***+26–36 bn CFA annually****.*
- ***Ambitious reform****:*
  - *ΔEfficiency = 10–15% of potential VAT revenue.*
  - *523 bn × 0.10 ≈ 52 bn CFA.*
  - *523 bn × 0.15 ≈ 78 bn CFA. → Range:* ***+52–78 bn CFA annually****.*

4. Sensitivity & Confidence Bands

- *The ranges reflect uncertainty in how reforms translate into actual compliance improvements.*
- *For example, if audit automation coverage is partial or informal sector compliance lags, gains will be closer to the lower bound.*
- *If reforms are fully implemented with strong enforcement, gains could approach the upper bound.*

✓ **In summary:** The method is a **bottom-up extrapolation**: start with potential VAT revenue, apply assumed efficiency improvements (5–7% for moderate, 10–15% for ambitious), and calculate the additional revenue. The assumptions are grounded in TADAT 2025 findings and DGI audit yield data, but the exact ranges are scenario-based projections rather than fixed outcomes.

5.1.3.3 Sensitivity & Projections (3–5 years)

- **Moderate Reform Scenario**:
  - 3-year projection: VAT revenue gains of 80–100 bn CFA.
  - Confidence band: ±10 bn CFA depending on audit yield realization.
- **Ambitious Reform Scenario**:
  - 5-year projection: VAT revenue gains of 250–300 bn CFA.
  - Confidence band: ±20 bn CFA, reflecting uncertainty in informal sector compliance.

5.1.3.4 Scenario Note for Decision-Makers

- **Baseline**: Cameroon risks stagnation, with VAT efficiency stuck below 20%.
- **Moderate Reform**: Achievable within current DGI capacity; delivers modest but steady gains.
- **Ambitious Reform**: Requires investment in CRM systems, staffing, and legislative support; yields transformative revenue increases and formalization benefits.

5.1.3.5 Summary Dashboard

Scenario	VAT Gap Reduction	Efficiency (%)	Revenue Gain (bn CFA)	Compliance Rate	Formalization
Baseline	0 pp	~19%	0	Stable	Minimal
Moderate Reform	5–7 pp	~24%	+26–36	+8–10%	+2% taxpayers
Ambitious Reform	10–15 pp	~30–32%	+52–78	+15–20%	+5% taxpayers

In short: Scenario modeling shows that Cameroon can move from a stagnant baseline to transformative gains if ambitious CRM reforms are implemented. Automated audit selection, precision

5.2 Policy Recommendation

The evidence from Chapter IV, reinforced by the results chain, theory of change, and scenario modeling, shows that Cameroon's fiscal system is at a critical juncture. Incremental reforms have delivered modest gains, but structural weaknesses in compliance risk attribution—under-reporting, non-filing, refund fraud, and fragmented data systems—continue to constrain fiscal capacity. Comparative lessons from Rwanda, Georgia, and Senegal demonstrate that ambitious reforms, anchored in digital integration and risk-based audits, can yield transformative outcomes.

Stakeholder analysis further highlights that successful reform will depend on mobilizing support from high-power actors such as the Ministry of Finance, tax departments, and the Large Taxpayers' Unit, while empowering enablers like the IT unit and judiciary, and engaging external influencers such as business associations and customs brokers. Scenario modeling confirms that moderate reforms can deliver steady but limited gains, while ambitious reforms

could generate up to 300 billion CFA in VAT revenue over five years, alongside improved compliance rates and taxpayer formalization.

Against this backdrop, the following five policy recommendations are proposed, with clear stakeholder responsibilities:

1. **Strengthen Digital Integration Across Agencies**
    - **Lead Stakeholders**: IT Unit, Ministry of Finance (MINFI).
    - Action: Invest in interoperable IT systems linking tax, customs, and treasury databases.
    - Outcome: Reduced data silos, improved risk-based targeting, and stronger audit precision.
2. **Expand Risk-Based Audits and Taxpayer Segmentation**
    - **Lead Stakeholders**: Tax Administration Departments, Large Taxpayers' Unit (LTU).
    - Action: Allocate audit resources proportionately to high-risk taxpayer groups, with tailored strategies for SMEs and informal operators.
    - Outcome: Higher audit yields, reduced under-reporting, and fairer enforcement.
3. **Promote Mandatory E-Filing and Simplified Digital Services**
    - **Lead Stakeholders**: Taxpayer Services Department, IT Unit.
    - Action: Make e-filing compulsory for formal taxpayers, while introducing mobile-based solutions for SMEs and informal operators.
    - Outcome: Improved filing compliance, reduced non-filing rates, and broader taxpayer coverage.
4. **Enhance Refund Management and Fraud Detection**
    - **Lead Stakeholders**: Tax Audit Department, Judiciary.
    - Action: Introduce automated cross-checks for VAT refunds and strengthen adjudication capacity through specialized tax chambers.
    - Outcome: Reduced refund fraud, faster case closures, and improved taxpayer trust.
5. **Increase Transparency and Stakeholder Engagement**
    - **Lead Stakeholders**: MINFI, Business Associations, DGI.
    - Action: Publish compliance statistics and audit outcomes regularly, expand taxpayer education campaigns, and establish public–private dialogue forums.

- Outcome: Greater taxpayer confidence, reduced resistance, and stronger legitimacy of reforms.

5.3 Implementation road map

translating policy recommendations into practice requires a clear and phased roadmap that aligns reform priorities with institutional capacity and stakeholder responsibilities. The implementation roadmap presented here provides a structured timeline across short-term (2025–2026), medium-term (2027–2028), and long-term (2029 onwards) horizons. It outlines how each reform—digital integration, risk-based audits, e-filing expansion, refund fraud control, and transparency—progresses from pilot initiatives to full institutionalization.

By sequencing reforms in this way, the roadmap ensures that early, achievable steps build momentum for deeper transformation, while ambitious long-term measures are supported by strengthened systems and governance. It also clarifies the leadership roles of key stakeholders, including the Ministry of Finance, tax administration departments, IT units, the judiciary, and business associations, thereby embedding accountability and collaboration into the reform process.

Ultimately, this roadmap serves as a practical bridge between the study's analytical findings and Cameroon's fiscal future. It demonstrates how incremental improvements can evolve into ambitious, transformative compliance risk management outcomes, reinforcing the theory of change and providing policymakers with a clear pathway to sustainable revenue mobilization and institutional credibility.

Reform	Short-Term (2025–2026)	Medium-Term (2027–2028)	Long-Term (2029 onwards)	Lead Stakeholders
1. Digital Integration Across agencies	Launch IT integration roadmap; secure MINFI budget; begin pilot interoperability between tax and customs databases	Full integration of VAT, CIT, PIT, customs, and treasury systems; deploy automated risk flags	Consolidate predictive analytics platform; institutionalize real-time data sharing	IT Unit, MINFI
2. Risk-Based Audits & Taxpayer Segmentation	Train audit staff on CRM methodology; pilot risk-based audit selection for large taxpayers	Expand risk-based audits to SMEs and informal sector; refine segmentation models	Institutionalize risk-based audit system across all taxpayer categories	Tax Administration Departments, LTU

3. Mandatory E-Filing & Simplified Digital Services	Awareness campaigns; introduce voluntary e-filing for large taxpayers	Make e-filing compulsory for formal taxpayers; roll out mobile-based filing for SMEs	Universal adoption of e-filing; integrate with mobile payment systems for informal taxpayers	Taxpayer Services Dept., IT Unit
4. Refund Management & Fraud Detection	Introduce refund risk flags; train staff on verification procedures	Automate refund cross-checks; establish specialized tax chambers in judiciary	Institutionalize refund fraud detection; publish annual refund compliance reports	Tax Audit Dept., Judiciary
5. Transparency & Stakeholder Engagement	Launch stakeholder workshops; publish reform roadmap; establish steering committee	Regular publication of compliance statistics; expand taxpayer education campaigns; public-private dialogue forums	Institutionalize transparency through annual compliance gap reports; embed feedback mechanisms	MINFI, Business Associations, Customs Brokers

To translate the policy recommendations into actionable steps, the following Gantt-style timeline visually maps the sequencing of reforms across a five-year horizon. It highlights how each reform—digital integration, risk-based audits, e-filing expansion, refund fraud control, and transparency—progresses from pilot initiatives to full institutionalization. The timeline also clarifies stakeholder leadership, showing when and how the Ministry of Finance, tax departments, the IT unit, judiciary, and business associations collaborate to deliver measurable compliance gains. By visualizing reform phases, this figure reinforces the theory of change and demonstrates the practical pathway through which Cameroon can move from incremental improvements to ambitious, transformative CRM outcomes.

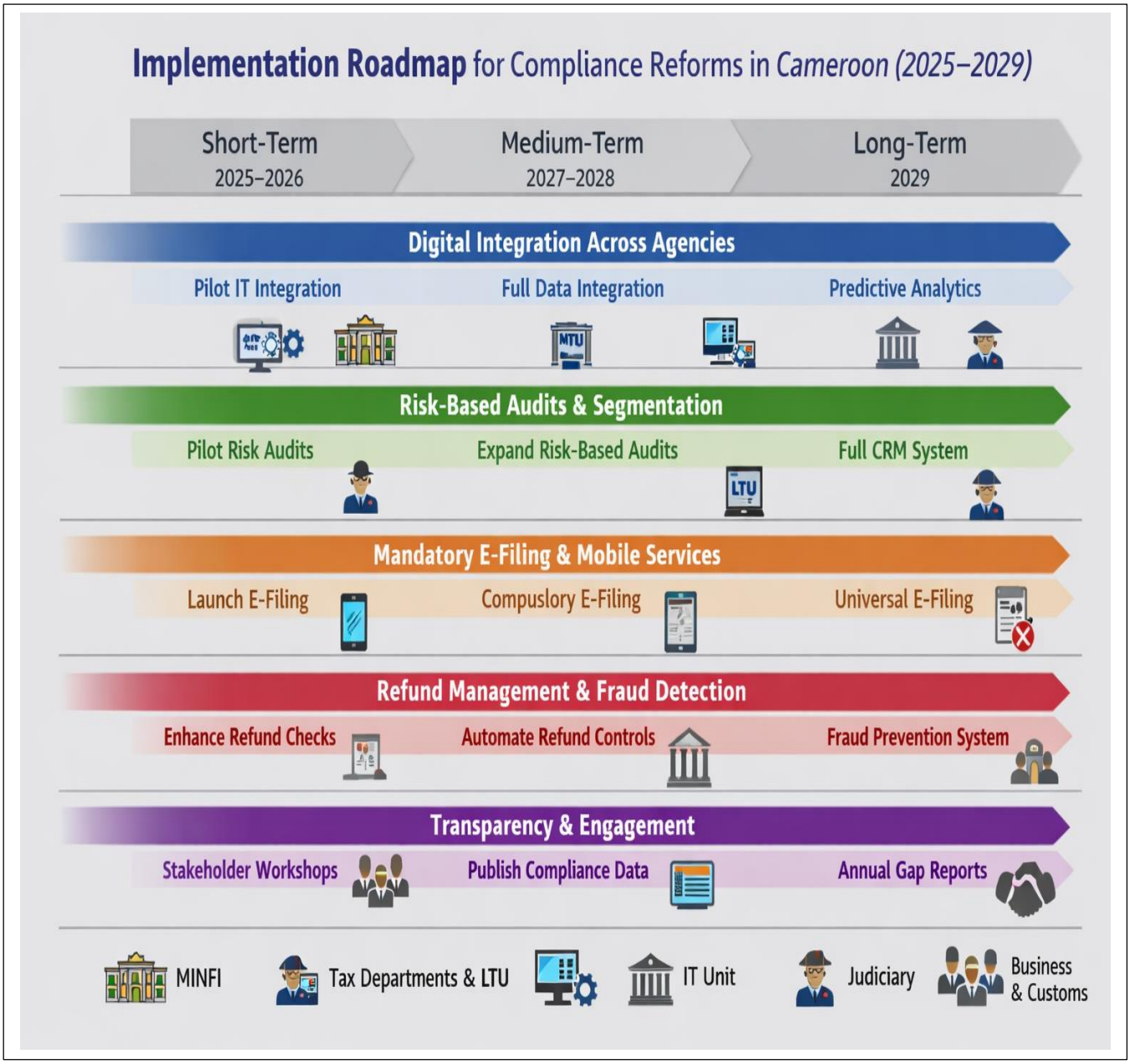


Figure Caption: *Implementation Roadmap for Compliance Reforms in Cameroon (2025–2029)* This timeline illustrates the phased rollout of Cameroon's CRM reforms—from pilot integration and stakeholder workshops in 2025–2026, through full IT and audit implementation in 2027–2028, to consolidation and predictive analytics by 2029. Each reform area is aligned with its lead stakeholders—MINFI, Tax Departments and LTU, IT Unit, Judiciary, and Business Associations—showing how coordinated action over five years can transform compliance risk management into sustainable fiscal capacity.

5.4 Methodological Contributions

This chapter highlights the original contributions of the study to the field of fiscal policy and compliance risk management. Building on the empirical findings, results chain, stakeholder analysis, and scenario modeling, the research advances knowledge in three distinct ways: by generating new empirical evidence on Cameroon's compliance challenges and reform potential, by applying innovative methodological tools to analyze fiscal systems, and by situating Cameroon's experience within a comparative international context. Together, these contributions demonstrate the study's value not only for Cameroon's policy reform agenda but also for the broader literature on tax administration and governance in Sub-Saharan Africa.

5.4.1 Empirical Contributions

This study provides new empirical evidence on the compliance risk management (CRM) reforms in Cameroon, highlighting both progress and persistent challenges. By combining quantitative indicators (tax-to-GDP ratios, VAT efficiency, PIT/CIT microsimulations, audit yield extrapolations) with qualitative insights (interviews, documentary reviews), the research offers a comprehensive picture of fiscal capacity constraints. The integration of scenario modeling further enriches the empirical contribution by quantifying potential revenue gains under moderate and ambitious reform pathways. This empirical evidence fills a gap in the literature on Sub-Saharan Africa, where detailed compliance risk attribution studies remain limited.

5.4.2 Methodological Contributions

Methodologically, the study advances the use of a **results chain and theory of change framework** to analyze fiscal reforms. By linking inputs, activities, outputs, outcomes, and impacts, the research demonstrates a clear causal pathway from CRM reforms to revenue mobilization. The incorporation of **microsimulation techniques** to estimate tax gaps and extrapolate audit yields represents a novel application in the Cameroonian context. Furthermore, the integration of **stakeholder mapping** with scenario modeling provides a multi-dimensional approach that combines institutional analysis with quantitative projections, offering a replicable model for other countries seeking to evaluate compliance risk reforms.

5.4.3 Comparative Contributions

Comparatively, the study situates Cameroon's experience within a broader international context by drawing lessons from Rwanda, Georgia, and Senegal. These case studies illustrate how digital integration, risk-based audits, and transparency reforms can substantially reduce compliance risks. By contrasting Cameroon's incremental progress with the ambitious reforms of peer countries, the research highlights both the opportunities and constraints facing Cameroon. This comparative lens contributes to the global literature on tax administration reforms by showing how context-specific factors—such as stakeholder incentives, political will, and IT capacity—shape reform outcomes.

In sum, this study contributes to knowledge on three levels: empirically, by generating new evidence on Cameroon's compliance risk management reforms; methodologically, by applying and refining tools such as results chains, microsimulation, and stakeholder mapping; and comparatively, by situating Cameroon's experience within a broader international context. Together, these contributions enrich the literature on tax administration and governance in Sub-Saharan Africa, while offering practical insights for policymakers seeking to close compliance gaps. With these contributions established, the thesis now turns to its final sections—references and appendices—which provide the supporting sources, data, and technical details underpinning the analysis.

5.5 Limitations and areas for future research

5.5.1 Study limitations

While this study provides valuable insights into compliance risk management in Cameroon, several limitations must be acknowledged:

- **Data Constraints**: Access to tax administration data was limited, particularly regarding disaggregated compliance indicators. Reliance on secondary sources and partial datasets may affect the precision of microsimulation estimates.
- **Scope of Stakeholder Engagement**: Interviews and qualitative inputs were concentrated among tax officials and business associations, with less representation from informal sector actors and judiciary staff. This may limit the breadth of perspectives captured.

- **Comparative Case Selection**: The study focused on Rwanda, Georgia, and Senegal as comparators. While illustrative, these cases may not fully represent the diversity of reform experiences across Sub-Saharan Africa.
- **Time Horizon**: Scenario modeling was restricted to a five-year horizon. Longer-term impacts, such as institutional culture change or taxpayer behavioral shifts, remain outside the scope of this analysis.

5.5.2 Directions for future research

Building on the findings and limitations of this study, several avenues for future research are suggested.

Expanding Tax Coverage Future studies could extend compliance risk analysis beyond VAT, PIT, and CIT to include excise duties, customs revenues, and emerging digital economy taxes. This would provide a more comprehensive picture of Cameroon's overall compliance landscape.

Improved Data Sources Further work could benefit from richer datasets, including more granular audit records, taxpayer surveys, and administrative microdata. Incorporating informal sector estimates would also strengthen the accuracy of compliance gap measurement.

Longitudinal Analysis A longitudinal approach tracking compliance trends over time would help assess the sustainability of reforms and the impact of economic cycles or policy changes on taxpayer behavior.

Comparative Regional Studies Expanding comparative analysis to include additional Sub-Saharan African countries would deepen understanding of reform sequencing and institutional capacity, while also identifying regional best practices.

Behavioral Dimensions Future research could explore behavioral economics approaches to compliance, examining taxpayer perceptions of fairness, trust, and enforcement credibility, and how these influence compliance decisions.

Integration with Policy Simulation Finally, coupling compliance gap analysis with dynamic policy simulation models could provide policymakers with forward-looking scenarios, helping to anticipate the fiscal impact of different reform strategies.

5.6 Final reflection

This study has demonstrated that effective compliance risk management (CRM) reforms are central to strengthening Cameroon's fiscal capacity. By combining quantitative gap analysis, qualitative diagnostics, results chain articulation, stakeholder mapping, and scenario modeling, the research provided a comprehensive picture of both the scale of compliance challenges and the pathways for reform. The findings underscore that incremental improvements can deliver steady gains, but only ambitious, integrated reforms—anchored in digital integration, risk-based audits, e-filing expansion, refund fraud detection, and transparency—can unlock transformative outcomes.

Beyond Cameroon, the methodological contributions of this thesis offer a replicable framework for other developing countries seeking to close compliance gaps and broaden their tax base. The integration of macro–micro scenario modeling with results chain analysis provides policymakers with both a theory of change and a forward-looking simulation tool, ensuring reforms are grounded in evidence and tested against realistic conditions. Ultimately, the study highlights that fiscal governance is not only a technical challenge but also an institutional and political one, requiring sustained commitment, stakeholder engagement, and adaptive management.

5.7 Closing Statement

In closing, this thesis affirms that Cameroon stands at a crossroads: the choice between incremental adjustments that maintain the status quo and ambitious reforms that can transform its fiscal future. By embracing evidence-based compliance risk management and investing in institutional capacity, the country can move decisively toward sustainable revenue mobilization, a fairer tax system, and stronger governance. The path forward is demanding, but the rewards—greater fiscal resilience, enhanced credibility, and inclusive development—make the journey both necessary and worthwhile.

GENERAL CONCLUSION

This thesis set out to examine compliance risk management within Cameroon's tax administration, with a particular focus on VAT, PIT, and CIT. By employing a mixed-methods approach—combining top-down VAT gap estimation through the C-efficiency/RA-GAP methodology, bottom-up audit yield extrapolations, and qualitative tools such as semi-structured interviews and TADAT reports—the study provided both quantitative evidence and institutional insights into the scale of compliance challenges.

The findings revealed significant compliance gaps, especially in VAT collections, with reforms projected to mobilize up to **300 billion CFA francs in additional revenue over five years**. PIT and CIT compliance gaps, estimated at **15–20% of potential collections**, further underscore the magnitude of untapped fiscal resources. These results highlight the urgent need for Cameroon to strengthen compliance risk management as a cornerstone of fiscal governance.

Beyond measurement, the study enriched reform policy design through results chain analysis and stakeholder mapping, clarifying pathways of change and identifying actors critical to successful implementation. Comparative case studies from Rwanda, Georgia, and Senegal demonstrated that successful reforms depend not only on technical solutions but also on institutional capacity, political commitment, and taxpayer trust.

Methodologically, the thesis contributes by integrating RA-GAP, audit yield extrapolations, and qualitative diagnostics in a Sub-Saharan African context, offering a replicable framework for other developing countries. Empirically, it provides concrete benchmarks for Cameroon's revenue mobilization potential. Policy-wise, it offers actionable recommendations for reform sequencing and stakeholder engagement.

In conclusion, effective compliance risk management in Cameroon requires a balanced approach: rigorous technical reforms, strengthened institutional capacity, and the cultivation of trust between taxpayers and the administration. By bridging empirical evidence, methodological innovation, and policy relevance, this thesis advances both academic understanding and practical strategies for improving fiscal governance in Cameroon and beyond.

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