



Transcript of podcast with Katherine Baer: “Hackathons: New Technologies Can Help Raise Tax Revenue in Africa”

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Hello, I’m Jacqueline Deslauriers, and welcome to this podcast produced by the International Monetary Fund.

When we think of hackers we picture someone in a dark room in front of a computer and up to no good. While the word sounds nefarious, a hackathon is something else entirely.

MS. BAER [Soundbite]: *A hackathon is an intense get-together of programmers and experts from different fields who come together to devise technologically innovative solutions to specific issues or problems.*

MS. DESLAURIERS: In this program: IMF economist Katherine Baer, who leads a team of experts, talks about how new technologies can help governments in Africa modernize how they collect taxes, which can raise more revenues to finance development and help countries use this technology to leap ahead in the race to tap the continent’s vast potential.

So, Katherine, first of all, what is it about the format, the creativity of a hackathon, that lends itself to finding solutions?

MS. BAER: Part of the advantage is bringing together people from different disciplines and with different expertise to work together. And, that’s where, really, it’s the team that’s offering the solution and not just one person with one expertise in a field. And it is, of course, technology embedded in the institution—the knowledge of the institution, the knowledge of the context of the business environment. You push yourself and you motivate each other to think: what can we really do in a very short time? So, you have several things working in your favor: this mix of expertise, a mix of knowledge from different countries and different fields, and then very intense discussions about how to solve this problem and come up with a solution in a short period of time.

Also, it’s just a lot of fun with a lot of energy! You feel like you are really inventing something new and different to solve longstanding problems. So, there’s something fresh about it that captures, in the sense of African countries, this freshness and dynamism that we’re seeing in many of these countries—a lot of young people participating in our hackathons, which is reflecting what’s going on in the society.

This podcast: <http://www.imf.org/en/News/Podcasts/All-Podcasts/2018/04/06/Hackathons>

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MS. DESLAURIERS: So, in the hackathons you've been part of, who's in the room?

MS. BAER: There are the tech people. There are the officials from the tax and the customs administrations. There are representatives from the private sector in the country. And, in several hackathons we had people from academia. There are heads of IT departments in tax administrations outside the country, usually those that the country would like to emulate or looks to for developing their systems, getting them to the next level. And, there are the facilitators who help keep the pace of the hackathon going smoothly and help the groups to achieve their end-result, which is a prototype to solve the question that they're addressing.

MS. DESLAURIERS: So, let's talk about the questions. You've had three hackathons: Uganda, Senegal, and the most recent one, Côte d'Ivoire. Take us into the room. What's it like, but, also, what are the questions you're trying to answer with the solutions that are being generated in the room?

MS. BAER: So, that's a really good question, because the creative process of a hackathon starts with defining what is it you're trying to address? You know, what are your problems? And for tax administrations and customs administrations around the world, especially in the developing countries, that means how to get more taxpayers to participate in the tax system; how to make it easier for those who decide that they do want to participate to do so—to register, to file and pay their taxes, to know what their tax obligations are about or what are their customs obligations. These are the questions that the hackathons then take a dive into, having to do with those issues.

There can be prototypes that are specifically designed for very small taxpayers who are outside cities. There are prototypes for your usual citizen in an urban area who wants to register to pay taxes. There are prototypes for small businesses. There can be solutions for larger businesses. Then, there are some solutions that have to do with improving the accounting systems of the tax administration itself so that it can relate to taxpayers and traders in a more efficient way.

MS. DESLAURIERS: Tell us about one of your favorite moments from the Côte d'Ivoire hackathon that really illustrates what they can accomplish for countries.

MS. BAER: Well, one proposal that I think is very interesting and practical had to do with making the registration and the preparation and payment of taxes easier for small businesses. And, as you know, there are very many small businesses in developing countries that aren't engaged in the tax system because it is so complicated and cumbersome. There also may be corruption in engaging with tax officials.

So, this solution addresses that by offering a prototype for small businesses to, first, prepare their financial accounts online—in the Cloud—with a format that's provided by the tax administration, and then having a system that would select the tax-important information from those accounts and prepare a tax return. So, all that small businesses had

to do once their financial accounts were prepared was check to see whether the return that had been automatically generated was correct and pay that amount—either adjust it, and then pay that amount.

That was a very practical and very interesting proposal, or prototype, that came out of the hackathon in Côte d'Ivoire. They even named it. It was named "Pokou". So, I thought Pokou was a very neat package of accounting and tax help for small enterprises that may otherwise have either a very frustrating time complying with their tax obligations or not declaring at all.

MS. DESLAURIERS: So, the day generates a lot of different ideas and then you winnow down the "winners" to then present to the government to do with what they will. And, in Côte d'Ivoire, the hackathon was very recent—end of February 2018—so, I know it's early days, but what's your sense of the government's next steps?

MS. BAER: I think the government was pleasantly surprised. I think maybe a little skeptical at first that this hackathon was really going to generate proposals that were concrete enough and specific enough. And, at the end of the day, they really liked what they saw and I think they'd be very keen and very interested to implement the three winning proposals.

And so, the IMF will help them start thinking through that. We have a technical assistance program in the tax and customs administrations, together with other technical assistance providers who are working in Côte d'Ivoire. So, it'll be a group effort to start getting these proposals implemented. The authorities are quite enthusiastic.

MS. DESLAURIERS: So, we accompany them not only at the beginning, but through the whole journey?

MS. BAER: Throughout the whole process, which is new for us as well, but I think very satisfying in the sense that this is a concrete prototype, so we're not talking about a huge strategy or a huge set of procedural changes. This is a concrete technological prototype, so the challenge is how to embed that, how to introduce that, which is not a small thing because many of these tax administrations' computerized information systems are not up to date. They're not the most modern. They're not the most complete. Often communication links are not the best. The quality of data still has a long way to go. So, there are a number of challenges that have to be addressed as these prototypes, as these solutions, get implemented in the countries. So, if you will, it's a little bit of pushing the envelope in terms of some of the challenges the country is facing.

MS. DESLAURIERS: But we're seeing results? We're seeing things bearing fruit?

MS. BAER: I think that the reason the hackathons are valuable is that there's an ongoing engagement with the countries to help them strengthen their institutions. And so, in each hackathon there were three winning proposals. And, of course, the idea is for the government to then start thinking about how—of course, if it agrees with the proposals and thinks they're also good ideas—they're going to implement them given where their tax administration is.

In Senegal, what's been happening for the past year and a half, there's been considerable work and time invested in implementing the three proposals with one of them about to come online, hopefully in May 2018. After May, we'll be able to tell what the response is from the tax-paying community in Senegal and that really will be the proof of the pudding.

MS. DESLAURIERS: Is the hackathon the future of the IMF's technical assistance?

MS. BAER: So, I see it as a way of focusing on specific challenges and very much complementary to the traditional technical assistance that the IMF is providing either through our technical assistance missions or workshops, or our advisors who are on the ground. I wouldn't say that it will transform fundamentally the way that we provide assistance, but it's a very rich complement and a very interesting new way of working with the countries.

MS. DESLAURIERS: That was Katherine Baer, IMF economist, talking about how hackathons can help governments come up with solutions to raise more revenues. To find out more about the IMF and hackathons, go to imf.org. And, if you like this podcast, subscribe on iTunes or on your favorite podcast app. Just search for "IMF podcasts." And, now you can follow us on Twitter: @imf_podcast.

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