Africa Taking Charge of its Future: Increasing Domestic Revenue Mobilization

CGD/ACET Joint Event

25th January 2021
01. Additional challenges for DRM

- **Covid crisis**
  - Increased spending needs
  - Rise in inequality within countries

⇒ Need for more tax revenue mobilization BUT with particular attention to the tax incidence

- **AfCFTA**
  - Forthcoming reductions in tariffs

⇒ Large efforts to recover the trade tax revenue losses from domestic tax revenues already underway
02. AFD’s support to tax administrations

- **Ongoing projects to accompany the countries’ tax reform plans**
  - Activities of capacity building
  - Technical assistance
  - Focus on both tax and customs administrations and Treasury
  - For enhancing basic key functions but also for developing more innovative ones

- **Partnership with Commitment to Equity (CEQ Institute) for diagnostics on the fiscal incidence of the existing tax system**
  - Enables to identify reforms to make the tax system more equitable
03. A clear opportunity

- Covid is accelerating the technology revolution, with digital solutions emerging in a variety of areas.

- Which digital solutions for tax administrations in Africa?
  - Pay by phone solution for the road tax in Guinea
    - Revenue multiplied by more than three
  - Satellite imagery for better knowledge of the tax base
    - Property tax for example
  - Use of datascience by customs administration in Niger as a tool to fight against fraud
    - Better targeting of controls

=> How to scale-up of these initiatives and initiate others?