Africa Taking Charge of its Future
Increasing Domestic Revenue Mobilization

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Pre-COVID tax revenue challenges

Percentage of Countries with <15% T/GDP, 2018

Source: ICTD (2020).
Performance of tax types

SSA’s Fiscal Response to the crisis


Tax and Debt Forecasts

Source: Macro Poverty Outlook, 2021, covering 41 countries.
Value Added Tax Gap

Tax Policy – Closing ineffective loopholes

### Factors Affecting Investment Decisions

Executives of multinational corporations were asked how important various country characteristics were in their decision to invest in developing countries (percentage of 754 respondents)

- **Political stability and security**: 50% Important, 37% Somewhat important, 9%2% Not at all important
- **Legal and regulatory environment**: 40% Important, 46% Somewhat important, 12%2% Not at all important
- **Large domestic market size**: 42% Important, 38% Somewhat important, 14% 4% Not at all important
- **Macro stability and exchange rate**: 34% Important, 44% Somewhat important, 16% 5% Not at all important
- **Available talent and skill of labor**: 28% Important, 45% Somewhat important, 22% 5% Not at all important
- **Good physical infrastructure**: 25% Important, 46% Somewhat important, 24% 5% Not at all important

**Low tax rates**

- **Low cost of labor and inputs**: 19% Important, 39% Somewhat important, 31% 9% Not at all important
- **Access to land or real estate**: 18% Important, 35% Somewhat important, 35% 11% Not at all important
- **Financing in the domestic market**: 14% Important, 31% Somewhat important, 32% 22% Not at all important


<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Revenue loss from TEs (% of GDP)</th>
<th>T/GDP in same year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>2017</td>
<td>2.40%</td>
<td>9.70%</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>2016</td>
<td>1.38%</td>
<td>14.80%</td>
</tr>
<tr>
<td>DR Congo</td>
<td>2016</td>
<td>0.65%</td>
<td>7.90%</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>2017</td>
<td>1.32%</td>
<td>12.10%</td>
</tr>
<tr>
<td>Gabon</td>
<td>2017</td>
<td>1.24%</td>
<td>-</td>
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<tr>
<td>Guinea</td>
<td>2017</td>
<td>2.63%</td>
<td>13.20%</td>
</tr>
<tr>
<td>Lesotho</td>
<td>2016</td>
<td>3.96%</td>
<td>27.10%</td>
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<tr>
<td>Liberia</td>
<td>2016</td>
<td>4.70%</td>
<td>12.20%</td>
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<tr>
<td>Madagascar</td>
<td>2015</td>
<td>1.79%</td>
<td>8.90%</td>
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<tr>
<td>Mali</td>
<td>2017</td>
<td>2.64%</td>
<td>15.20%</td>
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<tr>
<td>Mauritius</td>
<td>2017</td>
<td>1.76%</td>
<td>18.40%</td>
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<tr>
<td>Morocco</td>
<td>2018</td>
<td>2.78%</td>
<td>21.80%</td>
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<tr>
<td>Rwanda</td>
<td>2018</td>
<td>4.60%</td>
<td>14.40%</td>
</tr>
<tr>
<td>Senegal</td>
<td>2014</td>
<td>7.80%</td>
<td>15.20%</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>2017</td>
<td>1.20%</td>
<td>11%</td>
</tr>
<tr>
<td>South Africa</td>
<td>2017</td>
<td>3.90%</td>
<td>28.50%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>2012</td>
<td>4.40%</td>
<td>10.40%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td>2.89%</td>
<td>14.87%</td>
</tr>
</tbody>
</table>

Tax expenditure on VAT exemptions and reduced rates across the consumption distribution in four LMICS.
Building Back Better through Tax: Innovation
Building Back Better through Tax: Sustainability

Effect of a 1°C Increase in Temperature on Real per Capita Output, Grid Level

What the World Bank is doing: DRM Portfolio in SSA

SSA receives the most DRM lending of any region (USD Millions)

GTP – helping through sector related tax support

South Africa: price per cigarette pack (decomposed) and total cigarette sales, 1961-2020

Notes: VAT = Value Added Tax, GST = Goods and Services Tax. Source: University of Cape Town.
PCT Highlights in 2020

- The PCT Website and Partners’ tax project database
- Partners’ COVID-19 Resources
- PCT International Taxation Toolkits
- Virtual Workshops on Toolkits and Medium Term Revenue Strategies (MTRS)
Resources

• https://www.tax-platform.org/