

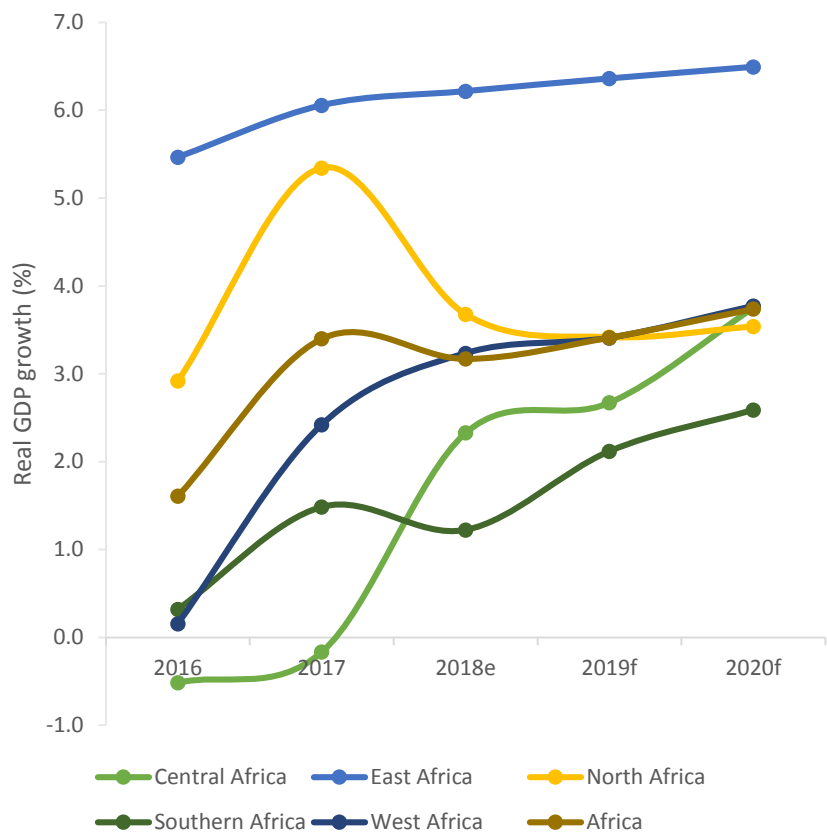
# Fiscal Policy for Financing Sustainable Development in Africa

**Economic Report on Africa 2019**

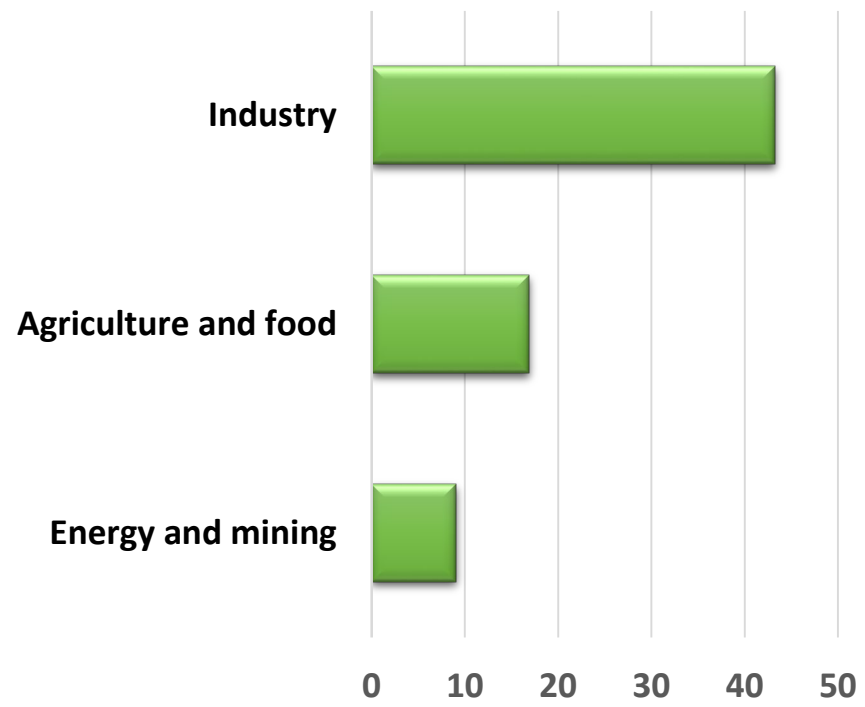
Khaled Hussein, Chief  
Macroeconomic Analysis Section

**17-19 June 2019  
New York, USA**

## Economic Growth



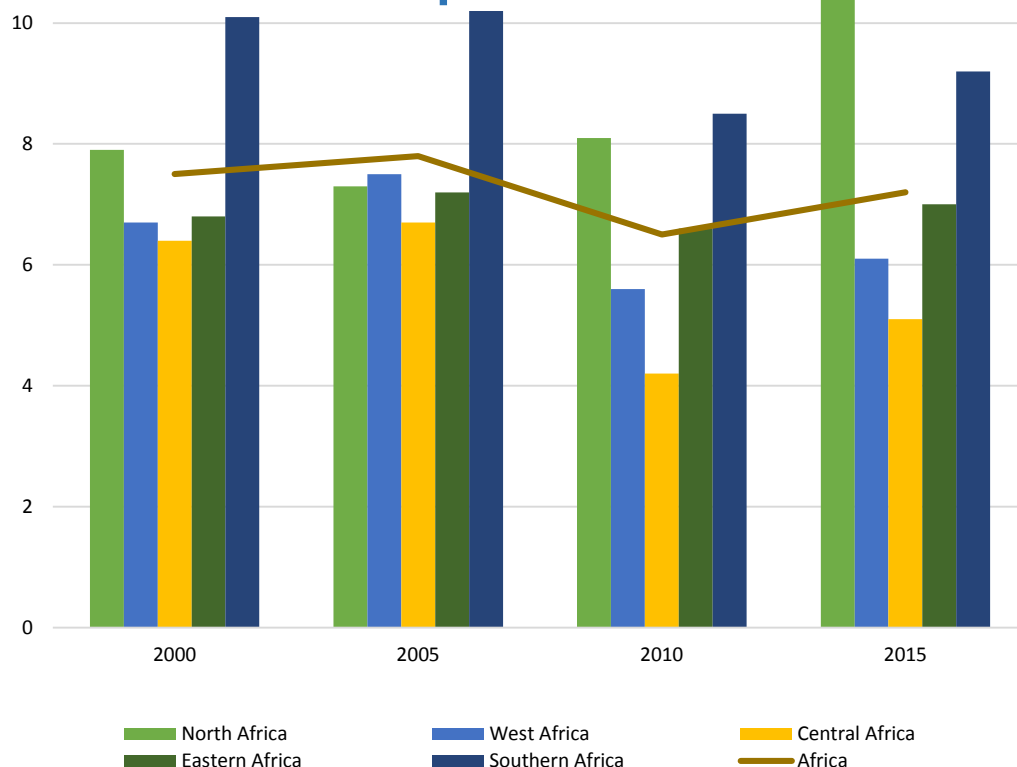
## AfCFTA: Change in Africa's export to Africa by main sector (2040)



## Notable gains made in social sector

- Since 2000, government spending on education and health rose.
- Poverty rate dropped to 36 per cent in 2016 from 54.3 per cent in 1990.
- However, inequality remains high with a gini Of 0.44

## Health Expenditure as a percentage of total government expenditure



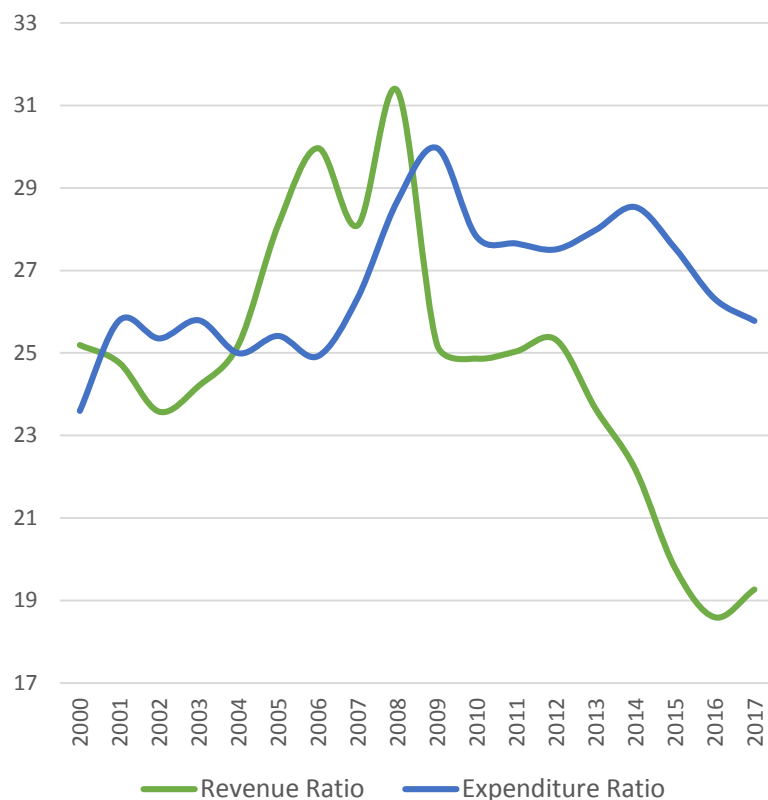
## Fiscal Policy for financing sustainable development in Africa



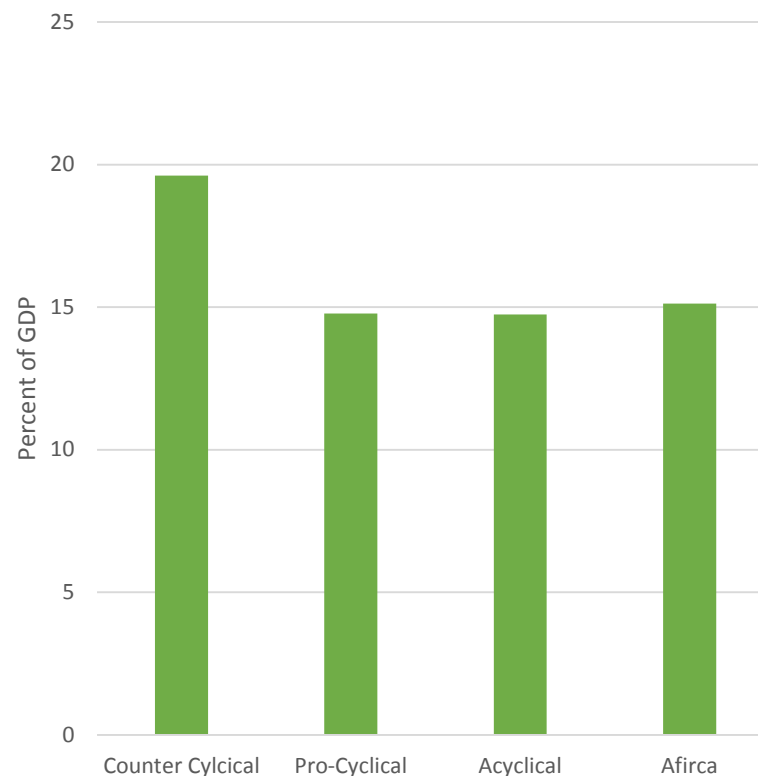
- 1** Fiscal policy options
- 2** Tax policy options.
- 3** Non-tax revenue options
- 4** Tax administration options
- 5** Policy options for the natural resources sector
- 6** Debt policy options

# Fiscal Policy and Macroeconomic Stability

Weighted Average, Revenue & Expenditure Ratios in Africa



Average Ratio of Taxes to GDP in Africa by Fiscal Policy Stance, 2010 - 2018

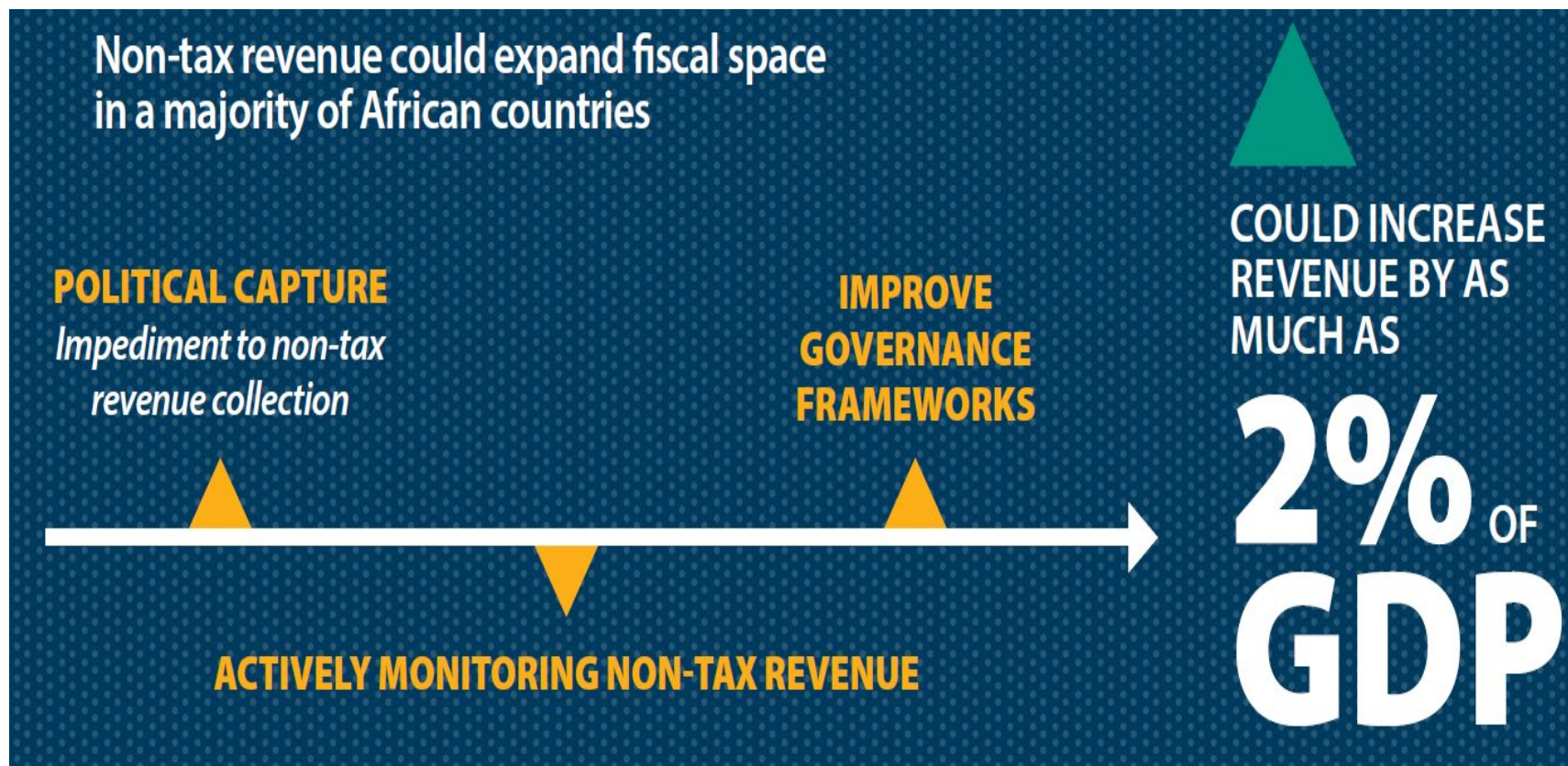


## Indirect taxes have been the main source of tax revenue

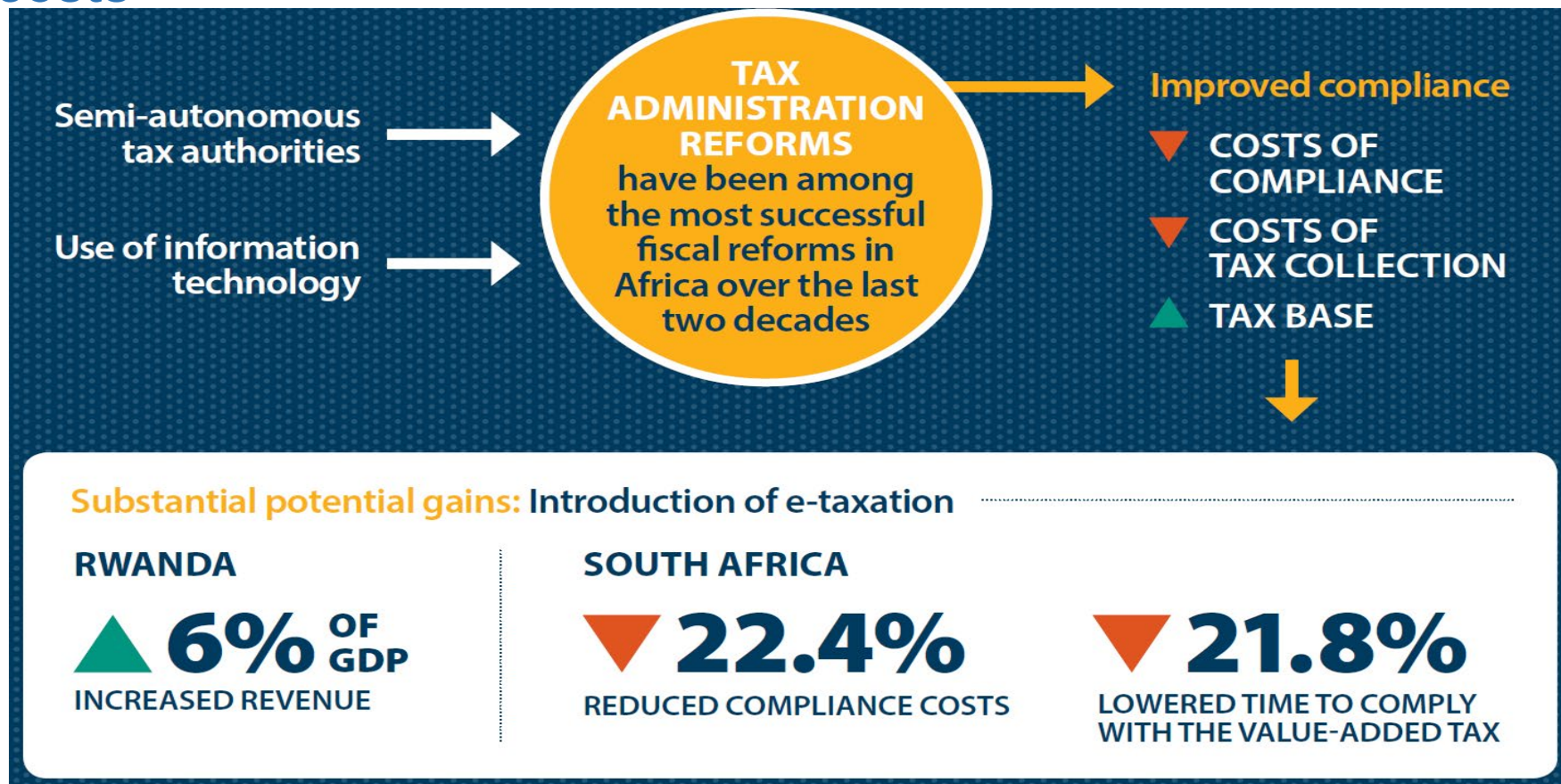




## Improving revenue collection efficiency could increase non tax revenues



## Leveraging the use of IT could lower tax administration costs

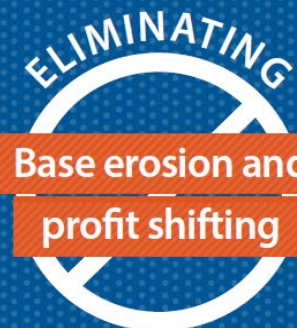




## Base erosion and profit shifting are major sources of revenue leakage

### MAIN AVENUES OF TAX EVASION AND AVOIDANCE IN THE NATURAL RESOURCES SECTOR IN AFRICA

- Use of non-strategic tax incentives
- Loopholes in double-taxation agreements
- Difficulties in applying the arm's length principle effectively in regulating intra-company transactions
- Inclusion of fiscal stability clauses in contracts
- Lack of coordination and information sharing among government agencies

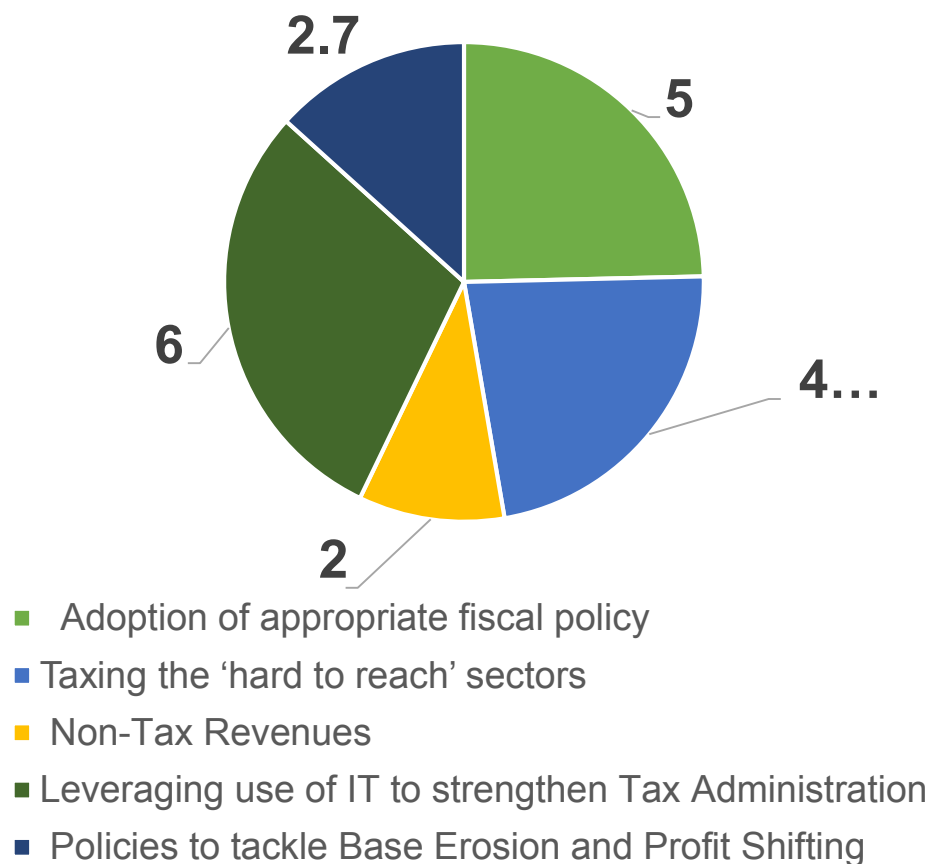


COULD BOOST  
TAX REVENUE BY  
AN ESTIMATED



**2.7% OF GDP**

## Potential Sources of Revenue





# THANK YOU!

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