



# **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 area
- 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?**