



52nd Session of the Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development

Fiscal policy, trade and the private sector in the digital era: a strategy for Africa

52ème session de la Commission économique pour l'Afrique Conférence des ministres africains des finances, de la planification et du développement économique

Politique budgétaire, commerce et secteur privé à l'ère du numérique : une stratégie pour l'Afrique

# Good policies and technology will help Africa to become financially resilient



There is an urgent need for Africa to put in place the right fiscal policies to be able to sustainably fund its growth and development initiatives, says Executive Secretary of the ECA, Vera Songwe.

Despite fiscal reforms that raised revenue-to-GDP ratios to an average of more than 15% between 2000 and 2017, a significant financing gap remains. This has to be narrowed if Africa is to realise its Agenda 2063 ideals and meet the deadline for the United Nations 2030 Agenda, which is now just a little over a decade away, she said.

It is against this background that the 2019 Conference of Ministers is being held. "One of the big conversations that we have on the continent is the need for [budget] financing. The question is why Africa always needs to, and goes outside, to raise this money."

"This week, we will be looking at how countries that have had good policies, good governance and good public administration have actually raised revenues, even without necessarily taxing more."

One of those countries, she said, is Morocco where the tax-to-GDP ratio is already at 25%. A move to digitisation has enabled Rwanda to

improve revenues by 6%, and South Africa to improve collections by 22%.

"The big message we are sending out is that Africa can improve revenue collection from 11% to 20% of GDP just by putting in place better fiscal policies, improving tax collection, stopping illicit financial flows and by using digital technology to enhance revenue collection. And we know how to do that."

"We also know that the problem of how we raise the financing lies with us. Our leadership can make the decision to actually address a substantial part of the problem."

Songwe believes that the youth and women are a key demographic to maximise the potential of digital technology for better economic performance. "We know that Africa is a hub of innovation, a hub of excitement, a hub of activity. "The beauty with digital is that you can leapfrog and do so quickly. Africa can do so even faster."

"What is exciting and important about our conversations here is how we can and should do things quickly because we are behind. We are late. We are growing at 3%. We should be growing at 10%."

## 21

Number of ratifications of the CFTA to date – 22 needed to launch

## 3.4

PERCENT Africa's expected growth in 2019

## 33

Number of African nations classified as least developed countries

# De bonnes stratégies politiques et technologiques aideront l'Afrique à devenir résiliente financièrement



Vera Songwe, secrétaire exécutive de la CEA, considère qu'il est urgent que l'Afrique use de bonnes politiques budgétaires pour financer durablement ses initiatives de croissance et de développement.

Malgré des réformes fiscales, qui ont porté le ratio recettes fiscales/ PIB à plus de 15% en moyenne, entre 2000 et 2017, un important déficit de financement subsiste. Il doit être réduit pour que l'Afrique puisse réaliser ses objectifs de l'Agenda 2063 et respecter l'échéance fixée pour le Programme 2030 des Nations unies, a-t-elle déclaré lors de la Conférence des ministres de la CEA 2019.

«L'une des grandes discussions que nous avons sur le continent tient dans le besoin de financement [budgétaire]. La question est de savoir pourquoi l'Afrique a toujours besoin de sortir du continent pour récolter cet argent. »

«Cette semaine, nous examinerons comment les pays qui ont adopté de bonnes politiques, une bonne gouvernance et une bonne administration publique, ont généré des recettes de façon efficace, sans nécessairement taxer davantage.»

Le Maroc est l'un de ces pays : le ratio impôts/PIB est déjà de 25%. Au Rwanda, le passage à la numérisation a permis à l'Etat d'augmenter ses revenus de 6% ; en Afrique du Sud, il a permis d'améliorer la collecte de 22%.

## Nous savons également que la manière dont nous réunissons les fonds nous incombe

« Le message principal que nous voulons faire passer est que l'Afrique peut améliorer la collecte des recettes de 11% à 20% du PIB, simplement en pratiquant de meilleures politiques budgétaires, en améliorant la collecte des impôts, en mettant fin aux flux financiers illicites et en utilisant la technologie numérique pour améliorer la collecte des recettes. Et nous savons comment faire cela. »

« Nous savons également que la manière dont nous réunissons les fonds nous incombe. Nos dirigeants ont la possibilité de s'attaquer à la majeure partie du problème. »

Vera Songwe est convaincue que les jeunes et les femmes sont le vecteur-clé pour maximiser le potentiel de la technologie numérique, en vue d'une meilleure performance économique.

« Nous savons que l'Afrique est un centre d'innovation, d'enthousiasme, d'activités. L'avantage du numérique réside dans le fait que nous pouvons agir de façon accélérée. L'Afrique peut le faire encore plus rapidement. »

« Ce qui est stimulant et important dans nos conversations ici, c'est de voir comment nous pouvons et devons faire les choses rapidement, parce que nous sommes en retard. Nous sommes en retard. Notre croissance est de 3%. Nous pourrions atteindre 10% ! »

## Coming up at COM2019

Events to look out for in the next few days.

### Launch of the Economic Report on Africa 2019

**Saturday 23**

This provides an assessment of fiscal policy in Africa with an analysis of challenges and opportunities as well as best practices.

### Briefing on Regional Integration in Africa

**Saturday 23**

The session will assess regional integration, looking at next steps for the African Continental Free Trade Area as well as the African Regional Integration Index report for 2019. With the CFTA almost a reality, this is a timely discussion.

### Digital trade in Africa

**Saturday 23**

The digital revolution that Africa is experiencing will be disruptive for the continent and it will have implications for not just economies but plans for building inclusive economies. The session will unpack pertinent issues relating to the Fourth Industrial Revolution.

### Planning for the workforce of tomorrow

**Sunday 24**

A look at the state of African education and training and the future of work. Is Africa ready to go forward?

### 2019 Adebayo Adedeji Lecture

**Monday 25**

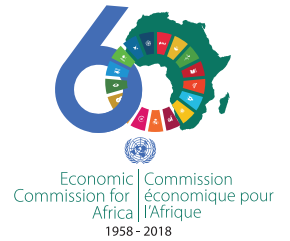
This important annual event will, this year, look at the topic: The digital transformation of Africa—hype or reality? It is not to be missed.

For more information on these and other events, see the website [www.uneca.org/cfm2019](http://www.uneca.org/cfm2019)

## ECA – 60 YEARS IN STEP WITH AFRICAN DEVELOPMENT

# The Economic Commission for Africa comes to life

As the ECA celebrates its 60th year, the newsletter will be carrying a page every day on an aspect of the organisation. Today, we look at the ECA's early history



The United Nations Economic and Social Council (ECOSOC) established the Economic Commission for Africa (ECA) in 1958 in an effort to support African Governments to increase economic activity and improve the living standards of their citizens.

Upon gaining independence, Ghana sponsored a draft resolution, which 28 other countries supported, for the establishment of the ECA. After a protracted campaign in the United Nations General Assembly, backed by other African countries that had already gained independence - Ethi-

opia, Ghana, Liberia, Morocco, Sudan, Tunisia and Egypt – ECOSOC, after considering their views, established the Commission on 29 April 1958.

The first session of the Commission was held in its new headquarters in Addis Ababa, from 29 December 1958 to 6 January 1959, and was attended by the then Secretary-General of the United Nations, Dag Hammarskjöld.

The ECA was Africa's first international, continent-wide organisation. For five years from its establishment to the founding of the Organization of

African Unity in 1963, it was one of the regional forums for waging battles for economic progress on the continent and standing against colonialism, racism and racial exploitation.

Sixty years on, the Commission continues to promote economic and social development in Africa, with a focus on collecting up-to-date and original regional statistics on various economic and social aspects to help African Governments base their policy research and advocacy on objective evidence.



## 1958-1968

### The First Decade:

#### INSTITUTIONAL DEVELOPMENT

The first decade coincided with the independence of the majority of countries in Africa and during this time, the ECA placed special emphasis on laying the foundations for institutional and human resource development in Africa. It also promoted the creation of numerous regional and sub-regional institutions, such as the African Development Bank. It also established its own sub-regional offices: in Niamey, Niger, for West Africa in 1963; Tangiers, Morocco, for North Africa in 1963; Lusaka in Zambia for East and Southern Africa in 1964; and Kinshasa for Central Africa in 1965.

## 1968-1978

### The Second Decade

#### REGIONAL ECONOMIC CO-OPERATION AND INTEGRATION

During the second decade, the ECA focused on promoting continued human resource development, economic cooperation and integration, industrialisation, natural resources development, population, social development (almost exclusively in relation to problems affecting women in development), international trade, finance, agriculture, transport and communications.

## 1978-1988

### The Third Decade

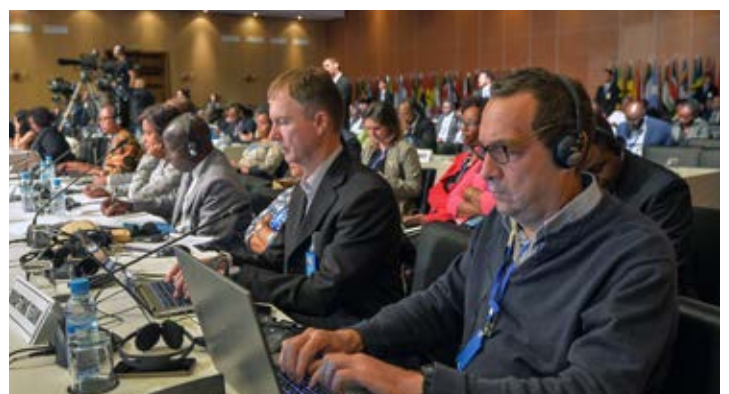
#### ARTICULATING AND ADVOCATING A COLLECTIVE RESPONSE TO AFRICA'S CRISES

Owing to a marked deterioration in the socioeconomic conditions of Africa and a need for a unique African response and solution to the situation, the third decade focused on conceptualizing key economic and social strategies and programmes, which made up the policy framework for Africa's socioeconomic development.

These included the Lagos Plan of Action, the United Nations Transport and Communications Decade in Africa and the Industrial Development Decade for Africa.



# Getting down to business @ COM 2019



# Tweets



**Fifi Peters** @FifiPeters · 6h

33 of the 55 countries in Africa are classified as least developed countries (LDCs). And economic progress in most of these countries in the past decade has been very little, sometimes even backtracking [#2019COM](#) [@cnbcafrica](#)

5 1



**Dianna Games** @DiannaGames · Mar 20

Debt should be used by African governments to invest in the economy and build for the future, not to fund the lifestyles of public servants, says newly elected Moroccan head of ECA Bureau [#2019COM](#)

1



**#UNIDEP** @IDEPOfficial · Mar 20

While [@ECA\\_OFFICIAL](#) members are meeting in Marrakech for [#COM2019](#), officials from 24 African countries are currently trained in Dakar on trade policy and negotiations with focus on [#AICFTA](#) [@ECA\\_OFFICIAL](#) [@KarimaBBS](#) [@ATPC2](#) [@sebaprunce](#) [@wto](#) [@OnuSenegal](#) [@NEPAD\\_SEFY](#) [@SongweVera](#)



**Aida Opoku-Mensah** @AidaOpokuMensah · Mar 20

1/ The process of digitalization in [#Africa](#) raises concerns as much of the continent lack a comprehensive legal & regulatory frameworks for use of digital services [#COM2019](#) [@KarimaBBS](#) [@ICT4DatUNCTAD](#)



**CNBC Africa** @cnbcafrica · 5h

[#2019COM](#): "Instead of raising resources to input into the production of areas that have impactful changes to the continent you have to divert those resources to climate change resolutions. That is an issue" - Oliver Chinganya speaks on the impact of [#ClimateChange](#) on [#GDP](#) growth. [pic.twitter.com/nBibO5nJua](https://pic.twitter.com/nBibO5nJua)



**African Business** @AfricanBizMag · 10h

It is imperative to provide assistance to landlocked countries in Africa to enable more trade, Sandagdorj Erdenebileg, head of ECA policy coordination, development and reporting tells Council of African Ministers in [#2019COM](#)



**#UNIDEP** @IDEPOfficial · Mar 20

Join us during [#COM2019](#) to discuss relevance of African education and training systems in an evolving, digital and knowledge-based economy, and how Africa could respond to the future of work [@ECA\\_OFFICIAL](#) [@KarimaBBS](#) [@CEA\\_ANcoms](#) [@naas\\_lilia](#) [@ONUMaroc](#) [@UNIDO](#) [@wto](#) [@ilo](#) [@SongweVera](#)



**NAYD** @NAYDinfo · 6h

Smart ways of buying Africa's railway vehicles, up for debate at COM2019 [dlvr.it/R1L21f](https://dlvr.it/R1L21f)

1



**Joseph Atta-Mensah** @jattamensah · Mar 20

First day of [#COM2019](#) of [@ECA\\_OFFICIAL](#) has been great. Learnt on how African countries are using ICT to improve tax revenues, expenditures and tax avoidance. New strategies are being used to push the frontiers of development. Thanks [@KingOfMoroccoM6](#) for bringing us to [#Marakech](#)

1 3

**JOIN THE CONVERSATION**  
[#2019COM](#)



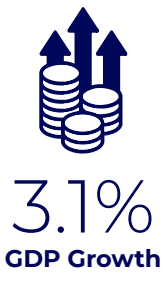


## THE HOST Spotlight on Morocco

### 4th most competitive country in Africa

Source: Global Competitiveness Index: WEF 2018

Average 2012-2017



Morocco is one of the most modern economies in Africa. It is rapidly becoming an attractive platform for international investors and it is a strategic regional hub. The country is not only at the crossroads of the main international routes, linking the US, Europe, Africa and the Middle East, it also has a unique set of free trade agreements.

These are with the United Arab Emirates, Arab-Mediterranean Countries, Turkey and the United States, while it has various agreements with the European Union. It has pending agreements with UEMOA & CEMAC countries as well as Canada.

## Le Maroc en tête des destinations d'investissement

En 2018, le Maroc a été désigné destination d'investissement la plus attrayante en Afrique par Quantum Global Research Lab, branche indépendante de recherche, filiale de la société d'investissement Quantum Global.

Quantum classe le Maroc en tête de son indice d'investissement en Afrique 2018 en raison de sa forte croissance économique, de sa position géographique stratégique, de ses niveaux élevés d'investissement étranger direct, de sa faible dette extérieure et de son environnement commercial favorable.

En 2018, Rand Merchant Bank a également classé le pays parmi les plus attractifs en Afrique. Dans son rapport, *Où investir en Afrique 2018*, le groupe bancaire sud-africain signale que le classement est le résultat des importantes réformes économiques et des efforts soutenus du Maroc pour améliorer le climat des affaires.

## ECA programme priorities for 2020

Giovanie Biha, Deputy Executive Secretary of the ECA, outlined the priorities for 2020 at COM2019.

### They include:

- Refining and customising the prototype macroeconomic model. This includes a revision to go beyond macroeconomic stability and focus on growth in terms of national development plans.
- Managing the ratification, domestication and implementation of the Continental FTA. Biha said that despite the political will behind the CFTA, there is still a lack of clarity about how the agreement will benefit countries. In 2020, the ECA will intensify its support in this regard.
- Driving private sector development across a range of sectors. This will include strengthening the business environment to address challenges identified by member states and ECA's own studies and focus on specific sectors, particularly infrastructure.
- Improving national statistical data collection and availability. The ECA will support member states to update and revise their statistics, with technical assistance planned for 20 countries.
- Integrating climate resilience into national development plans.
- Increasing gender participation in African economies and equity in national development plans.
- Facilitating orderly and well managed and planned migration policies in Africa. This will focus on West Africa, which has a combination of high population growth and serious climate challenges.



**We are going beyond stability and looking at growth in terms of national development plans**



## Policy options to increase government revenue

In its Economic Report on Africa 2019, launched in Marrakesh today, the ECA looks at policy options to increase government revenue and provide sustainable financing for the continent's development

### 1. Fiscal Policy Options

Anchoring fiscal policy to national medium-term financing strategies could allow African countries to leverage the full potential of all government revenue – tax and non-tax – for accelerated and sustained growth, underpinned by macroeconomic stability.

Fiscal policy must be aligned with the business cycle, improving revenue mobilisation and reducing spending to curb supply side pressures while lowering taxes and increasing spending when economic activity slows.

### 2. Tax Policy Options

African governments must widen the tax base by bringing hard-to-tax sectors into the net, including agriculture, the informal economy, the digital economy and the natural resources sector. Countries must reassess tax incentives and drop those that do not serve their intended purpose.

### 3. Non-tax Revenue Options

Investing in better data collection methods and implementation could strengthen monitoring of non-tax revenue and evasion. Non-tax revenue collection can be enhanced by building strong institutions with high levels of expertise, building new infrastructure and establishing effective co-ordination between central and local governments.

### 4. Tax Administration Options

Digitising tax administration systems could increase revenue mobilisation. Countries that digitise their tax administration increased compliance rates and saved on compliance costs. The rollout of digital technologies needs to be accompanied by capacity building for policy makers and tax collection on how to take advantage of data generated through digitisation for more efficient assessments.

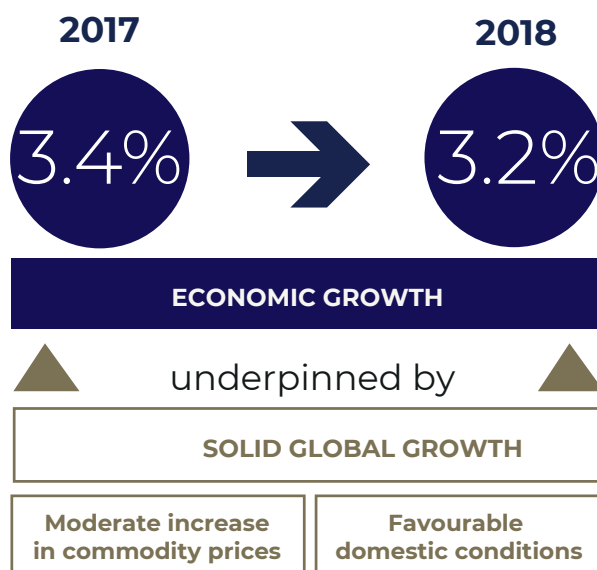
### 5. Policy Options for the Natural Resources Sector

African countries should strengthen their oversight of the natural resources sector. They could consider a more equitable and less administratively challenging approach to assessing the share of multinational companies' profits to tax or they could base tax on variables that are harder to manipulate than corporate income. At the same time, governments need to close loopholes to thwart base erosion and profit shifting

### 6. Debt policy options

The new dynamics of public debt in Africa call for effective debt sustainability strategies and frameworks. These include ways to improve revenue mobilisation in order to enhance debt servicing and reduce long-term borrowing, promote local currency-denominated debt instruments, and enhance the capacity for improved assessment of public debt risks and sustainability.

Global economic growth and favourable domestic conditions supported Africa's economic performance, but progress on social development has been slow



### Progress

Poverty  
Health  
Education  
Inclusive Growth

### Social Development

# The Business of Africa: Views & Insights



**Oliver Chinganya**  
Director of the African  
Centre for Statistics, ECA

One aspect that came out very clearly in the discussions is about the availability of data at country level and the need for countries to invest a little bit more in statistics.



## **Zouhair Chorfi**

Secretary General, Ministry of Economy and Finance, Morocco

C'est une conférence importante compte tenu des thèmes qui ont été retenus et également de la qualité des participants. Nous avons trois jours pour préparer la réunion au niveau des ministres et de débattre de trois questions essentielles que sont bien sûr la question budgétaire, la question du renforcement des échanges commerciaux, le rôle du secteur privé et tout ça compte tenu des perspectives que nous offrent les technologies de l'information.

## **Joseph Atta Mensa**

Principal Policy Advisor,  
Capacity Development, ECA

We are just hoping that at the end of the conference we, together with the member states, are able to come up with a guide to what the optimal policy interventions should be on the continent in order to advance the Africa that we want.



## **Lilia Naas Hachem**

Director, SRO, Northern Africa, ECA

This event is important because it is the biggest gathering of African finance ministers and ministers of economy and planning. These are the key people that take decisions and decide on the future and the vision for the future.



## **Eskedar Nega**

Chief, Evaluation Section, ECA

This has been an opportunity to show a video and infographics on what our partners and member states think about ECA's interventions, where they tell us how to improve on our interventions and what we can do better and what we can do differently to be more relevant, effective and fit for purpose to deliver on Agenda 2030 and Agenda 2063.



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