

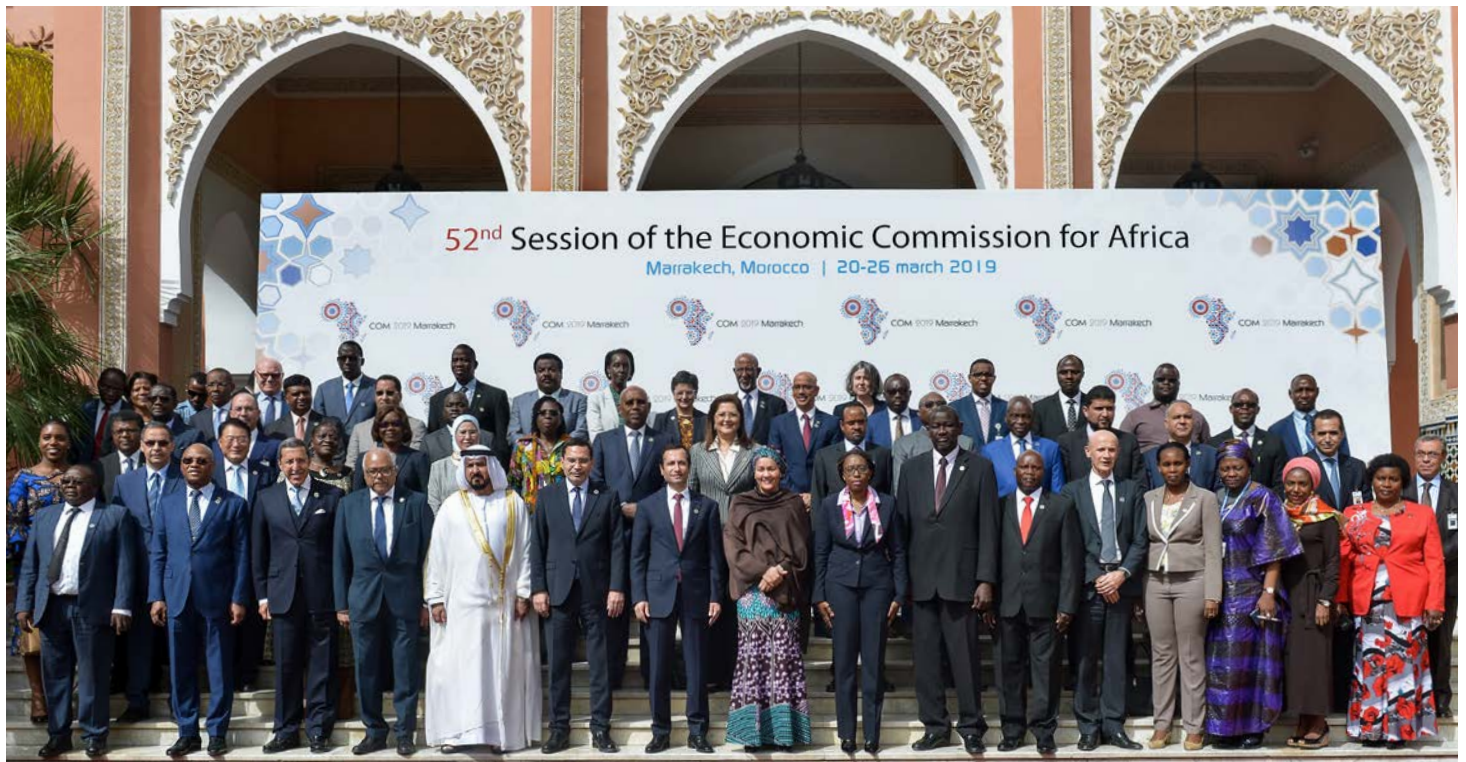


52nd Session of the Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development

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



Policy and contract stability trump incentives for investors

Africa cannot afford tax incentives and needs to move away from trying to attract investors with mechanisms that are impoverishing Africa and undermining governments' ability to implement development plans.

There has been discussion over the course of the ECA conference about the actual value of tax incentives in attracting investment versus destruction of value for economies in the bigger picture.

The private sector has been accused of forcing countries into a race to the bottom as governments compete to lure investment.

The Philippines' Former Secretary of Finance, Cesar Purisima, told delegates that the country had been battling for years to get rid of incentives negotiated by previous governments. The task has been made easier after a law was passed that enabled the government to quantify how much revenue it was losing by giving incentives to raise awareness about the issue and it is trying to craft better laws in this regard.

He said natural resources countries needed to share information. "Mining companies are playing us off against each other so we need to collaborate."

The same allegations were made at a side session

on tax reform earlier in the week where the situation between the mining companies in Zambia and the government was raised as an example of the private sector's unwillingness to contribute fairly to the tax net.

However, Goodwell Mateyo, President of the Chamber of Mines, Zambia, said resources companies in the country were paying their fair due of taxes. The perception that they are avoiding or evading tax was being fed by a lack of reliable statistical data on what the situation actually is. The sector was paying taxes of about 45%.

He said Zambia had joined the Extractive Industries Transparency Initiative and the industry hoped an independent opinion of this situation would help to address negative opinions. However, reports

It is important to come up with a tax rate that is fair and comparable with other destinations

6.2
PERCENT
Growth in the East African Horn

Let our choices reflect our hopes

Vera Songwe, ECA Secretary General



were only issued every two years.

Mining companies, he said, were not pushing for tax incentives. They were fully aware of the need for governments to raise taxes. What they needed was to have predictable investment regimes. Zambia had not provided this, changing the terms of engagement five times in six years.

Studies on competitiveness and investment show that fiscal policies are a major factor for investments and that policy inconsistency is a red flag for investors. "It is important to come up with a tax rate that is fair and comparable with other destinations. We are drawing on the same finite pool. We need to ensure we don't have policies that tax us out of competition. Rather than giving incentives we need more predictability and stability of contracts."

Moctar Ould Djay, Minister of Finance, Mauritania, said the government had undertaken fiscal reforms in 2010 to raise domestic funds and had doubled tax income by expanding the tax base. It had also got public buy in to the new tax regime by ensuring tax money was invested in the economy rather than being used for public service salaries and administration costs.

Martina Garcia, Head of Emerging Markets Strategy at the London Stock Exchange Group, said trust was built through transparency and revenues followed.

She said 110 African companies were now listed on the LSE, which includes some corporate listings and bonds, including local currency bonds. However, the lack of depth in African capital markets and the attendant liquidity issues, compromised the ability of the markets to fuel revenue raising.

Li Yong, Director General, UN Industrial Development Organisation, told delegates it is important to create a win-win situation with regard to revenue raising. Governments needed to develop good



Young people are already exploiting new digital tools and governments are falling behind

Vera Songwe

policies to create a sound environment to attract investors, which is also good for the country, he said citing as an example the need to spend financial resources on infrastructure.

Isabelle Durant, Deputy Secretary-General, UN Conference on Trade and Development, said governments should realise that building digital economies needs to involve the whole government, not specific agencies.

On the issue of start-ups, she said it was not enough for a small company to just start, it needed to grow and mechanisms and support were required for this.

Hayat Essakati, CEO of Maroc4Invest, concurred saying young tech developers did not know about regulation and their potential customers did not always know how to use new technology. Training across many areas was required to mainstream digitalisation into economies.

Looking back on the day

In an end-of-day briefing at the close of the first day of COM2019, Morocco's Minister of Economy and Finance, Mohamed Benchaaboun, said his country is very proud and honoured to host this important conference. The government places a great deal of importance on institutions such as the ECA and their work on economic development across the continent. Following on the theme of digitalisation, he said three main themes had been raised. One was the impact of digitalisation on public and fiscal policy. A second was technology policies and their impact on various sectors and the third is what the impact will be on trade and other clusters of the economy.

The digital trend requires a major overhaul of existing systems and it would completely transform distribution chains.

At the conference, delegates attempted to analyse and highlight all the opportunities created by the new digital era as well as identify potential opportunities for growth and development, he said.

This was important because of the potential this trend has to add as much as 5 or 6 percentage points to GDP in the coming years.

Vera Songwe, Secretary General of ECA, said it is clear there is major political will among finance ministers to help with the mobilisation of revenue across the continent.

She said digital economies offer great potential, but Africa must move quickly.

Hype or reality? Africa's digital progress a mixed bag



Former Nigerian Minister for Communications Technology, Dr Omobola Johnson, delivered the UN Economic Commission for Africa's (ECA) annual Adebayo Adedeji lecture. Adedeji was the ECA's 3rd and longest serving Executive Secretary.

Adedeji was highly regarded at the ECA but also across Africa. A minister in Nigeria, he created the National Youth Service Corps and is often considered to be the father of ECOWAS. Youth and regional integration were at the forefront of his actions and had he been alive today, he would undoubtedly have been fighting for greater ubiquity of technology on the continent to help accelerate growth.

This year's lecture was around the question of digital transformation in Africa: Hype or Reality? As the world-wide-web celebrates 30 years, its inventor Tim Berners-Lee told a Nigerian audience recently that the country represents both the present and future of the web, when you look at how it is making an impact on lives not only in Nigeria, but across the continent, she said.

Johnson cited a number of success stories across the continent, saying how they had used technology to provide services to previously neglected populations, which undoubtedly reflected progress and transformation. But many challenges remain, she said.

Affordability is an issue: the internationally agreed target is for 1gb of data to cost no more than 2% of the average national monthly income. In Africa, this currently stands at 8.76%, compared to 3.5% in Latin America or 1.54% in Asia. And the latest affordability reports show this has increased over the past year.

She also noted disturbing tax trends, both on digital infrastructure and utilization taxes. Although seductive, these

can often have unintended consequences in increasing the cost of digitisation and curbing its transformative impact.

Johnson said there was an urgent need to strengthen infrastructure and fibre networks. Currently when connecting Cape to Khartoum, she said, the connection will go via London, New York, San Jose and Tokyo to arrive in Khartoum 409 milliseconds later. Africa is linked mostly by undersea cables connecting via Europe or elsewhere. It is the private sector that can solve this issue, she said, but they need to be supported and incentivized.

She said looking at the challenges and accepting that there is a lack of scale among start-ups, it could be argued that the digital transformation we speak about might be hyped. But the increased ownership of and access to mobile phones is having a true impact.

Many companies across different sectors use tech to transform their sectors from energy, to agriculture to healthcare. But it's work in progress.

In his response to the lecture, Tawanda Sibanda, Partner at global consultancy McKinsey, looked back at the predictions they made in their Lions Go Digital report to assess progress.

In the 5 years since the report was released, the results were mixed, he said. They had estimated that by 2025 digital transformation could raise GDP by 8% and make \$300bn of economic impact across health, education, retail, agriculture and financial services.

Despite certain metrics being ahead of schedule – smartphone penetration for example – this has not translated into the macro-economic numbers as they would have expected. The percentage of banked, for example, has only increased from 26% to 33% in those five years. He called for more digital champions.

Philippines shares its Top 10 lessons learned

The Philippines has many lessons to share with African countries on the successes and failures of the country's own economic strategies over time. Former Secretary of Finance, Cesar Purisima, shared his top 10 at COM2019.

- Confidence is the most important currency a country has. This does not require governments to reinvent policy but to deliver on their promises. Doing so leads to a virtuous cycle of good governance, GDP growth, investor confidence, ratings upgrades and higher investment.
- There's more to fiscal reform than revenues. Just looking at revenues is difficult because you need to work around political priorities. Other focus areas should be reducing expenses and fiscal wastage and expanding the space for public investments.
- Trojan horses can house fiscal reforms. Tax reform can be accepted by citizens if it is packaged properly and the outcomes are sold properly.
- Institutionalise reforms to prevent changes by a successor. This will help to prevent a new government undoing positive policies of the past.
- Use technology and media to disrupt the status quo. This includes finding ways to improve transparency and accountability in government.
- Think holistically: fiscal reforms must be part of a larger whole. The bigger picture should also include structural reform, economic liberalisation and investment in social sectors and productivity, for example.
- Fear not the multilaterals. They are not just there for emergencies but have a range of tools, expertise and capacity that can be very helpful.
- Compromise is not only acceptable, but necessary. This requires thinking out of the box, for example earmarking tobacco taxation for the health budget.
- Stakeholders strengthen the reform process. Having an inclusive approach to reforms means the buy in this creates means they are less likely to be reversed later by vested interest groups.
- Reform is always a work in progress. It is not an event but part of an ongoing continuum.

Bring youth into Africa's conversations

Increased Internet penetration and digital technology has stimulated growth in the number of youth-run digital businesses across various sectors of the African economy.

But Executive Secretary Vera Songwe believes more can be done to include youth in economic policy decisions.

Addressing the session Youth Inclusiveness in Driving the Implementation Agenda of Fiscal Policy, Trade and Investment through Digital Innovation, she said, "It's great to see the youth at this event, because most of the time when we are talking about youth, and saying we are doing this or that for them, they are not always in the room."

"And while there are 16 million of you that need jobs and so forth, we talk about you in the third person. So, one of the things we are going to do at this event is to have a young person on every panel. This is important. We need to be more youth inclusive in the conversations we are having."

Currently Africa has 167 million internet users, predominately young people, who are using the internet as a tool for growth, explains Ghita Wissad, who represented the Youth Alliance for Leadership and Development in Africa (YALDA), conveners of the event, which was supported by the ECA.

"The internet in Africa has not only become a necessity, it has also become a window of opportunity for innovation, progress, and change, more so for the youth who make up almost 70% of the continent's population," she said.



« Davantage de recettes grâce au numérique »



Table ronde: Renforcement de la politique budgétaire par la numérisation

L'Afrique ne doit pas manquer la révolution numérique pour accroître ses finances.

En matière de fiscalité et de dépenses, la mobilisation des nouvelles technologies pourrait renforcer la capacité des gouvernements africains à mettre en œuvre et à contrôler des politiques plus efficaces.

La rencontre s'est tenue le lundi 25 mars 2019 à Marrakech, dans le cadre de la 52e COM 2019, Conférence annuelle des ministres africains des Finances, de la planification et du Développement économique, organisée par la CEA (Commission économique pour l'Afrique).

« Les expériences à travers le monde démontrent que l'efficacité des processus fiscaux peut considérablement bénéficier de la technologie numérique », a expliqué le ministre égyptien des Finances, Mohamed Maait.

Le continent est capable d'augmenter ses recettes fiscales de 3% à 4% en intégrant dans la tranche d'imposition les secteurs difficiles à taxer tels que l'agriculture et l'économie numérique, ainsi que les secteurs informels, a-t-il poursuivi.

Toutefois, le ministre remarque que l'économie numérique pose plusieurs problèmes qui grèvent les recettes fiscales. La fiscalité de la plupart des pays africains vise une économie traditionnelle et ne tient pas suffisamment compte de la nature distinctive de l'économie numérique.

C'est pourquoi les gouvernements africains doivent repenser leurs fiscalités afin de s'adapter à l'économie numérique,

Les États doivent repenser leurs fiscalités, sensibiliser les contribuables et évaluer leur système d'imposition

sensibiliser les contribuables et procéder à une évaluation régulière des systèmes d'imposition.

Le ministre a longuement détaillé le vaste programme de réformes économiques et sociales lancé par l'Égypte ces deux dernières années, visant à renforcer la compétitivité, à lutter contre les déséquilibres, à moderniser les infrastructures et les services publics et à renforcer son capital humain.

De son côté, le commissaire chargé de la politique micro-économique de la CEDEAO, Kofi Konadu Apraku, considère que l'Afrique ne doit pas rater « la quatrième révolution industrielle. Nous avons les opportunités de nous joindre à la révolution numérique qui a transformé les économies des pays asiatiques », a-t-il soutenu, invitant les Africains « à améliorer leur manière de faire des affaires ».

Tawanda Sibanda (Mc Kinsey) est revenue sur les initiatives menées par le secteur privé au Zimbabwe pour taxer toutes les transactions commerciales et élargir ainsi l'assiette de l'impôt. Elle a plaidé en faveur d'une imposition généralisée sur les transactions intra-africaines.

LE PAYS HÔTE : MAROC

L'administration numérique à la Direction Générale des Impôts



« Parler d'une administration numérique n'est pas un gadget technologique ; c'est un choix stratégique qui implique un changement radical dans notre façon de comprendre les besoins de nos clients et d'interagir avec eux. C'est un vrai changement de paradigme. »

Omar FARAJ, Directeur Général des Impôts

Les avancées qu'offre la dématérialisation en matière de simplification et de facilitation des démarches fiscales des usagers rejaillissent également sur le plan de l'efficacité de l'administration fiscale et de la qualité de ses prestations.

Les usagers de l'administration fiscale n'auront, ainsi, plus à se déplacer pour déclarer ou payer un impôt, demander un remboursement ou même déposer une réclamation.

La DGI a progressivement créé un système de téléservices dénommé « SIMPL » ou « Service des Impôts en ligne ». L'usage du SIMPL a été généralisé à l'ensemble des contribuables. Les adhérents disposent sur le portail de la DGI d'un espace sécurisé disponible 7j/7 et 24h/24.

La DGI a créé le service « Compte fiscal » qui permet aux adhérents de consulter les informations concernant l'ensemble de leur situation fiscale, en temps réel. Le compte comporte un tableau de bord qui récapitule les dernières opérations effectuées, les états relatifs aux versements des différents impôts (IS, IR et TVA), aux déclarations, remboursements, restitutions et restes à payer, ainsi qu'un calendrier fiscal personnalisé des obligations déclaratives et de versement. Elle a créé un système de paiement multicanal, sur l'ensemble du territoire, en partenariat avec le réseau bancaire et les prestataires de services de paiement.

Davantage de recettes grâce au numérique

« La qualité de notre croissance ces dix prochaines années est déterminante », estime **Vera Songwe**, secrétaire générale de la CEA

La première journée des réunions ministérielles de la COM2019 s'est ouverte sur un vibrant appel aux pays africains pour qu'ils améliorent leur politique budgétaire et mobilisent mieux leurs ressources afin de financer leur développement.

Ces derniers jours, la CEA a fait le point sur ses succès et, tout en saluant son travail, la secrétaire générale de la Commission, Vera Songwe, a insisté sur le fait que la CEA devait réfléchir aux moyens de mieux servir les États membres afin qu'ils soient plus inclusifs.

Les trois champs prioritaires sont la mobilisation des ressources, la création d'emplois et la croissance inclusive. La technologie, a-t-elle affirmé, permettrait d'augmenter les recettes fiscales mais les Africains doivent acquérir les compétences, maîtriser les processus et posséder les outils nécessaires pour utiliser efficacement l'économie numérique.

« La croissance africaine n'est pas



encore à la hauteur de nos ambitions. Elle se chiffre à 3,2 % alors qu'une croissance à deux chiffres est nécessaire pour répondre aux aspirations de nos peuples », a-t-elle souligné. Les niveaux de croissance actuels ne permettront pas de réaliser les objectifs des Agendas 2063 et des ODD 2030.

L'Afrique doit non seulement atteindre ces objectifs mais aussi s'assurer de ne laisser personne de côté. « La qualité de notre croissance ces dix prochaines années est déterminante », a-t-elle estimé.

Amina Mohammed, secrétaire générale adjointe à l'ONU, a jugé que l'Afrique progressait et que ses perspectives de croissance étaient bonnes, mais qu'il reste beaucoup à faire. « La question centrale est la suivante : comment générer de la croissance, tout en assurant la paix et la stabilité ? » s'est-elle interrogée. Bien

sûr, l'approche des financements se transforme : « Le continent a une occasion unique de tirer profit de l'ère numérique. Pour cela, nous devons prendre les bonnes mesures », a-t-elle averti.

Duvvuri Subbarao, ancien gouverneur de la Banque centrale d'Inde, a indiqué que son pays pouvait partager avec l'Afrique les enseignements qu'il avait tirés de l'économie numérique. L'Inde a connu un tournant grâce à trois facteurs : l'émergence du téléphone mobile, le lancement de l'identité numérique pour tous et un compte bancaire pour chaque citoyen, a-t-il expliqué.

Hala el-Saïd, ministre égyptien de la Planification, du suivi et de la réforme administrative, a mis l'accent sur les réformes adoptées pour attirer les investissements. Cela n'a pas été facile, a-t-elle prévenu, mais les mesures prises ont été efficaces.

Omar Hilale, vice-président du Conseil économique et social de l'ONU, a salué le travail de la CEA, affirmant qu'il avait permis de trouver des positions communes pour le continent. La CEA a fait preuve d'un leadership visionnaire, et a réalisé des interventions bénéfiques dans les pays membres.

Mustafa Yousif Holil, ministre soudanais des Finances et de la planification économique, a été félicité pour son action en tant que président du Bureau de la CEA et pour la réussite des réunions de la CEA à Marrakech.

Session parallèle: Stratégie intégrée
des Nations unies pour le Sahel

La CEA publie son étude prospective Sahel 2043

Un évènement parallèle, « Vers une stratégie inclusive pour relever les défis du développement durable et de la sécurité eu Sahel », s'est tenu ce dimanche 25 mars, dans le cadre de la 52e CoM de la CEA qui se déroule à Marrakech (Maroc).

Organisée conjointement par la CEA, le Groupe des Nations unies pour le développement durable (GNUDD) et le Bureau pour l'Afrique de l'Ouest (UNOWAS), la rencontre a donné lieu à compte rendu de l'Étude prospective Sahel 2043. Le document du CEA aborde les questions de développement, la stratégie d'intégration, et les questions de sécurité, insistant sur les points sur lesquels agir.

Le directeur de l'UNOWAS, Bakary Dosso, explique que l'échéance 2043 coïncide avec le troisième plan de l'Agenda 2063 de l'Union africaine. « C'est un plan intermédiaire et nous aurons le temps de voir venir pour mieux cerner toutes les questions liées à sa mise en œuvre. »

Les dix pays membres de la Stratégie intégrée des Nations unies pour le Sahel (UNISS) ont été pris en compte dans cette étude.

« Le futur du Sahel dépend de la capacité de l'État à montrer la direction et à mettre en œuvre les différentes initiatives proposées, en dehors des questions de financement », note Bakary Dosso. L'État doit travailler de concert avec les partenaires sociaux, communautaires, et la société civile, pour impulser le développement.

« Si rien n'est fait, si l'État ne se réinvente pas, si la société ne se réinvente pas, on ne pourra pas atteindre les ODD et on risque de privatiser les questions de sécurité, ce dont nous ne voulons pas ! »

« Les questions de sécurité sont un bien public et tous les acteurs doivent travailler ensemble pour mettre un terme au récit négatif entourant la région. »

Les participants au panel ont souhaité un recalibrage des nombreuses initiatives menées avec l'appui des partenaires au développement et souhaité une meilleure articulation entre les interventions sécuritaires et humanitaires.

Ils ont également insisté sur la nécessité d'adopter des systèmes d'alerte précoces, pour circonscrire au mieux les troubles ethniques communautaires ou religieux qui affectent les pays du Sahel.

Digitalisation fosters growth but costs are high

Digitalisation is offering opportunities for entrepreneurs to expand their businesses but such a revolution should not leave the youth behind as they "know better than the older generation", experts have said.

Speaking at a roundtable on trade and private sector development in the digital era at the ongoing ECA Conference of African Ministers of Finance, Planning and Economic Development, Moulay Hafid Elalamy, Morocco's Minister of Industry, Trade and New Technologies, said Africa has the potential to leapfrog from traditional infrastructure to digital, as had already happened in the telecommunications sector.

"Digital opportunities are enormous because they allow us to work at a distance. For example, you don't need a visa to work in a foreign country. You work electronically and get paid electronically," he said. The kingdom is working with the World Bank and UNIDO to develop a digital strategy.

Axel Emmanuel Gbaou, representing Artisan Chocolatier, said his company has used social media to build its reputation. The company was also using digital technologies to train women cocoa planters in the rural areas.

"It is digitalisation that is enabling us to take it forward," Gbaou said, adding that his company sold 10 million chocolate bars in nine months as a result.

Ahuna Eziakonwa (below), Assistant Secretary General and Director, UN Development Programme Regional Bureau for Africa, said the digital revolution was characterized by speed and pace and "therefore acceleration

remains important".

Arancha Gonzalez, International Trade Centre Executive Director, said African countries need to develop rules at the continental level to enable entrepreneurs to take advantage of the African Continental Free Trade Area. Gonzalez said ongoing negotiations on e-commerce have seen a single African country participating, Nigeria, which means they are not part of this rule-setting exercise.

She said a study shows that 18 million new jobs need to be created in Africa. "If a government ensures a good regulatory environment, and allows entrepreneurs to take measured risk, for example borrowing, a big part of the jobs gap will be filled."

Marie Francoise Marie-Nelly, World Bank's country director for the Maghreb and Malta, Middle East and North Africa said while Africa was connected, there were questions about speed and costs.

Anna Ekeledo, AfriLabs Executive Director, said startup costs were too high in Africa and she called for governments to invest in these businesses.

If a government ensures a good regulatory environment, and allows entrepreneurs to take measured risk, for example borrowing, a big part of the jobs gap will be filled



ECA – 60 YEARS IN STEP WITH AFRICAN DEVELOPMENT

ECA success stories

The launch of the African Continental Free Trade Area in Kigali a year ago was among RCA's programmatic achievements. In this last of a four-part series on ECA's 60 years, we look at timelines up to 2018.



Highlighted Dates

1990

African Charter for Popular Participation in Development and Transformation was adopted.

1991

Second Industrial Development Decade for Africa - 1991-2000 - instituted.
Second Transport and Communications Decade in Africa 1991-2000 - instituted

1994

Fifth African Regional Conference on Women held in Dakar, Senegal. The African Platform for Action: African common position for the advancement of women was adopted.

Treaty Establishing the African Economic Community (the Abuja Treaty) entered into force.

1997

Africa Regional Coordinating Committee for the Integration of Women in Development, eighteenth meeting held in Addis Ababa. Resolution 826(XXXII) on reform of the intergovernmental machinery of the ECA adopted.

Resolution 827(XXXII) on rationalization and harmonization of ECA sponsored institutions was adopted.

2001

NEPAD is formally adopted by the 37th Ordinary Session of the Assembly of then Organization of African Unity held in Lusaka

2004

ECA member States endorse the African Gender Development Index

2006

ECA starts a process to establish the African Climate Policy Centre

2009

The Africa Mining Vision endorsed

2012

Decision and Declaration to establish a Continental Free Trade Area made, during the 18th Ordinary Session of the Assembly of Heads of State and Government of the African Union - Addis Ababa.



2013

The African Minerals Development Centre established

2015

The African Centre of Meteorological Application for Development designated to host the World Meteorological Organization Regional Climate Centre (RCC) to serve the Africa region.

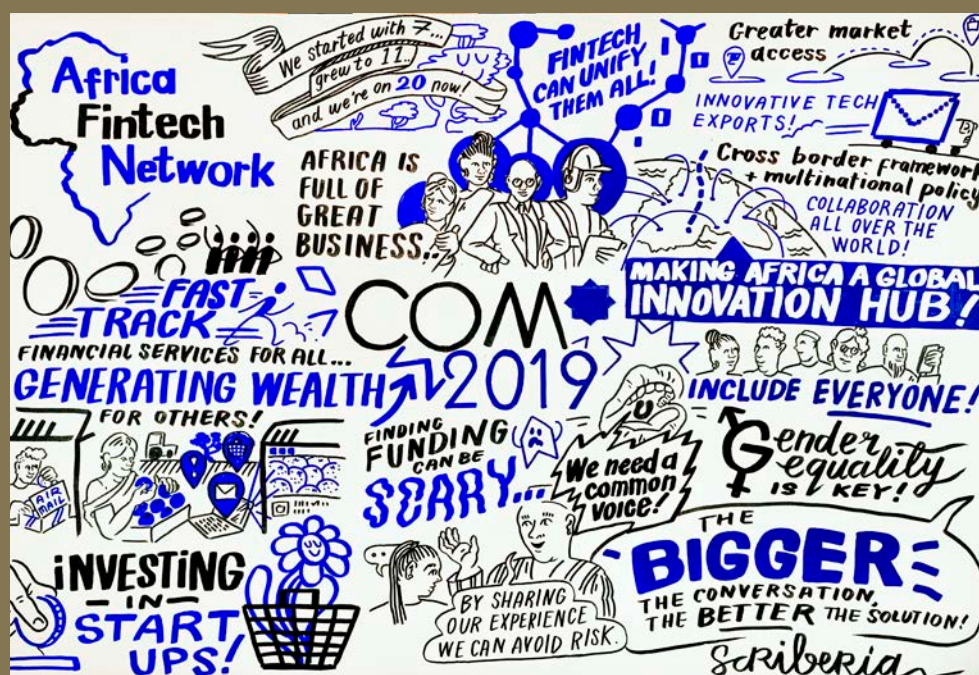
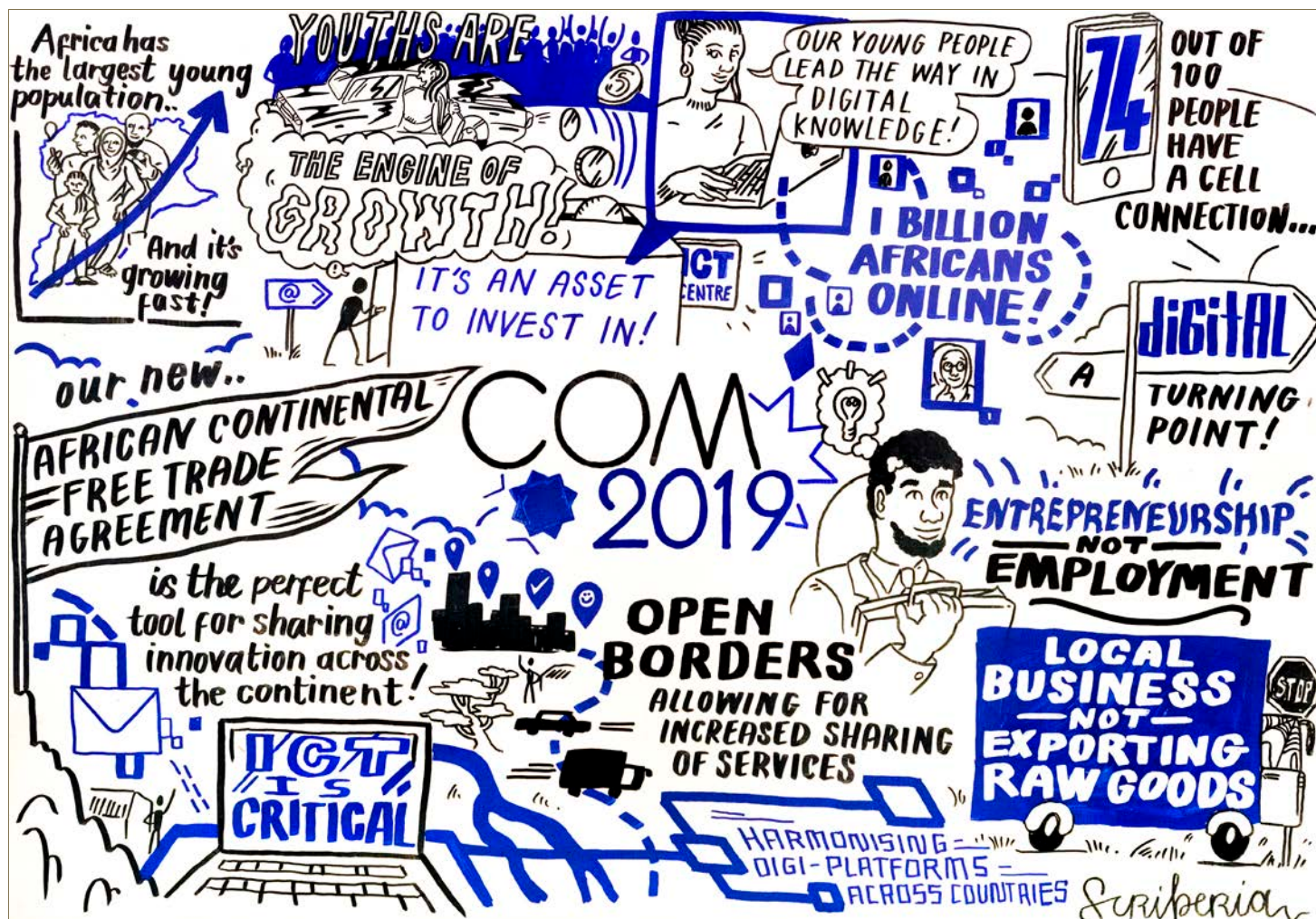
2016

Conference of Ministers requests a tool to facilitate the integration of the 2030 Agenda and Agenda 2063 in national development plans. Leads to the development of the Integrated Planning and Reporting Toolkit.

2018

Establishment of the AfCFTA





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