



DRM in Africa – challenges and prospects

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- ▶ DRM in West Africa: main challenges
- ▶ Surveying the Issues
- ▶ Way forward: Realistic Mechanisms



DRM in West Africa – Main Challenges

▶ **Context:**

- ▶ IBFD in Africa
- ▶ DRM and capacity-building in Africa – first-hand experience

▶ **Main themes:**

- ▶ Structure of formal and informal economies
- ▶ Fiscal policies – helping or hurting?
- ▶ Capacity of enforcement and collection agencies

▶ **Fiscal policies**

- ▶ Taxation and investment
- ▶ Tensions at the heart of policy-making

▶ **Taxation:**

- ▶ Short-term yield, but medium to long-term regressive effect
- ▶ Immediate yield low, but robust system over time

▶ **Investment**

- ▶ Tax incentives: attract investment or raise revenues?
- ▶ Challenges in design of incentives
- ▶ Challenges in enforcement – e.g. clawbacks

- ▶ **Points for attention**
- ▶ **Strengthen tax systems**
 - ▶ Domestic tax rules
 - ▶ Tax treaty policies
 - ▶ Sector-specific tax rules
- ▶ **Address the tax base**
 - ▶ Possible to widen?
 - ▶ Current emphasis: formal sector, corporate tax
- ▶ **Robust capacity-building programmes**
 - ▶ Technical **but also** policy background
 - ▶ Joined-up approach by relevant Government departments
 - ▶ Sound overview of worldwide trends



Thank you

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