



AFRICA CENTER
FOR STRATEGIC STUDIES

Session 1: Scope and Sources of Security Sector Resources in Southern Africa

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Overview

- Recent Economic Growth Trends
- Importance of Resource Management
- Unpacking the Nexus
- Security for Whom?

Evolving Perspectives

2000



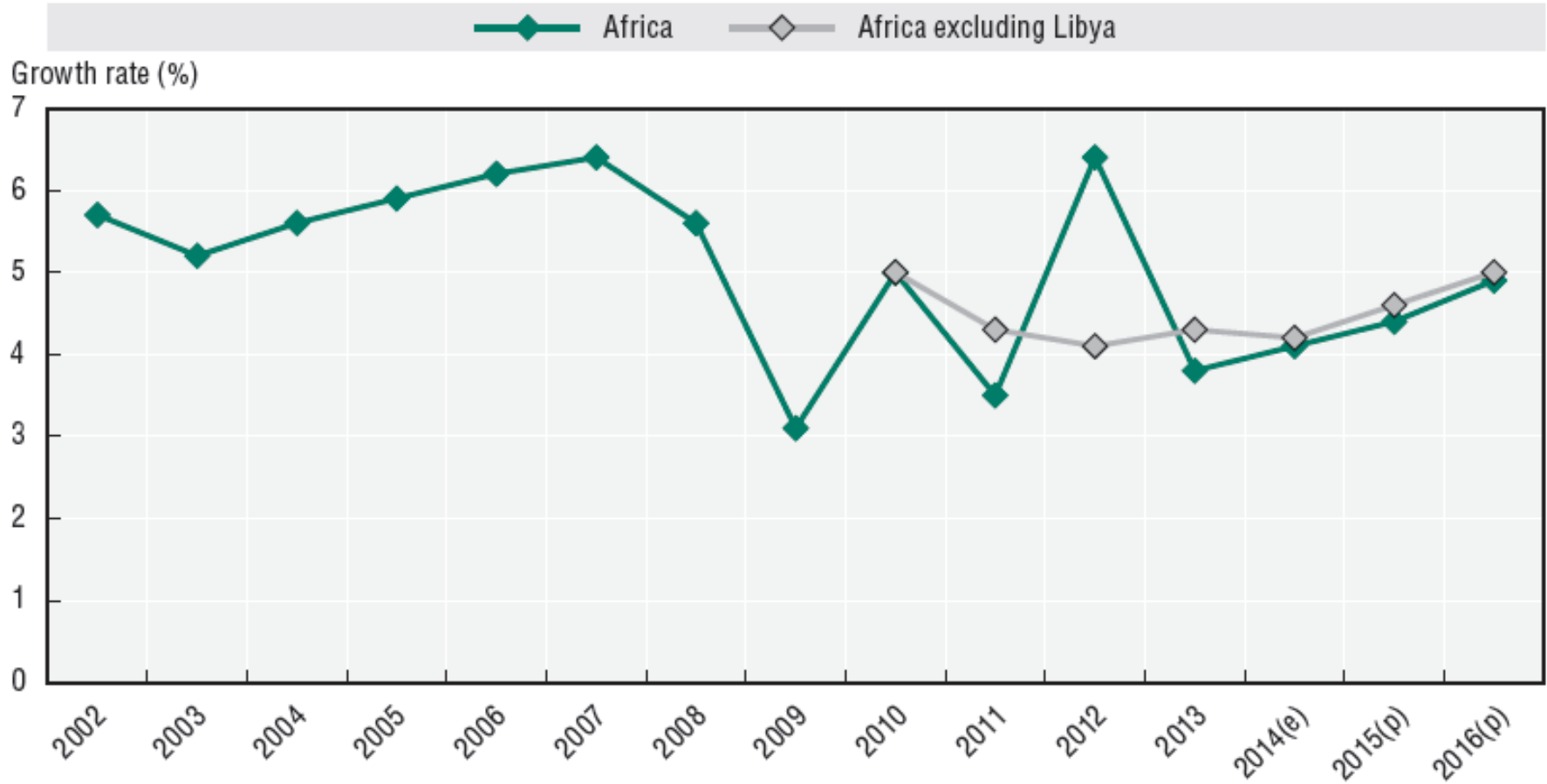
2011



2013



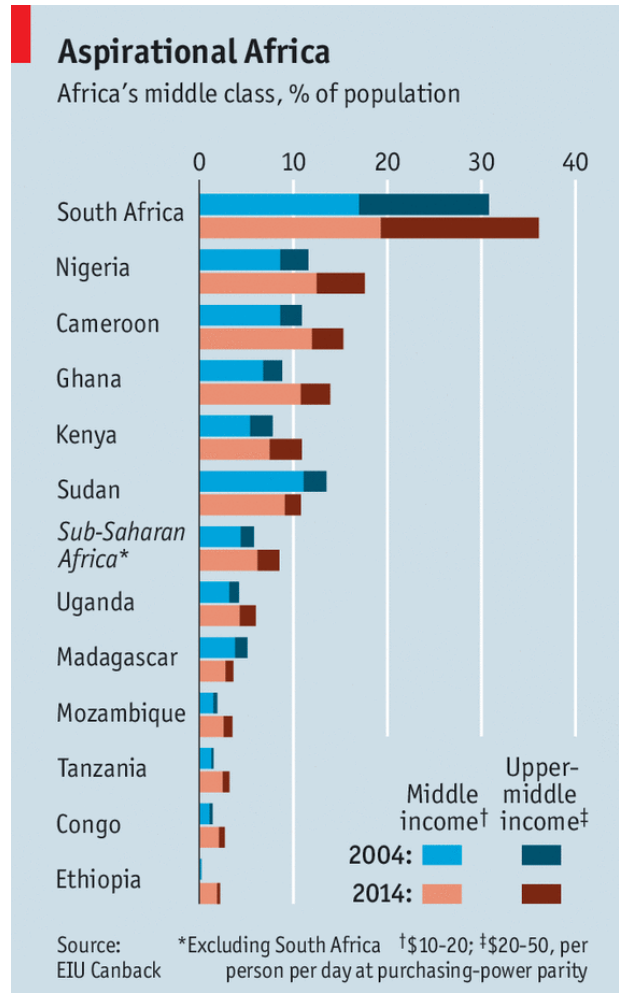
Recent Economic Growth



Note: (e) estimates; (p) projections.

Source: Statistics Department, African Development Bank.

Growth and Inequality



Economist.com

	GDP based on PPP valuation (USD Million)	GDP per Capita (PPP Valuation, USD)	Annual real GDP growth (average 2008-16)
Angola	187,257	7,249	4.30
Botswana	36,505	15,846	3.82
Comoros	1 259	1 560	2.30
Lesotho	6,019	2,786	4.38
Madagascar	37,491	1,505	2.72
Malawi	21,227	1,196	5.18
Mozambique	35,313	1,228	6.61
Namibia	27,035	10,754	4.01
Seychelles	2 608	26 877	4.10
South Africa	736,325	13,393	1.68
Swaziland	11,061	8,482	1.55
Zambia	65,174	3,899	5.89

Source: 2017 African Economic Outlook: <http://www.africaneconomicoutlook.org/en/statistics>

Revenue Sources

- **Domestic**

- Taxation
- Borrowing

- **External**

- Bilateral (*friendly governments*)
- Multilateral (*international organizations: UN, IMF, World Bank, African Development Bank*)
- Commercial (*firms operating in the country*)

Some Financials

Country	Mineral	Investment	Average Annual Revenue	Duration
Ghana	Petroleum	\$3.2 bn	\$0.85 bn	21 years
Guinea	Iron Ore	\$10 bn	\$1.6 bn	21 years
Liberia	Iron Ore/ Petroleum	\$4.5 bn	\$1.7 bn	20-30 years
Mozambique	Gas/Coal	\$20-30 bn	\$3.5 bn	30-50 years
Sierra Leone	Various	\$4.6 bn	\$0.4 bn	15 years
Tanzania	Various	\$20-30 bn	\$3.5 bn	10-12 years

Source: Daniel, Philip, Fiscal Regimes for Extractive Industries: Design and Implementation, IMF, August

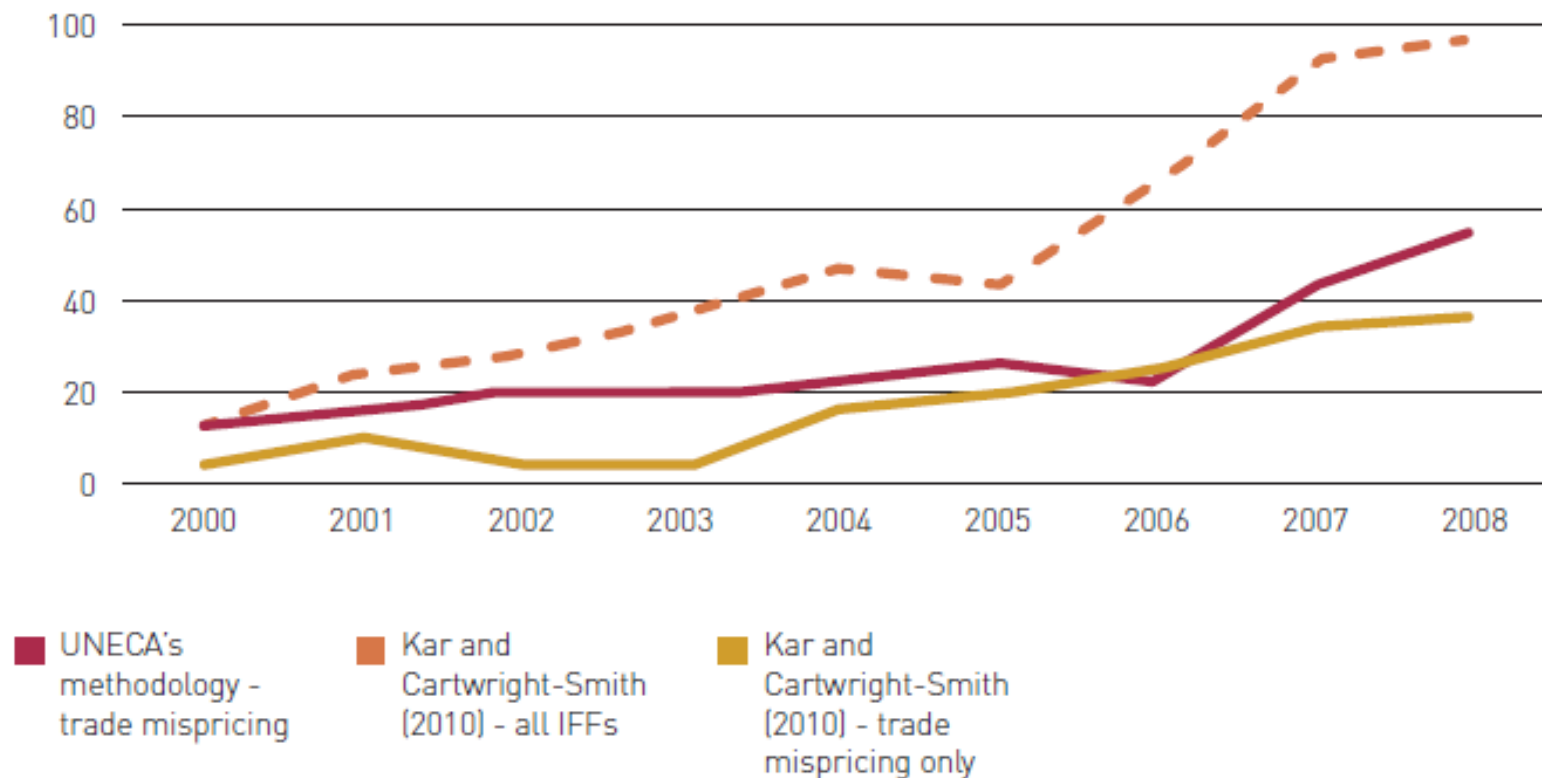
2012, pg 8

Categories of IFF

- Globally, commercial activities as accounting for 65 percent of IFFs, criminal activities for 30 per cent and corruption for around 5 per cent. Similar proportions in Africa (Kar and Cartwright-Smith, 2010).
- Commercial
 - Abusive transfer pricing
 - Trade mispricing
 - Misinvoicing of services and intangibles
 - Unequal contracts
 - tax inversion
- Criminal
 - Money laundering
 - Organized crime
 - Criminal
- Corruption

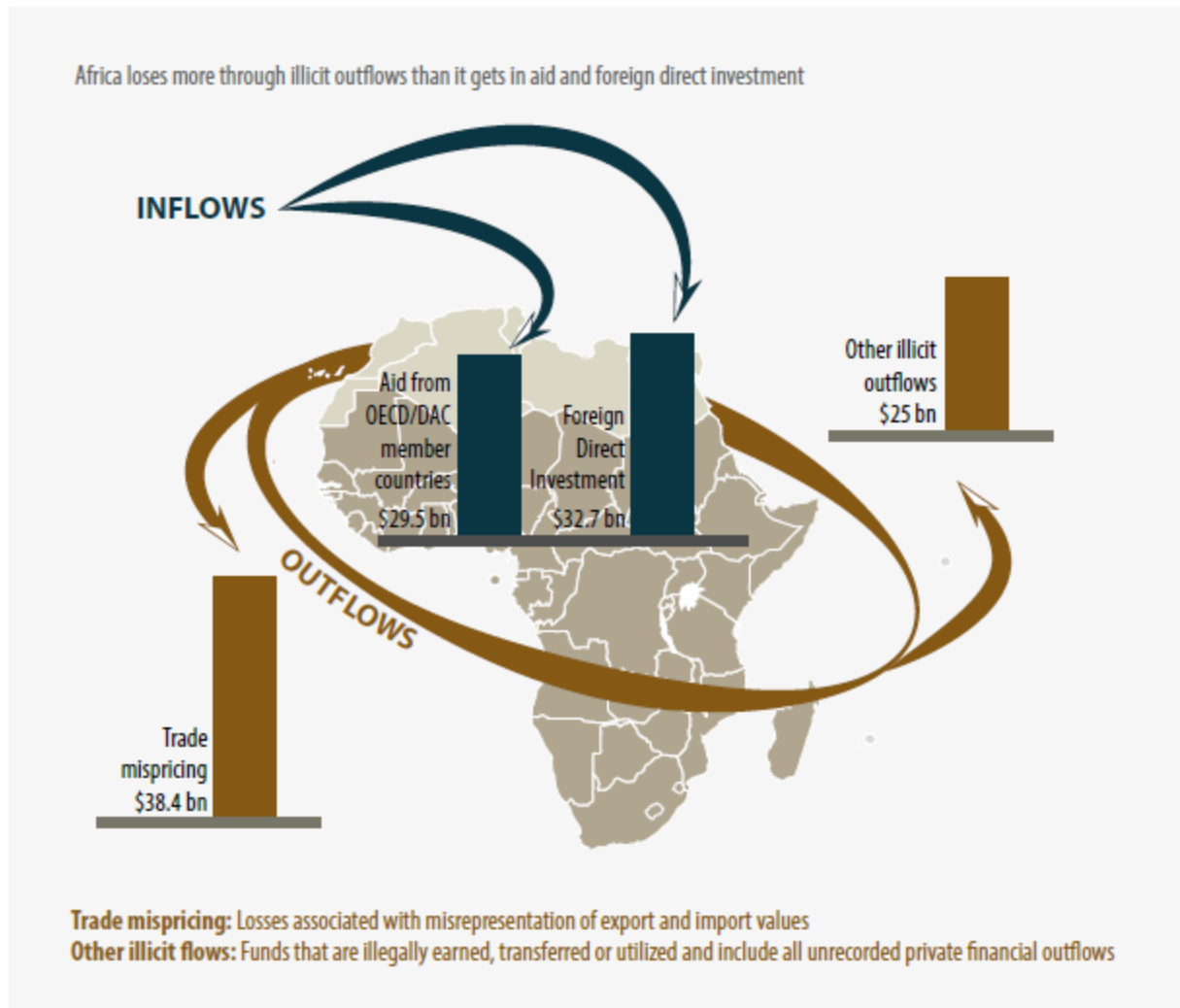
Effects of IFF

Evolution of IFFs from Africa, 2000–2008 (US\$ Billion)



Source: Based on Ndikumana and Boyce [2008], Kar and Cartwright-Smith [2010], Kar and Freitas [2011] and ECA's calculations.

Monitor IFF



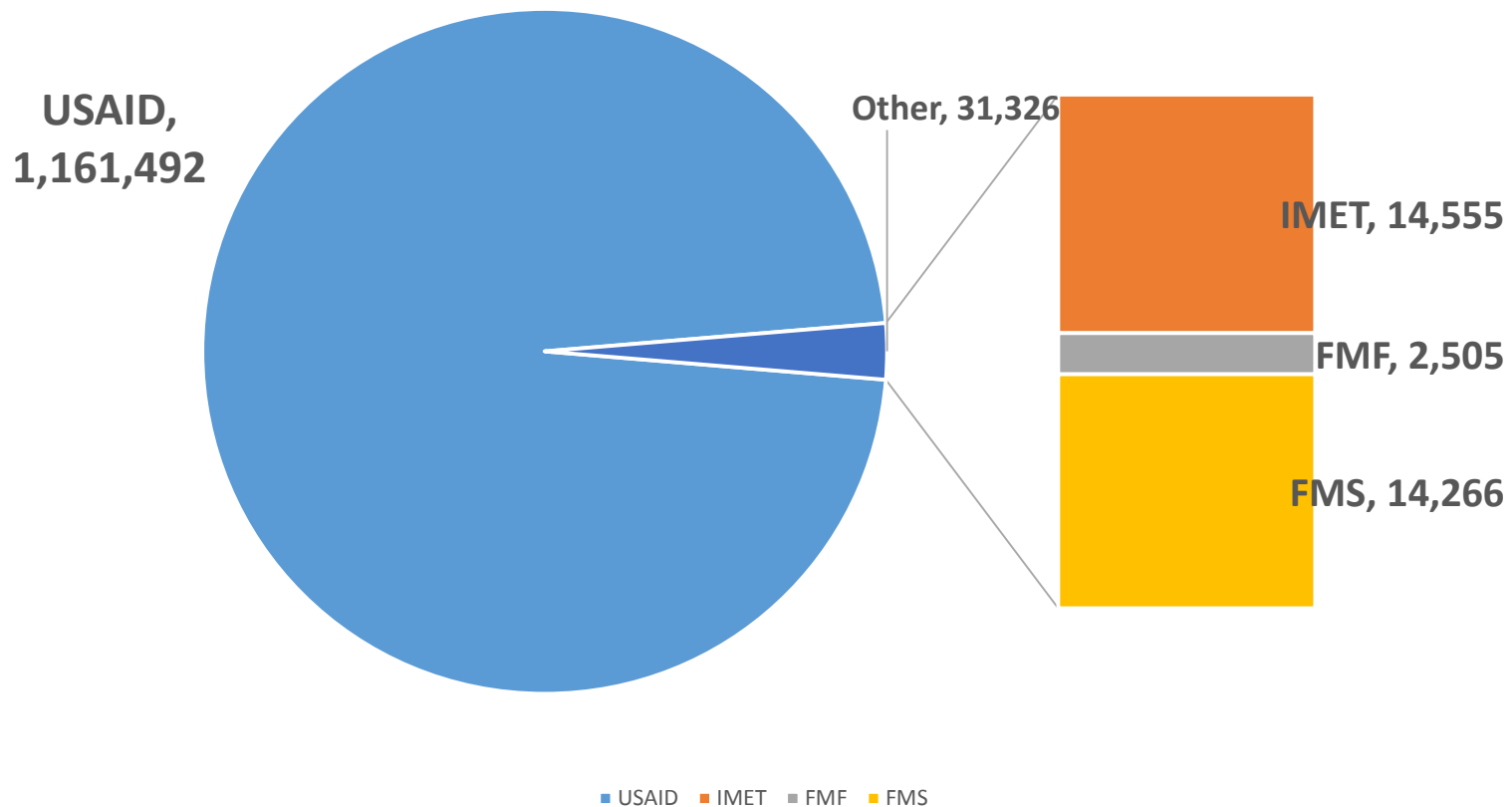
Source: Africa progress Panel, "Equity in Extractives: Stewarding Africa's natural resources for all" (2013)

US Assistance: 2013-16

	USAID	IMET	FMF	FMS
Angola	140,466	2,083	0	200
Botswana	0	2,279	390	1,739
Comoros	0	723	0	0
Lesotho	25,600	235	0	0
Madagascar	195,640	458	0	824
Malawi	282,543	1,169	0	333
Mozambique	270,665	1,881	0	1,008
Namibia	0	582	0	0
Seychelles	0	561	0	806
South Africa	51,309	2,492	2,115	9,356
Swaziland	20,700	565	0	0
Zambia	174,569	1,527	0	0

FMS is 2013-15

US Assistance: 2013-16



Moving Ahead

DOMESTIC

- Increase tax effort.
- Expand tax base.
- Review resource contracts.
- Minimize domestic borrowing.
- Address corruption.

EXTERNAL

- Align assistance with domestic priorities.
- Reduce redundancies and duplication through effective coordination.
- Mitigate disbursement challenges.
- De-politicize assistance.

Questions/comments?



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