Managing Security Resources in Africa: Professional Development Symposium
Session 2: Trends in Resources Availability and Security Sector Spending

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Overview

• African Economic Outlook
• Resources for the Security Sector
  – External Financing
  – Domestic Resource Mobilization
• Managing Resource Flows
  – Diversifying Sources of Revenue
  – Developing Institutions to Manage Flows
• Managing Budget Processes
Real GDP Growth in Africa, 2009-19

Source: AfDB statistics.
Growth in Sub-regions of Africa

Source: AfDB statistics.
Sub-Saharan Africa: Real GDP Growth, 2013-22

Source: IMF, World Economic Outlook database.
Sources of External Financing

• Foreign Direct Investment
• Development Assistance
• Remittances
• Portfolio Investments
Trends in External Financing

Source: AfDB computations.
Africa’s Illicit Outflows

Africa loses more through illicit outflows than it gets in aid and foreign direct investment.

**Trade mispricing:** Losses associated with misrepresentation of export and import values.

**Other illicit flows:** Funds that are illegally earned, transferred or utilized and include all unrecorded private financial outflows.

(All figures are average annual 2008-2010 for Sub-Saharan Africa)

Sources of Domestic Revenue

• Taxation
  – Value Added Tax (VAT); Excise Taxes
  – Corporate Income Tax; Personal Income Tax

• Other Revenues
  – Royalties
  – Production sharing
  – Tariffs; customs duties
  – Tolls; User fees

• Domestic Borrowing
Trends in Tax Effort

Tax Revenue to GDP

Source: IMF, World Economic Outlook database.
Evaluating Revenue Sources

Are the sources of revenue…

• Adequate or deficient?
• Volatile or stable?
• Illicit or legitimate
• Unfair or just?
• Ephemeral or sustainable?

What institutions or procedures support adjustments and better management?
Questions?
Comments?