



**AFRICA CENTER
FOR STRATEGIC STUDIES**

Managing Security Resources in Africa: Professional Development Symposium



**AFRICA CENTER
FOR STRATEGIC STUDIES**

Session 2: Trends in Resources Availability and Security Sector Spending

Dr. Gary Milante

Dr. Willene Johnson

Session 2: Trends in Resources Availability and Security Sector Spending

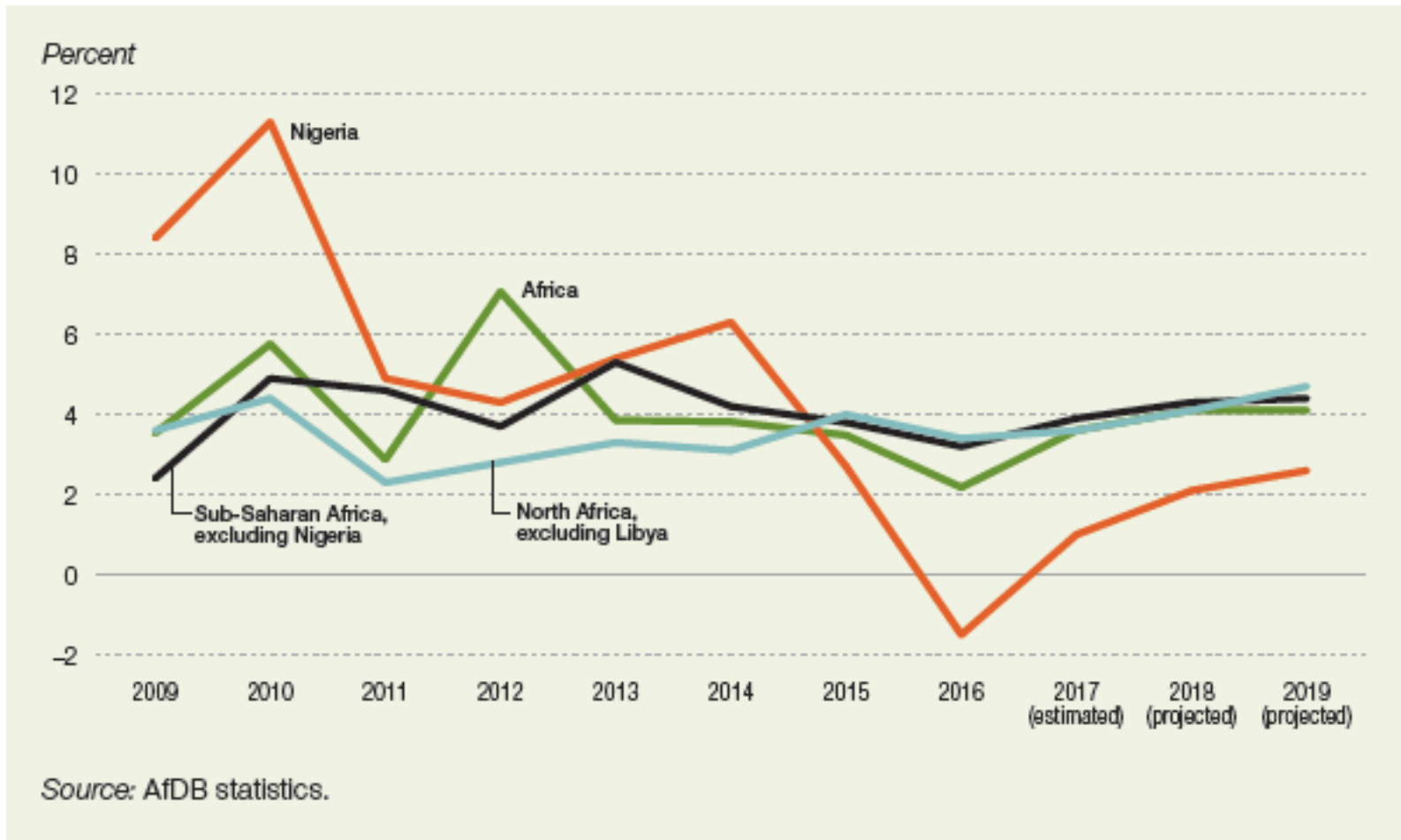
Africa Center for Strategic Studies
Managing Security Resources in Africa
Addis Ababa, January 16, 2019

Dr. Willene A. Johnson

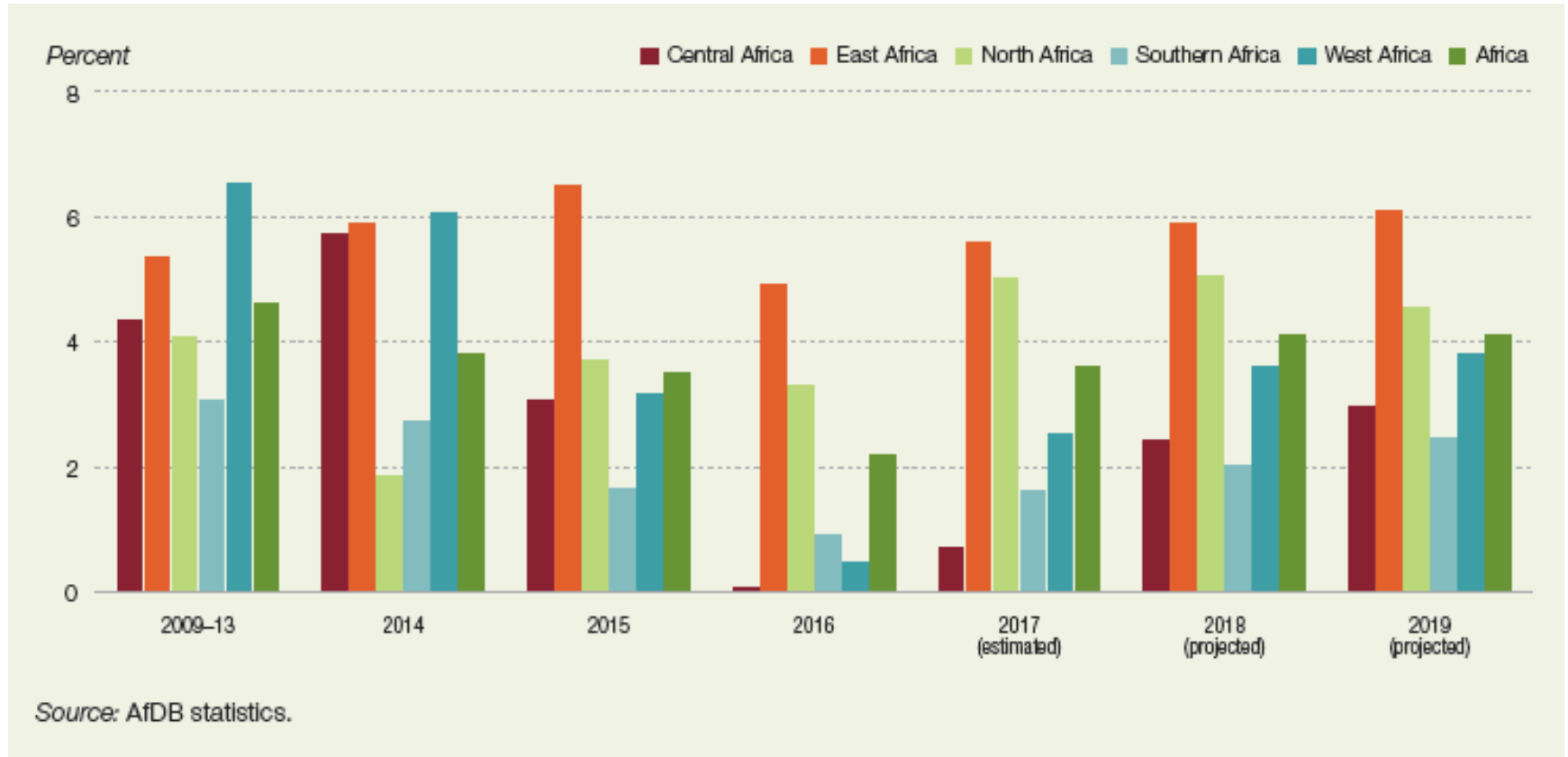
Overview

- 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

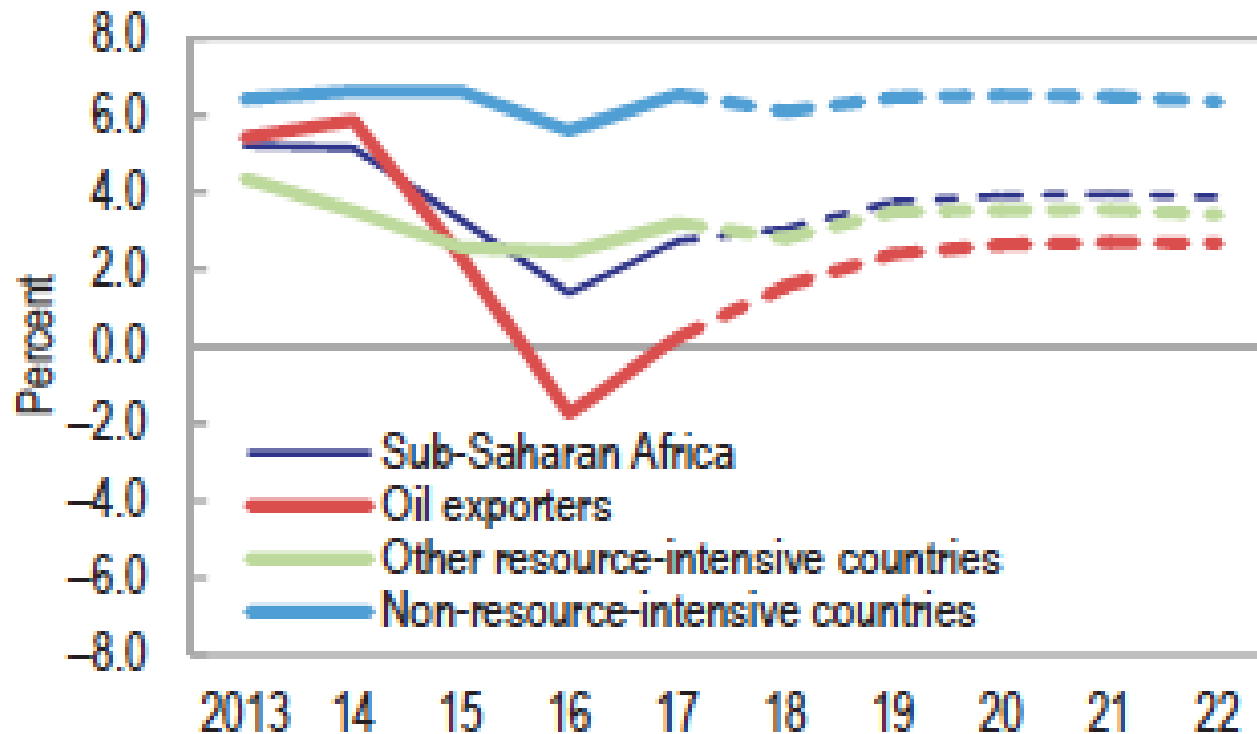
Real GDP Growth in Africa, 2009-19



Growth in Sub-regions of Africa



Sub-Saharan Africa: Real GDP Growth, 2013-22

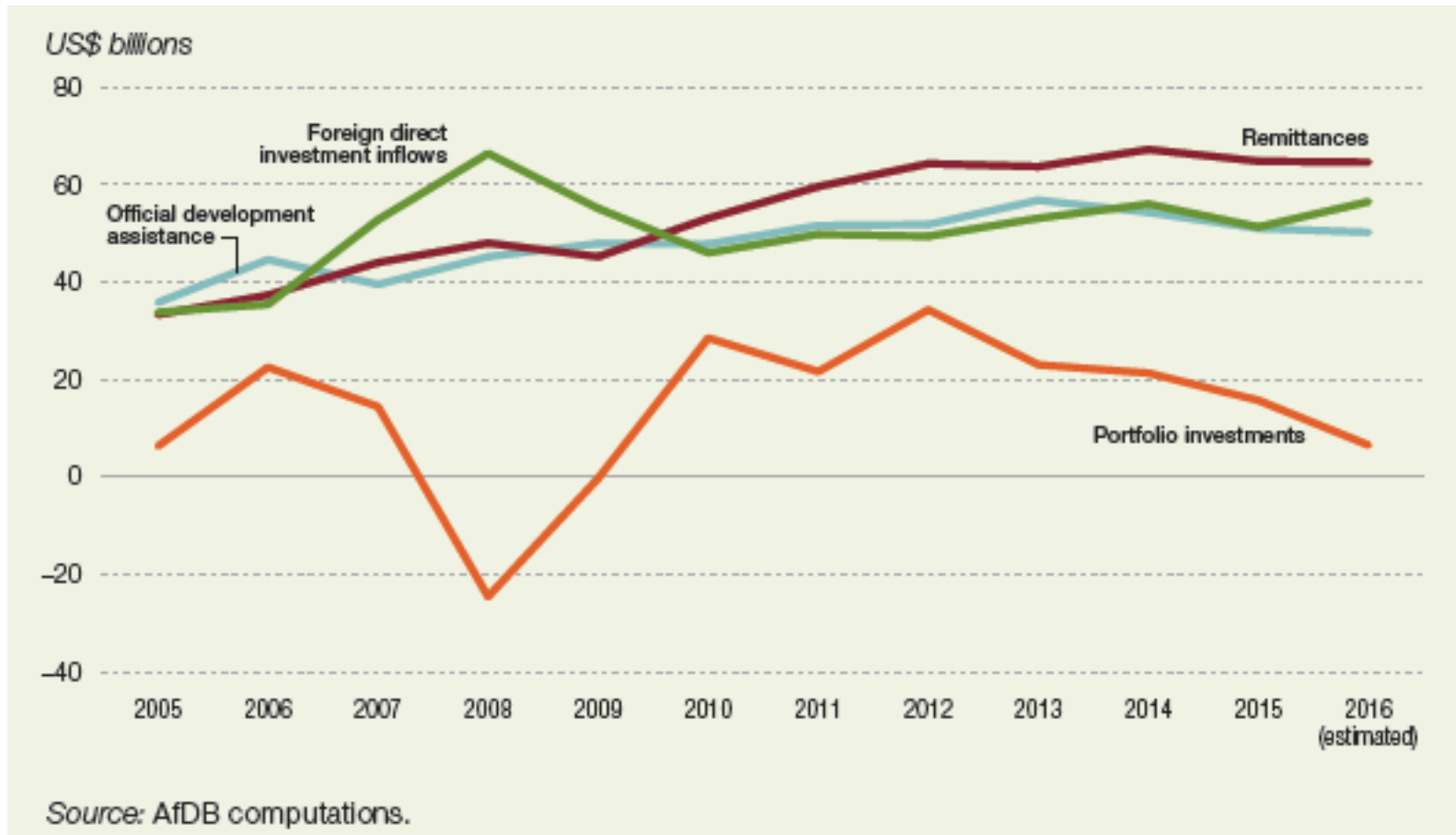


Source: IMF, World Economic Outlook database.

Sources of External Financing

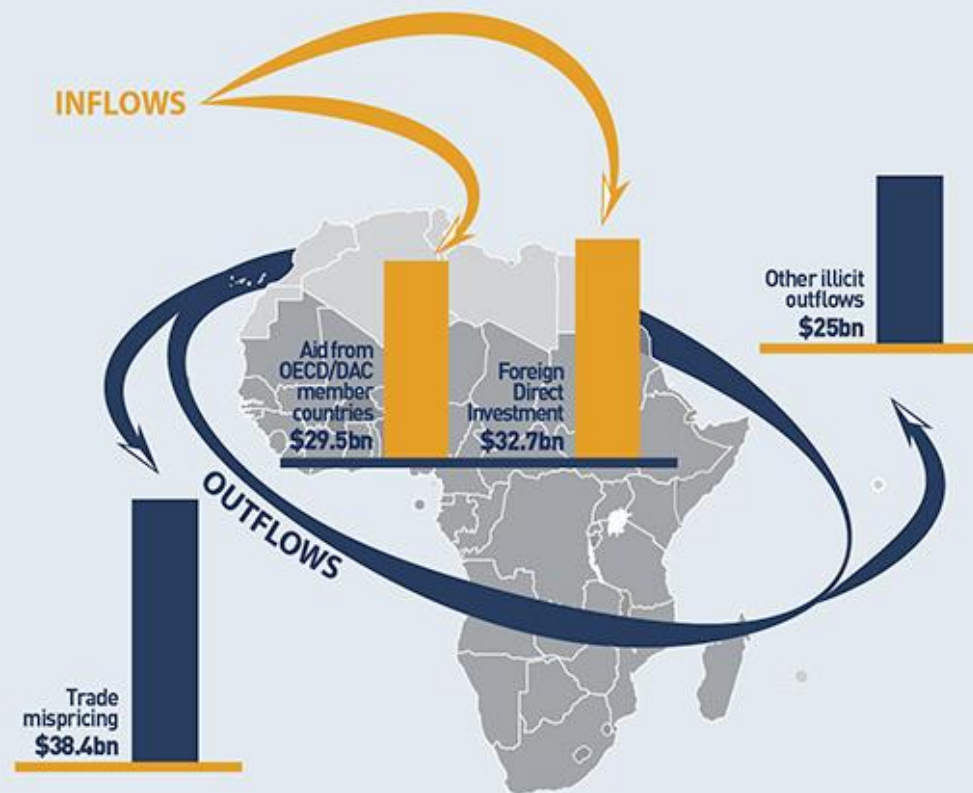
- Foreign Direct Investment
- Development Assistance
- Remittances
- Portfolio Investments

Trends in External Financing



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)

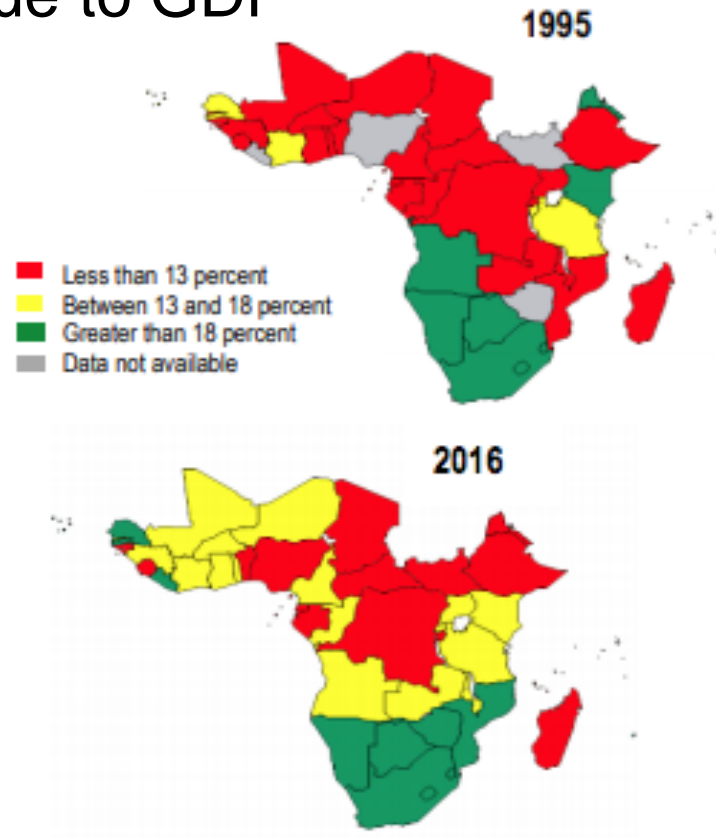
Sources: OECD (n.d.), OECD Stats Extracts, Global Financial Integrity (2012), Illicit Financial Flows from Developing Countries 2001-2010, World (2013), Global Economic Prospects - January 2013, Africa Progress Report 2013.

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?



AFRICA CENTER
FOR STRATEGIC STUDIES

www.africacenter.org