THE AFRICAN CAPACITY BUILDING FOUNDATION | FONDATION POUR LE RENFORCEMENT DES CAPACITES EN AFRIQUE

# Africa Capacity Report

# ACR 2015

## Capacity Imperatives for Domestic Resource Mobilization in Africa

This Report is a product of the African Capacity Building Foundation (ACBF). The findings, interpretations, and conclusions expressed in this volume do not necessarily reflect the views of the ACBF Executive Board or Board of Governors.

The Report was produced and published with financial support from the World Bank, the United Nations Development Programme (UNDP), the African Development Bank (AfDB), and the African governments

ACBF does not guarantee the precision of the data included in this work. The boundaries, colors, and other information shown on any map in this work do not imply any judgment on the part of the Foundation concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying recording or otherwise, without prior written permission.

2015 The African Capacity Building Foundation
2, Fairbairn Drive, Mt Pleasant, Harare, Zimbabwe

Produced by the Knowledge, Monitoring & Evaluation Department
TheAfrican Capacity Building Foundation
First printing December 2015
All rights reserved

For additional information on project and program operations and other activities of the African Capacity Building Foundation, please visit our website at the following address: http://www.acbf-pact.org

Printed in South Africa by Camera

ISBN: 978-1-77937-052-5
EAN: 9781779370525

# Foreword

The *Africa Capacity Report (ACR) 2015* sends a very clear message: with official development assistance to Africa diminishing, the continent will have to rely more on mobilizing domestic resources if it is to implement its development agenda. The *ACR 2015* shows that this is possible, with a good number of African countries providing practical success stories based on strategies and initiatives that can easily be adapted to other countries. However, the capacity gaps to generate savings and taxes from domestic resources and allocate them to economically and socially productive activities remain glaring.

The fifth in an annual series, the *ACR 2015* showcases the capacity imperatives for mobilizing domestic resources in African countries by sharing information and country experiences. These inputs will allow countries to take the steps needed to implement Agenda 2063 and achieve the Sustainable Development Goals.

Capacity, in its various dimensions, is still a problem for African economies generally, and not just for domestic resource mobilization. The majority of countries among 45 surveyed expressed high needs for capacity building in four key areas: collecting revenue, strengthening the financial sector, fighting corruption, and curbing illicit financial flows.

A key feature of the *ACR 2015* is that it shares experience and enables peer learning by drawing on practical lessons from case studies in 14 African countries. These studies reveal binding constraints associated with domestic resource mobilization, including a very narrow tax base; high levels of capital flight; tax evasion and avoidance; proliferation of tax exemptions; lack of legitimacy of tax administrations; relatively low penetration of the formal banking sector; and lack of human, technical, legal, regulatory, and financial capacity to deal with illicit financial flows.

What is immediately required are national, regional, and continental policies and initiatives to address these constraints, including simplifying and rationalizing tax systems; having a budget line on capacity development; ensuring that revenue authorities have the capacity to engage with taxpayers to create awareness of their rights and obligations; developing capacity to raise revenue from neglected sources, such as informal businesses and activities as well as real estate; providing information technology infrastructure, investing in financial data collection, and helping to set up tax registries; and building the above five dimensions of capacity to deal with illicit financial flows.

The expenditure side is as important as the revenue side, if not more so. That is, citizens must be aware of what services they are getting in return for their tax contributions, and so governments should be transparent about program expenditures and invest in tax awareness and education campaigns. A key element for successful domestic resource mobilization, therefore, starts with a visionary, committed, and accountable leadership that sets the right tone at the top. Although positive social norms, values, and practices conducive to domestic resource mobilization are needed, the ability and willingness to be accountable and to learn from experience on what works and doesn't is equally important.

The importance of having stakeholders work in concert to address capacity gaps cannot be stressed enough. Governments, for a start, must be at the forefront in developing capacities, especially to tackle structural issues. The private sector is critical for ensuring corporate social responsibility and mobilizing private savings. Civil society requires capacity to demand transparency in tax authorities' operations and to request accountability on governments' use of tax revenues. Parliamentarians need to pass laws that ensure efficiency and fairness in generating and using revenue and in curbing illicit flows. The judiciary needs capacity to enforce these laws. Finally, development partners need to offer financial and technical support in building stakeholders' capacity.

In assuming its coordinating role for capacity building, the African Capacity Building Foundation has already started to work with some partners by offering platforms to discuss issues and share experiences on mobilizing domestic resources and curtailing illicit financial flows. The side event on domestic resource mobilization at the United Nations Third Financing for Development Conference —as well as the First Subregional Workshop on Curbing Illicit Financial Flows from Africa, jointly organized with the United Nations Economic Commission for Africa and the African Union—illustrates the Foundation's engagement and commitment.

As we all work to implement Agenda 2063 and to fulfill the Sustainable Development Goals, I encourage all stakeholders to fully recognize that the continent has huge domestic resource potential but requires capacity to tap it fully.

The African Capacity Building Foundation will continue to work with governments, development partners, civil society, judiciaries, and parliaments to pull together and implement the ideas captured in this *ACR 2015*. The Foundation hopes that its work will catalyze inexorable momentum to building the institutional and human capacity for scaling up domestic resource mobilization in Africa. It is also my sincere, personal hope that this *ACR 2015* will form a bedrock for understanding the capacity challenges to developing, coordinating, and implementing policies and initiatives on mobilizing domestic resources.

I wish to sincerely thank the World Bank, the United Nations Development Programme (UNDP), the African Development Bank (AfDB), and African governments for their financial support, which made the production of this report possible.

*Professor Emmanuel Nnadozie*
*Executive Secretary*
*The African Capacity Building Foundation*
*Harare, Zimbabwe*
*November 2015*

# Contents


Foreword iii
Acknowledgments ix
Abbreviations xii

**Overview 1**

**Chapter 1: Africa's capacity development landscape in 2015 9**

Elements of the Africa Capacity Index and the Domestic Resource Mobilization Index 10
Highlights of the Africa Capacity Index in 2015 13
Key messages and policy recommendations 20

**Chapter 2: Capacity implications of mobilizing domestic resources and curbing illicit financial flows 21**

Why the focus on domestic resource mobilization and illicit financial flows? Why now? 22
Conditions and trends in domestic resource mobilization and illicit financial flows 25
Governance and development impact of illicit financial flows 36
Contextualizing capacity needs for domestic resource mobilization and curbing illicit financial flows within Agenda 2063 38
Key messages and policy recommendations 40

**Chapter 3: Capacity building initiatives for mobilizing domestic resources 42**

Capacity building strategies, systems, and initiatives 42
Capacity building needs and possibilities for mobilizing domestic resources 47
Capacity challenges and opportunities 48
Key messages and policy recommendations 50

**Chapter 4: Country success stories: Building capacity for mobilizing domestic resources and curbing illicit financial flows 52**

Country domestic resource mobilization efforts 52
Country achievements in mobilizing domestic resources 57
Key messages 63

**Chapter 5: Lessons and capacity building for actors mobilizing domestic resources** 65

Lessons for the future 66
The capacity building required for participants in domestic resource mobilization 70
Key messages and policy recommendations 73

**Chapter 6: Summary and policy recommendations** 74

**Notes** 75

**References** 77

## Boxes

Box 3.1 The ACBF's role in supporting evidence-based policy making in Africa 47
Box 3.2 The ACBF's role in fostering science and technology in Africa 48
Box 3.3 ACBF efforts in the fight against illicit financial flows from Africa and for domestic resource mobilization: Role of knowledge forums 50
Box 4.1 The Ghana Revenue Authority modernization plan 54
Box 4.2 Initiatives to curb illicit financial flows and improve domestic resource mobilization in Uganda 56
Box 4.3 Savings in Ethiopia's informal financial sector 57
Box 4.4 Direct deposit of fees in Zambia 58
Box 4.5 Illicit financial flows and the government's response in Ethiopia 61

## Figures

Figure 1: Risk-assessment matrix 3
Figure 1.1 Africa Capacity Index 2015 16
Figure 1.2 Africa Capacity Index levels, 2014 and 2015 17
Figure 1.3 How did individual countries shift in the capacity index level? 18
Figure 1.4 Africa Capacity Index 2015, top performers by cluster 19
Figure 1.5 Africa Capacity Index 2015, low performers by cluster 20
Figure 2.1 Tax revenues, aid, and other external flows, Africa, 2000–13 23
Figure 2.2 Tax performance and tax effort, Africa, 1996–2013 29
Figure 2.3 Gross domestic savings (% of GDP) by region, 1970–2013 31
Figure 2.4 Tax-to-GDP ratio across Africa, 2013 32
Figure 2.5 Tax revenues in Africa, 1996–2013 32
Figure 2.6 Tax composition in Africa, 1996–2013 33
Figure 2.7 Illicit financial flows and aid to Africa, 2003–12 36

Figure 2.8 Illicit financial flows and corruption, 2012 38
Figure 4.1 Trends in illicit financial flows and foreign direct investment in Zambia (constant 2010 $ million), 2003–12 60
Figure 4.2 Savings in Zimbabwe 62
Figure 4.3 Workers' remittances to Uganda, 1999–2014 62
Figure TN2: Structure of the data collection instrument 84
Figure A1. Geographical distribution of overall capacity level (ACI) 93
Figure A2. Average tax effort 1966 - 2013 94

## Tables

Table 1 Africa Capacity Index 2015 2
Table 2 Percentage of countries by Africa Capacity Index 2015 bracket and by cluster 3
Table 1.1 Resource flows, 2012 12
Table 1.2 Domestic resource mobilization and illicit financial flows index 14
Table 1.3 Africa Capacity Index 2015 15
Table 1.4 Percentage of countries by Africa Capacity Index 2015 bracket and by cluster 16
Table 1.5 Percentage of countries by level of thematic indices in 2015 18
Table 2.1 External financial flows and tax revenues for Africa ($ billion), 2000–13 23
Table 2.2 Average tax effort, 1996–2013 30
Table 2.3 Tax performance indicators across regions, 2012–13 34
Table 2.4 Remittance inflows, 2014 35
Table 2.5 Top 10 African countries for illicit financial flows, 2012 37
Table 3.1 Private credit by deposit money banks (% of GDP) 45
Table 3.2 Financial inclusion: regional comparison, 2011 46
Table 3.3 Acuteness of capacity needs for mobilizing domestic resources (% of countries surveyed) 49
Table 4.1 Presumptive tax in Zimbabwe 59
Table 4.2 Savings and investment in Africa (% of GDP) 59
Table 4.3 Financial inclusion and exclusion in Kenya (%) 63
Table TN1: List of countries covered by the study 85
Table A1: ACI composite index by countries (in alphabetical order) 92
Table A2. Cluster indices 95
Table A3. Thematic indices 96
Table A4: Average tax effort, 1996–2013 97

## Maps

Map 1.1 Geographic representation of capacity levels 14

**Technical Notes** **83**

**Africa Capacity Indicators** **91**

**Country Profiles** 99

**Compendium of Statistics** 147

# Acknowledgments

The *Africa Capacity Report (ACR) 2015* was prepared by a core team led by the Knowledge, Monitoring and Evaluation (KME) Department of the African Capacity Building Foundation (ACBF), under the overall supervision of its Executive Secretary, Professor Emmanuel Nnadozie. The production of the *ACR 2015* received support and contributions from all other departments of the Foundation. Special thanks go to all colleagues. Staff in all departments have worked hard to meet tight, sometimes unpredictable, deadlines.

The drafting was led by Thomas C. Munthali, KME director. He was assisted by Robert Nantchouang, Barassou Diawara, and KME department staff. Yiagadeesen Samy and Kalu Ojah contributed substantively to various chapters as experts in development finance.

Country case studies were conducted by think tanks and researchers in 14 African countries led by Barnabé Okouda of the Cameroon Policy Analysis and Research Center (Cameroon); Alban Ahoure of the Cellule d'analyse de politiques économiques du CIRES (Côte d'Ivoire); Floribert Ntungila-Nkama of the Programme de formation en Gestion de la Politique Economique de Kinshasa (GPE-Kinshasa, Democratic Republic of Congo); Haile Kebret Taye, Gashaw Tsegaye Ayele, and Monica Kansiime Kagorora of the Horn Economic and Social Policy Institute (Ethiopia); Emmanuel O. Akwetey of the Institute for Democratic Governance (Ghana); Francis M. Mwega of the School of Economics, University of Nairobi (Kenya); Bodo Ralantoarilolona of the Centre des recherches, d'études et d'appui à l'analyse économique à Madagascar (Madagascar); Boubacar Macalou of the Centre d'Etudes et de Renforcement des Capacités d'Analyse et de Plaidoyer (Mali); Odilia B. Gnassingbe-E, Abalo-Koboyo Padakale, and Dosse Djahini of the Centre autonome d'études et de renforcement des capacités pour le développement au Togo (Togo); Sarah Ssewanyana of the Economic Policy Research Center (Uganda); Pamela Kabaso of the Zambia Institute for Policy Analysis and Research (Zambia); and Gibson Chigumira of the Zimbabwe Economic Policy Analysis and Research Unit (Zimbabwe). The African Training and Research Centre in Administration for Development produced the case study for Morocco, and the National Agricultural Marketing Council conducted the country case study for South Africa. The African Economic Research Consortium (Kenya), led by Professor Lemma Senbet, spearheaded the conduct of the country case studies.

The team benefited from the insights of the ACBF-supported policy institutes and think tanks that assessed policy and institutions in their countries (Country Policy and Institutional Assessment): the Conception et analyse des politiques de développement (CAPOD, Benin); the Botswana Institute for Development Policy Analysis (BIDPA, Botswana); the Centre d'analyse des politiques économiques et sociales (CAPES, Burkina Faso); the Institut de Développement Economique du Burundi (IDEC, Burundi); the Cameroon Policy Analysis and Research Centre (CAMERCAP, Cameroon); the Strategic Transformation and Policy Centre (STPC, Cabo Verde); the Cellule d'analyse de politiques économiques du CIRES (CAPES, Côte d'Ivoire); the Institute for Democratic

Governance (IDEG; Ghana); the Kenya Institute for Public Policy Research and Analysis (KIPPRA, Kenya); the Centre de Recherches, d'Etudes et d'Appui à l'Analyse Economique à Madagascar (CREAM, Madagascar); the Centre d'Etudes et de Renforcement des Capacités d'Analyse et de Plaidoyer (CERCAP, Mali); the Centre Mauritanien d'Analyse des Politiques (CMAP, Mauritania); the Centre of Economics and Management Studies (CEEG, Mozambique); the Institute of Policy Analysis and Research (IPAR, Rwanda); the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN, South Africa); the Swaziland Economic Policy Analysis and Research Centre (SEPARC, Swaziland); the Economic and Social Research Foundation (ESRF, Tanzania); the Centre autonome d'études et de renforcement des capacités pour le développement au Togo (CADERDT, Togo); the Economic Policy Research Centre (EPRC, Uganda); the Zambia Institute for Policy Analysis and Research (ZIPAR, Zambia); and the Zimbabwe Economic Policy Analysis and Research Unit (ZEPARU, Zimbabwe).

Our sincere gratitude also extends to the dedicated team of in-country data experts who gathered the country-specific information: Amrane Becherair (Algeria), Ayédjo O. A. Tokou (Benin), Johane Moilwa Motsatsi (Bostwana), Abel Tiemtore (Burkina Faso), Martin Nsengiyumva (Burundi), Benvindo T. Rodrigues (Cabo Verde), Anaclet D. Dzossa (Cameroon), Sandra Dany Yadila Sobela (Central African Republic), Ibn Ali Youssouf (Chad), Said Abdou Ali (Comoros), Michel Tansia Molende Monkoi (Democratic Republic of Congo), Naasson Loutete-Dangui (Republic of Congo), Gnanda Pélagie Eponou Benson (Côte d'Ivoire), Charmarké Idris Ali (Djibouti), Mahmoud M. N. Elsarawy (Egypt), Wondwossen Tsegaye Aselet (Ethiopia), Jean Jacques Ondo Megne (Gabon), Alieu Saho (Gambia), Anthony K. Krakah (Ghana), Mamadou Camara (Guinea), Adulai Jalo (Guinea-Bissau), Mathews C. Omondi (Kenya), Masoai E. Mokone Dennis (Lesotho), Paul J. King (Liberia), Mande Isaora Zefania Romalahy (Madagascar), Phiri Innocent Pangapanga (Malawi), Tiémoko Marc Dembélé (Mali), Mamadou Cissoko (Mauritania), Krishna Chikhuri (Mauritius), Ridouane Berrhazi (Morocco), Claudio A. Dengo (Mozambique), Gurvy Kavei (Namibia), Abdou Maina (Niger), Modinat O. Olusoji (Nigeria), Emmanuel Munyemana (Rwanda), Mady Dansokho (Senegal), Miatta V. M'bayo (Sierra Leone), Kel Malual Latjor (South Sudan), Robert Nkosingiphile Fakudze (Swaziland), Apronius Vitalis Mbilinyi (Tanzania), Yawo Mawuena Gamo (Togo), Mustapha Bouzaiene (Tunisia), John Bosco Asiimwe (Uganda), Shebo Nalishebo (Zambia), and Roy Mutandwa (Zimbabwe).

Several reviewers offered extensive advice and comments throughout the concept and writing stages. Special thanks go to the *ACR 2015* distinguished External Reference Group members for their support, especially in their validation and external reviews. Appreciation is expressed to Patrick N. Osakwe, Dimitri Sanga, Emmanuel Innocents Edoun, Bineswaree (Aruna) Bolaky, Lahoual Kouider, Elizabeth J.N. Kariuki, Yinka Adeyemi, and Moses N. Kiggundu for taking time to critically review the *ACR 2015*. Special mention goes to Professors Leonce Ndikumana and Oluyele Akinkugbe, who were also engaged for in-depth external reviews.

The Foundation is also grateful to the ACBF Board of Governors and participants at the 2015 Board of Governors meeting (which included the Strategic Studies Group) held on September 2–4, 2015, at the African Union Commission Headquarters in Addis Ababa, Ethiopia. Similarly, it is grateful to the Policy Institute Committee, which provided

invaluable inputs, especially on the country case studies and Country Policy and Institutional Assessment.

We are also grateful to Bruce Ross-Larson and his team at Communications Development Incorporated (CDI) in Washington, DC, for editing the *ACR 2015*.

The Foundation would like to acknowledge, with thanks, the financial support of the World Bank, the United Nations Development Programme, the African Development Bank, and African governments, which enabled the ACBF to undertake this study and expand the *ACR 2015*'s geographic coverage with country case studies.

# Abbreviations

| | |
|---|---|
| ACBF | African Capacity Building Foundation |
| ACI | Africa Capacity Index |
| *ACR* | *Africa Capacity Report* |
| *AEO* | *African Economic Outlook* |
| AfDB | African Development Bank |
| AU | African Union |
| AUC | African Union Commission |
| CAR | Central African Republic |
| DAC | Development Assistance Committee |
| DRC | Democratic Republic of Congo |
| DRM | Domestic resource mobilization |
| ECA | Economic Commission for Africa |
| EITI | Extractive Industries Transparency Initiative |
| FDI | Foreign direct investment |
| GDP | Gross domestic product |
| GFI | Global Financial Integrity |
| GNI | Gross national income |
| HIV/AIDS | Human immunodeficiency virus/acquired immune deficiency syndrome |
| ICT | Information and communications technology |
| IFFs | Illicit financial flows |
| IT | Information technology |
| LDC | Least-developed country |
| MDGs | Millennium Development Goals |
| NRF | Net resource flows |
| ODA | Official development assistance |
| OECD | Organisation for Economic Co-operation and Development |
| SDGs | Sustainable Development Goals |
| UN | United Nations |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Programme |
| UNU-WIDER | United Nations University—World Institute for Development Economics Research |
| USAID | United States Agency for International Development |
| VAT | Value-added tax |
| ZIMRA | Zimbabwe Revenue Authority |
| ZIMSTAT | Zimbabwe National Statistics Agency |

Unless otherwise indicated, all dollar amounts are U.S. dollars.

# Overview

Each year since 2011, the African Capacity Building Foundation (ACBF) has produced the *Africa Capacity Report* (ACR). The objectives of the ACR are to measure and examine capacity in relation to the development agenda in African countries by focusing on the key determinants and components of capacity for development. ACBF (2011) defines capacity as the individual, organizational, and societal ability to set goals for development and to achieve them.

As in previous ACRs, the first chapter is devoted primarily to Africa's capacity development landscape. It focuses on the Africa Capacity Indicators and the Africa Capacity Index (ACI). The ACI is a composite index calculated from four clusters covering the policy environment, implementation processes, development results, and capacity development outcomes. Results for this year indicate a good policy environment and good implementation processes for most African countries, although countries are not doing as well on development results. Notably, capacity development outcomes have deteriorated and remain the most pressing issue. Performance on the thematic indices is generally encouraging and particularly strong on gender equality and social inclusion.

This year's annual theme of key importance to Africa's development agenda focuses on the capacity development challenges in domestic resource mobilization. *ACR 2015* surveys the state of and trends in domestic resource mobilization and illicit financial flows across the continent, and it identifies capacity gaps and requirements for countries to mobilize more resources domestically and reduce illicit financial flows abroad.

A team of in-country data experts conducted a quantitative survey in 45 African countries through a questionnaire, complemented by a qualitative survey in 14 countries selected by the ACBF for case studies according to the following criteria: tax effort performance, size of the economy, linguistic line, and geographic coverage. Drawing on the findings of these country studies, *ACR 2015* provides key capacity building messages and policy recommendations.

The capacity dimensions of domestic resource mobilization are crucial today if African countries want to meet the ambitious Sustainable Development Goals and the goals of Agenda 2063. The Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (UN 2013) made it clear that domestic resource mobilization is a necessity and that a new global partnership is needed to fight illicit financial flows. Concerns have already been raised that the Third International Conference on Financing for Development—held in Addis Ababa, Ethiopia, on July 13–16, 2015—did not deliver much in additional financial resources for the Sustainable Development Goals, implying that most financing must come from domestic sources.

To the extent that aid and other flows from external sources will not be sufficient, domestic resource mobilization will be critical for achieving the Sustainable Development Goals and the African Union's vision of "An integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena" (AU 2014).

*ACR 2015* complements the ACBF's capacity building initiatives on the continent. Since its inception, the ACBF has created think tanks and policy units to support the formulation and implementation of strategic national policies. The overall aim is to ensure economic prosperity, political stability, and social justice for all citizens, through efficient use of resources. The ACBF has also created training programs such as the Economic Policy Management Program to improve economic analysis, public administration, and research capabilities and to deepen the financial sector. In addition, the ACBF has worked with partners such the International Monetary Fund to support deepening of the banking and financial sector.

## Highlights of the Africa Capacity Indicators 2015

***Results are generally satisfactory.*** The ACI values range from 20.7 (Central African Republic; CAR) to 70.8 (Cabo Verde) (table 1).[1]

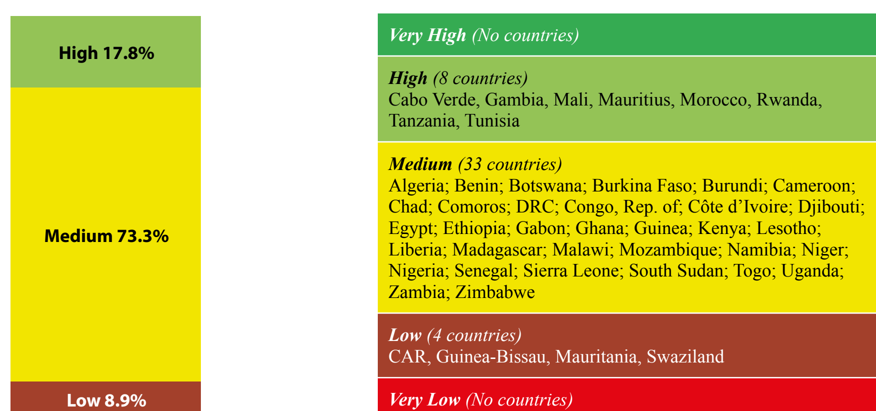
***No countries are at the Very Low or Very High extremes of capacity.*** Eight countries are in the High bracket, and no countries are in the Very Low bracket (figure 1). More effort will be required for countries to move into the Very High bracket (ACI values of 80 and above).

### Table 1 Africa Capacity Index 2015

| Country | ACI 2015 value | Country | ACI 2015 value |
|---|---|---|---|
| 1. Cabo Verde | 70.8 | 24. Togo | 52.0 |
| 2. Rwanda | 67.9 | 25. Algeria | 50.6 |
| 3. Tanzania | 67.4 | 26. Democratic Republic of Congo (DRC) | 50.1 |
| 4. Mauritius | 66.4 | 26. Senegal | 50.1 |
| 5. Gambia | 64.6 | 28. Madagascar | 50.0 |
| 6. Morocco | 64.4 | 29. Ghana | 49.9 |
| 7. Tunisia | 60.7 | 30. Côte d'Ivoire | 49.8 |
| 8. Mali | 60.1 | 31. Djibouti | 49.6 |
| 9. Malawi | 58.5 | 32. South Sudan | 49.2 |
| 10. Liberia | 58.4 | 33. Guinea | 48.8 |
| 11. Burkina Faso | 57.3 | 34. Chad | 48.3 |
| 11. Lesotho | 57.3 | 35. Cameroon | 47.0 |
| 13. Mozambique | 57.0 | 36. Zimbabwe | 46.7 |
| 14. Namibia | 56.1 | 37. Nigeria | 46.4 |
| 15. Ethiopia | 55.0 | 38. Botswana | 44.8 |
| 16. Sierra Leone | 54.8 | 39. Gabon | 43.4 |
| 17. Burundi | 54.5 | 40. Comoros | 41.9 |
| 18. Kenya | 54.4 | 41. Congo (Rep. of) | 40.4 |
| 19. Egypt | 54.3 | 42. Swaziland | 38.6 |
| 20. Zambia | 53.8 | 43. Mauritania | 36.1 |
| 21. Uganda | 53.3 | 44. Guinea-Bissau | 34.7 |
| 22. Benin | 52.9 | 45. Central African Republic | 20.7 |
| 23. Niger | 52.6 | | |

*Source: Africa Capacity Indicators database 2015.*

## Figure 1 Africa Capacity Index 2015




*Source: Africa Capacity Indicators database 2015.*

***The bulk of countries have Medium capacity.*** Of the 45 countries surveyed, most (73.3 percent) fall within the Medium bracket, 17.8 percent are in the High bracket, and 8.9 percent are in the Low bracket.

Analysis by cluster indicates a pattern that has not changed significantly from year to year (table 2), an indication that countries are stagnating in those clusters. As in previous ACRs (2011–14), the policy environment cluster remains the strongest and capacity development outcomes, the weakest.

On the policy environment—underpinned by broad participation and good governance—most countries are ranked High or Very High. Even if excellent, these results are not as good as in 2014, when 91 percent of countries were in the Very High category. Processes for implementation are also impressive, with 87 percent of countries in the High or Very High brackets.

Only 6.7 percent of countries are ranked Very High on development results, while 13 percent are ranked Low or Very Low.

## Table 2 Percentage of countries by Africa Capacity Index 2015 bracket and by cluster

| Level | Policy environment | Processes for implementation | Development results at country level | Capacity development outcomes |
|---|---|---|---|---|
| Very High | 80.0 | 37.8 | 6.7 | — |
| High | 17.8 | 48.9 | 44.4 | — |
| Medium | 2.2 | 13.3 | 35.6 | 8.9 |
| Low | — | — | 11.1 | 86.7 |
| Very Low | — | — | 2.2 | 4.4 |
| Total | 100 | 100 | 100 | 100 |

*Source: Africa Capacity Indicators database 2015.*

Capacity development outcomes are even worse: 91 percent of countries are in the Low or Very Low brackets.

Overall capacity scores improved from 49.9 in 2014 (ACBF 2014) to 52.0 in 2015. Only 8.9 percent of countries are now in the Low bracket, down from 13.6 percent in 2014. Countries with High capacity have seen an improvement in the average of their scores, and a higher percentage of countries are now in the Medium capacity bracket (ACBF 2014; figure 1).

Achievements on the four thematic indices (policy choices for capacity development, development cooperation effectiveness related to capacity development, gender equality and social inclusion, and partnering for capacity development) are encouraging overall. More than half the countries are in the High or Very High category on each of the four. The best performance by far is on the gender equality and social inclusion index, where all countries are at least in the Medium category.

More resources for capacity development initiatives are required so that countries can improve their capacity development outcomes, an area that remains very weak. The ACBF can thus make an important difference by funding and providing technical assistance for specific capacity building projects and programs to meet the needs of African member countries and nonstate actors.

## Challenges in mobilizing domestic resources and curbing illicit financial flows

Discussions for the post-2015 agenda have set high expectations for domestic resource mobilization as a self-sustaining development finance strategy. A focus on domestic resource mobilization and illicit financial flows in the African context is required for several reasons. For a start, mobilizing domestic resources allows countries to reduce their dependency on foreign aid. Examples of successful cases of development in other low-income (developing) regions reveal that high domestic savings is necessary for high investment and growth. Further, an extensive literature documents the positive link between taxation and state building through creating a social contract between the state and citizens.

Domestic resource mobilization refers to generating savings and taxes from domestic resources—and allocating them to economically and socially productive activities—rather than using external sources of financing, such as foreign direct investment, loans, grants, or remittances. Even if domestic resource mobilization does not include remittances, the *ACR 2015* focuses on them as well; empirical and anecdotal evidence shows they can have a strong impact once they reach receiving countries. Illicit financial flows—resource flows that are "illegally earned, transferred or used" (AU and ECA 2015: 9)—are also discussed because they are a huge loss of domestic resources for Africa. According to the most recent data (for 2012), such flows from Africa were higher than remittance inflows ($82.5 billion versus $51.4 billion—chapter 2), and several countries are now losing large amounts to those flows relative to the tax revenues they collect.

### The state of domestic resource mobilization and illicit financial flows in Africa

When compared with other developing regions—East Asia and Pacific, Latin America and the Caribbean, and South Asia—Sub-Saharan Africa has the lowest savings rate. And it has been trending downward

(figure 2.3). Similar trends can be observed for investment and per capita growth rates, which to a large extent explain the persistence of absolute poverty in Sub-Saharan Africa. When North African countries are included in the mix, only Algeria has a very high savings rate. Overall, Africa's savings rate is lower than those of East Asia and Pacific and of South Asia.

The average tax-to-GDP ratio in Africa has crossed 20 percent of regional GDP in recent years, far higher than in South Asia but still lower than in Latin America and slightly lower than in East Asia (Bhushan, Samy, and Medu 2013). Tax revenues have surged in the last decade, from $123.1 billion in 2002 to $508.3 billion in 2013. But these numbers may not reflect the situation across the continent since the resource-rich countries skew the regional average and most African countries have tax-to-GDP ratios below the regional average. The increase in tax revenues has been driven by resource rents and by direct and indirect taxes; in countries such as Chad, Equatorial Guinea, and Nigeria, resource rents dominate the tax mix.

The increase in resource rents has caused a split between countries mobilizing high tax revenues thanks to natural resources and others making efforts but unable to mobilize revenues because of a shallow tax base. Results of a computed average tax effort index—the ratio of actual tax collection and taxable capacity—for 1996–2013 confirm this: 27 of 47 countries have low tax effort indices, and several of them are resource rich. Even if they had increased their tax revenues from direct and indirect taxes, it is quite possible that the availability of resource rents would still have distorted the incentive for more efforts. Further, the tax composition (in percentage terms) has continuously shifted from trade taxes because of trade liberalization. Tax performance metrics (such as the ratio of the budget of the tax authority and revenue collected by the authority) indicate that Africa has a very expensive and inefficient tax collection system.

Overall, several African countries have room for improvement—whether in savings and investment rates, tax-to-GDP ratios, the tax mix, tax effort, the disincentive effects of revenue from natural resources, tax performance indicators, or the nature and reach of financial systems. Too few countries are paying attention to the expenditure side—to whether taxation is leading to efficient service delivery. A credible fiscal pact between citizens and the state can work only if citizens can see their tax dollars being used effectively.

Remittances to Africa amounted to $64 billion in 2014, or 14.8 percent of global inflows to developing countries (according to World Bank data). These are low set against other regions such as East Asia and Pacific ($122 billion or 28.3 percent of global inflows) and South Asia ($116 billion or 26.9 percent). Remittance inflows to Africa are now higher than official development assistance flows, even if not much higher than in other regions. However, more work needs to be done to ensure that remittances are not simply used for consumption; they should constitute investable resources with the potential to serve longer-term development needs (UNCTAD 2012a). Equally important is to ensure a competitive market for remittance flows to reduce the high transaction costs of money transfers.

But the most important challenge for most African countries is to curb illicit financial flows. Such flows stem from factors such as weak institutions and governance, lack of regulation and information, and external borrowing. The African continent lost $60.3 billion to illicit financial flows on average over 2003–12 (calculated from Kar

and Spanjers 2014), whereas average official development assistance for the period was $56 billion (OECD-DAC International Development Statistics online databases).

### Strategies and initiatives for domestic resource mobilization

All 14 countries in the cases examined by the ACBF have, in one way or another, implemented policies to mobilize more resources domestically, especially since the Monterrey Consensus in 2002. Many countries have put in place initiatives to optimize tax revenues and reduce inefficiencies such as tax exemptions. To deal with illicit financial flows, measures have been introduced, for example, to prohibit the use of transfer pricing to evade taxes and to train staff to conduct forensic audits. Several African governments have liberalized their financial sectors and focused on product innovation and financial inclusion.[2]

Some examples of strategies and initiatives for domestic resource mobilization include integrating revenue collection agencies in one coherent institution; introducing a value-added tax (as in Ghana and Togo); optimizing revenue collection from the mining sector; introducing presumptive taxes on informal activities by using indirect methods (as in Zambia); introducing a housing savings scheme and issuing diaspora bonds (as Ethiopia); and adopting mobile banking (as with M-PESA in Kenya).

### Challenges

- Several parts of the African Union's Agenda 2063 refer to Africa's need both to become self-reliant and finance its own development and to recognize the importance of accountable states and institutions at all levels. In its call to action, Agenda 2063 explicitly mentions strengthening domestic resource mobilization, building continental capital markets and financial institutions, and reversing illicit financial flows from the continent. However, the financing of Agenda 2063 has hardly been examined, even though it is known that more resources must be mobilized domestically to reduce external dependence and that in some countries the sources of revenue must be diversified. (Much of the same could be said about the post-2015 agenda and the recently concluded Financing for Development Conference.) The question remains: Who will finance the Sustainable Development Goals and how?

- To the extent that the bulk of financing will come from domestic sources, African countries must without doubt enhance domestic resource mobilization and curtail illicit financial flows. A raft of factors related to capacity building (human, technical, legal, regulatory, and financial) still prevent African countries from mobilizing more resources domestically and from fighting illicit flows.

- On the tax side, investing in the capacity of revenue authorities must be part of a broader fiscal reform agenda that includes simplifying and rationalizing tax systems (for example, reducing tax exemptions and dealing with corruption within tax administrations). The computed tax effort indices for African countries show that several countries, including resource-rich ones, are not making enough effort to collect taxes.

- More and better trained staff must be hired by the revenue authorities and retained with the right financial incentives, and they must be allowed to do their work without political interference. More needs to be done to build the capacity of revenue authorities to engage with taxpayers and

foster a culture where taxation is seen as contributing to essential services. This means that governments need to be transparent and efficient on expenditures.

- Donors are potentially important in building tax capacity and enhancing domestic resource mobilization—including training staff, investing in infrastructure, and helping set up tax registries—but they allocate only a very small share of aid to these areas.

- The problem of illicit financial flows requires international cooperation and a global solution, but many African countries simply lack the capacity to deal with them. None of the countries surveyed showed evidence of successfully combating such flows. Substantial effort and political will are still required at the domestic level.

## Key takeaways

- The African continent has made much progress in increasing tax revenues, but a number of countries lag behind. Compared with other regions of the world, tax collection systems in Africa remain expensive and inefficient. Several countries need to hire more and better trained staff members, who must be retained through financial and non-financial career-advancement incentives.

- The expenditure side is as important as the revenue side, if not more so. That is, citizens must be aware of what services they are getting in return for their tax contributions, and this means that governments must be transparent about program expenditures and must invest in awareness and education campaigns on taxation.

- Diverted public funds and wasteful government spending are serious problems in many African countries (ACBF 2013a, Ayee 2011), reflecting poor governance, public administration, and institutions, with major imperatives for building capacity to mobilize domestic resources.

- Far more effort and political will are required to address illicit financial flows. This again entails hiring better trained staff with specialized skills and ensuring the cooperation of the local, regional, and international organizations responsible for tackling such flows.

- Building capacity for domestic resource mobilization is not merely about increasing tax revenue or savings. It also encompasses promoting good democratic governance, financial inclusiveness, and social justice—and creating the conditions and incentives for productive investments. The type of tax systems and funds for administrative procedures and the choice of financial models must be adapted to the characteristics of African economies and their production structures. The time is now ripe for African countries to go beyond traditional domestic resource mobilization—which is about increasing revenues and (public and private) savings —and to emphasize broad-based resource mobilization, in a holistic, transformational approach that considers national systems of innovation, imitative learning, and special harnessing of human capital.

- More investments are required in financial inclusion and product innovation, and human resources must be mobilized for the innovations needed for broad-based domestic resource mobilization.

- It is necessary to build institutional and human capacity for scaling up domestic resource mobilization. The capacity of institutions in the resource mobilization

chain must be reinforced. And rules and regulations must be in place to ensure sound public financial management so that domestic resources promote inclusive and sustainable development.

- It is important to enact legal system reforms aimed at law reform, especially where the laws are inadequate or poorly functioning. Countries need to undertake reforms in the areas of taxation, banking, and capital markets. They need to maintain flexible yet effective laws and regulations to access nontraditional sources of finance and curb illicit financial flows. And they need to further develop tax reforms that will ensure tax harmonization and a move away from tax exemptions, concessions, and holidays.

- Along with the required rules, regulations, and human capacities must be the capacity of key continental, regional, and national institutions to improve domestic resource mobilization. These include the African Union Commission and its organs (especially those that deal with legal, audit, tax, and parliament related issues). They also include such specialized institutions as the ACBF, the African Development Bank, the African Tax Administration Forum, the Collaborative Africa Budget Reform Initiative, and the UN Economic Commission for Africa. And they include regional economic communities, especially the African Union–recognized groups that will play a great role at the regional level in the domestic resource mobilization chain. At the core, however, are national tax administration and revenue authorities.

- There is a need to foster visionary leadership, to change mindsets, and to address other soft capacities. A key element for successful domestic resource mobilization starts with effective, visionary, committed, and accountable leadership that sets the right tone at the top. Positive social norms, values, and practices conducive to domestic resource mobilization are needed, but the ability and willingness to learn from experience is equally important.

## Organization of *Africa Capacity Report 2015*

*ACR 2015* is structured as follows. The first chapter describes the Africa Capacity Indicators and discusses the results from the Africa Capacity Index 2015 by highlighting the performance of countries across clusters and thematic areas. Chapter 2 examines the state of domestic resource mobilization and illicit financial flows in Africa, with a particular focus on their capacity dimensions. Chapter 3 discusses capacity building strategies and initiatives on domestic resource mobilization. Chapter 4 draws on lessons and stories emerging from the country case studies (successful and less successful) to identify efforts and achievements in building capacity for domestic resource mobilization and curbing illicit financial flows. Chapter 5 identifies lessons learned and capacity development imperatives for effective domestic resource mobilization through various players—civil society, government, the private sector, and cooperating partners. Chapter 6 concludes with a brief summary and highlights policy recommendations.

# 1

# Africa's capacity development landscape in 2015

In September 2015, the United Nations (UN) member states adopted the Sustainable Development Goals (SDGs)3—the development blueprint for the next 15 years. The SDGs represent a much wider agenda than the original Millennium Development Goals (MDGs), given that mobilizing financial resources beyond traditional development assistance and other external flows will be crucial to ending absolute poverty and achieving the goals of this more ambitious agenda. These elements are particularly relevant in the African context as several countries have historically relied on foreign aid to finance development plans. As aid becomes relatively less important over time, African countries must continue to mobilize more resources domestically and improve their capacity to do so, to maintain the growth momentum of the last decade.

The African Capacity Building Foundation (ACBF) has produced the *Africa Capacity Report* (ACR) annually since 2011. The ACR's objectives are to measure and empirically examine capacity against the development agenda in African countries by focusing on the key determinants and components of capacity for development, particularly capacity deficits. The ACR and its key index—the Africa Capacity Index (ACI)—enable decision makers to identify the reforms needed to improve capacity and help them choose what efforts to prioritize and finance to further develop capacity. In addition to providing an assessment of the state of capacity development over the continent, the *ACR 2015* focuses on a selected annual theme of key importance to Africa's development agenda. This 2015 edition focuses on the capacity development challenges facing Africa in domestic resource mobilization (DRM).

What is DRM? DRM refers to generating savings and taxes from domestic resources —and allocating them to economically and socially productive activities—rather than using external sources of financing, such as foreign direct investment (FDI), loans, grants, and remittances. (Remittances, though not part of DRM, can have a big impact and are thus discussed in the *ACR 2015*.) The *ACR 2015* also focuses on illicit financial flows (IFFs)—resource flows that are "illegally earned, transferred or used" (AU and ECA 2015: 9)—which represent a huge loss of resources for the African continent.

With the recent adoption of the SDGs (17 goals and 169 targets, against eight MDGs and 21 associated subtargets), and their more ambitious goals (compared with those of the MDGs), substantial financial resources will be required. This was recently acknowledged in the Outcome Document of the recently concluded Third International Conference on Financing for Development in Addis Ababa, Ethiopia (UN 2015b). Similarly, a recent article in the *Economist* (March 28, 2015) pointed out that the SDGs would cost about $2–$3 trillion of public and private money annually over the next 15 years. To the extent that aid and other external flows will be insufficient, DRM will be critical for meeting the SDGs, especially in Africa, which has historically relied on aid for its development. It also means that domestic financing options

other than government taxation need to be considered.

Therefore, the theme of the *ACR 2015*—"Capacity Imperatives for Domestic Resource Mobilization in Africa"—is timely. It complements previous work on DRM in Africa (chapter 2) by examining closely the capacity dimensions of DRM. And it links to the call to action of Agenda 2063, which explicitly states the need to strengthen DRM, enhance the capacity of continental capital markets and other financial institutions to harness domestic resources, and reverse IFFs if Africa is to become self-reliant and able to finance its own development.

## Elements of the Africa Capacity Index and the Domestic Resource Mobilization Index

The ACBF's interventions include providing decision makers with information on the state of capacity in Africa, as in the Africa Capacity Index (ACI), which is the ACR's primary index and signature trademark.

### The Africa Capacity Index and its four clusters

The *policy environment* cluster considers the conditions that must be in place to make transformational change and development possible, notably effective and development-oriented organizations and institutional frameworks. It focuses on four components: whether countries have put in place national strategies for development (including a strategy for agricultural development, given the importance of transforming agriculture and achieving food security), and their level of legitimacy; countries' commitment to meeting development and poverty reduction goals set under the MDGs; country-level awareness and focus on better use of limited resources for capacity development, as measured by the presence of policies for aid effectiveness such as endorsement of the Busan Global Partnership and existence of an aid coordination policy; and the degree of inclusiveness that supports the country's long-term stability, as measured by the existence of gender-equality and other socially inclusive policies. Broad participation and good governance underpin this cluster.

The *implementation processes* cluster assesses the extent to which countries are prepared to deliver results and outcomes. This cluster focuses on the creation of an environment that motivates and supports individuals; the capacity to manage relations with key stakeholders inclusively and constructively; and the capacity to establish appropriate frameworks for managing strategies, programs, and projects. Equally important are processes for designing, implementing, and managing national development strategies to produce socially inclusive development outcomes.

*The development results at country level* cluster refers to tangible outputs that encourage development. The cluster's main components are coordination of aid support to capacity development, creativity and innovation, success in implementing the Paris Declaration on Aid Effectiveness, gender equality, and social inclusion, and partnering for capacity development.

*The capacity development outcomes* cluster largely measures change in the human condition. Indicators are captured mainly through the financial commitment to capacity development, actual achievement of specific MDGs, measures of gender and broader social equity, and gains in agriculture and food security (ACBF 2012: 30).

Four thematic indices are calculated using the same dataset as the primary ACI but are grouped in different combinations according to the thematic area. An annual theme index is also sometimes computed and linked to the ACR's theme for the year. Because the theme for the *ACR 2012* was "Capacity Development for Agricultural Transformation and Food Security," an agricultural transformation and food security index was calculated. Similarly, a natural resource management index was calculated in 2013 for the theme "Capacity Development for Natural Resources Management." The methodology for calculating these independent composite thematic indices in 2012 and 2013 was the same as for the ACI but using different variables.

The dataset employed to compute the various indicators is obtained through the surveys that the ACBF conducts every year in countries. The survey methodology is outlined in the technical notes.

### Net resource flows

Net resource flows are calculated as the sum of tax revenue and remittances, net of IFFs. Table 1.1 provides a crude snapshot of what the net flow of resources looked like in 2012, the latest year with data on *all* the main resource flows discussed: tax revenue, remittance inflows, and IFFs (explored in greater detail in chapter 2). Lack of data means that several countries had to be excluded; countries are ranked according to net resource flows.

Perhaps unsurprisingly, the largest economies—Nigeria and South Africa—also ranked the highest. However, when all countries are considered together, total IFFs are higher than remittances received. Going down the list, one sees that some countries such as Burkina Faso, Liberia, Malawi, Burundi, and Zambia are losing massive amounts to IFFs relative to tax revenue. In Zambia, the problem is so severe that the country has negative net resource flows.

### A combined DRM and IFF index

The ACBF surveyed African countries on policies and initiatives for DRM, remittances, and IFFs. Each country was asked more than 90 dichotomous (Yes/No) or rating scale questions. In what follows, seven of the questions that are considered most relevant to DRM, remittances, and IFFs are examined:

1. Whether the country had signed the Yaoundé Declaration on combating IFFs from Africa (June 7, 2014).

2. Whether the country had put in place an agency to fight IFFs.

3. Whether the country provided incentives related to remittances from the diaspora.

4. Whether the country's tax administration is adequately staffed.

5. The capacity needs of the country in fighting corruption.

6. The capacity needs of the country in fighting IFFs.

7. The capacity needs of the country in financial sector strengthening.

The answers to the first three questions were either Yes (= 1) or No (= 2). For question 4, the options were "under = 1," "moderate = 2," "adequate = 3," "over = 4." Questions 5–7 were directly related to capacity building, and the options were "very low = 1," "low = 2," "moderate = 3," "high = 4," "very high = 5."

Countries did not respond to all the questions, but generally at least 40 responses to each

## Table 1.1 Resource flows, 2012

| Country | Taxes ($ million) | Illicit financial flows ($ million) | Remittances ($ million) | Net resource flows ($ million) |
|---|---|---|---|---|
| Algeria | 79,289 | 2,620 | 1,942 | 78,611 |
| Nigeria | 65,486 | 7,922 | 20,633 | 78,198 |
| South Africa | 92,447 | 29,134 | 1,085 | 64,397 |
| Angola | 50,620 | 326 | 0 | 50,294 |
| Egypt | 34,525 | 5,093 | 19,236 | 48,669 |
| Morocco | 23,006 | 763 | 6,508 | 28,751 |
| Tunisia | 9,517 | 0 | 2,266 | 11,783 |
| Kenya | 8,160 | 0 | 1,214 | 9,373 |
| Ghana | 7,159 | 0 | 138 | 7,297 |
| Senegal | 2,650 | 0 | 1,614 | 4,264 |
| Tanzania | 4,850 | 717 | 67 | 4,201 |
| DRC | 4,096 | 148 | 12 | 3,960 |
| Cameroon | 4,271 | 930 | 210 | 3,551 |
| Mozambique | 2,835 | 0 | 220 | 3,055 |
| Uganda | 2,610 | 633 | 910 | 2,887 |
| Namibia | 4,138 | 1,483 | 13 | 2,668 |
| Côte d’Ivoire | 4,426 | 2,190 | 373 | 2,609 |
| Botswana | 4,450 | 1,926 | 18 | 2,542 |
| Ethiopia | 4,949 | 3,117 | 624 | 2,456 |
| Mali | 1,599 | 328 | 827 | 2,099 |
| Mauritius | 2,160 | 402 | 249 | 2,007 |
| Sudan | 3,884 | 2,605 | 401 | 1,681 |
| Benin | 1,172 | 0 | 208 | 1,380 |
| Madagascar | 901 | 178 | 397 | 1,120 |
| Guinea | 1,081 | 59 | 66 | 1,089 |
| Lesotho | 933 | 506 | 554 | 981 |
| Togo | 642 | 0 | 337 | 979 |
| Niger | 971 | 237 | 152 | 886 |
| Swaziland | 1,312 | 556 | 31 | 787 |
| Rwanda | 987 | 611 | 182 | 558 |
| Burkina Faso | 1,549 | 1,153 | 120 | 516 |
| Cabo Verde | 321 | 34 | 178 | 465 |
| Liberia | 363 | 418 | 516 | 461 |
| Malawi | 904 | 552 | 28 | 380 |
| Sierra Leone | 357 | 43 | 61 | 375 |
| Seychelles | 336 | 0 | 18 | 354 |
| Burundi | 341 | 137 | 46 | 250 |
| Gambia | 132 | 38 | 141 | 235 |
| Guinea-Bissau | 76 | 70 | 46 | 52 |
| Comoros | 70 | 165 | 110 | 15 |
| São Tomé and Príncipe | 37 | 42 | 6 | 1 |
| Djibouti | 250 | 424 | 33 | –141 |
| Zambia | 3,742 | 4,272 | 73 | –457 |
| Total | 433,604 | 69,832 | 61,867 | 425,639 |

*Source: African Economic Outlook database. IFF data are from Kar and Spanjers (2014) and remittance data are from the World Bank.*

*Note: Tax data include direct taxes, indirect taxes, resource rents, and trade taxes.*

question were given. Thirteen of 40 countries have signed the Yaoundé Declaration—a rather low number even though the declaration was proclaimed only in 2014. Thirty-five of 44 countries had put in place an agency to fight IFFs, an encouraging finding. However, for both these questions, a positive response does not guarantee results—as discussed later, no clear success story on combating IFFs was reported. For question 3, only 13 of 43 countries provide incentives related to remittances from the diaspora, an area where there is much room for improvement. Most countries (31 of 42) reported that their tax administration was either understaffed or moderately staffed, and 10 were adequately staffed. The Democratic Republic of Congo (DRC) was the only country that reported overstaffing, possibly an indication of inefficiency (a bloated bureaucracy).

The responses to questions 5 and 6 are quite consistent. A majority of countries (more than 50 percent) reported that their needs to fight corruption or IFFs were high or very high. A reasonable number responded that their needs were moderate and 20 percent or less replied that their needs were low or very low. Capacity needs for financial sector strengthening (question 7) yielded slightly different results: 48 percent of countries responded that their needs were moderate and 40 percent, high.

Because the reference year for the survey was 2013, the responses to questions 5–7 are combined with the tax-to-GDP ratio for 2013 using *African Economic Outlook* data. Taxation in this case includes direct, indirect, and trade taxes but not resource taxes because they do not require significant effort and they skew the results in favor of resource-rich countries. Based on tax-to-GDP ratios, countries were rated on a scale of 1 to 3, where a lower number indicated less need to raise the tax-to-GDP ratios. Countries received a "1" if their tax-to-GDP ratios were higher than the average for the entire sample, "2" if their tax-to-GDP ratios were higher than 10 percent but lower than the average, and "3" if their tax-to-GDP ratios were less than 10 percent. This combined quantitative and qualitative index gives a crude estimate of a DRM and IFF index for countries that ranges from 4 to 18 (table 1.2), with a higher number indicating greater capacity needs. This measure could undoubtedly be improved if more sophisticated ways of combining the dimensions and adding new ones were used. However, it allows a rough picture to emerge.

Of 45 countries ranked, 18 were below the median in their capacity needs and 22 were above the median. Some of the countries with the most needs include Madagascar, the DRC, and the Central African Republic (CAR).[4]

The correlation between this crude index and the ACI for 2014 is only 0.25 in absolute value, an indication that countries doing well on overall capacity may still face difficulties in their capacity needs related to DRM and IFFs.

## Highlights of the Africa Capacity Index in 2015

### Country coverage in 2015

The ultimate aim of the ACR is to target all African countries. The inaugural issue of the ACR in 2011 covered 34 countries, with later issues covering 42 countries in 2012 and 44 countries in 2013 and 2014. The figure of 44 in 2013 and 2014 hides a change in composition: Angola, Botswana, and South Africa were surveyed in 2013 but not in 2014; Comoros, Egypt, and South Sudan were surveyed in 2014 but not 2013. This year's ACR covers 45 countries (map 1.1, table 1.3). Compared with *ACR 2014*, in 2015 Algeria and Botswana are included, but São Tomé and Príncipe is excluded.

## Table 1.2 Domestic resource mobilization and illicit financial flows index

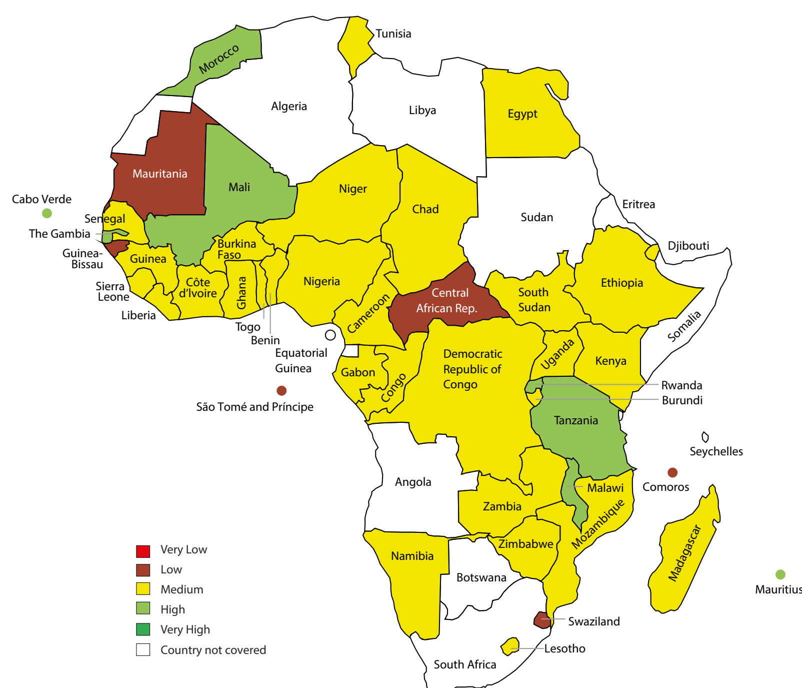
| Level | Country | Index |
|---|---|---|
| Above median | Madagascar | 17 |
| | DRC | 16 |
| | CAR | 15 |
| | Chad | 15 |
| | Djibouti | 15 |
| | Mali | 15 |
| | Mauritius | 15 |
| | Niger | 15 |
| | Uganda | 15 |
| | Algeria | 14 |
| | Cameroon | 14 |
| | Comoros | 14 |
| | Guinea | 14 |
| | Zimbabwe | 14 |
| | Côte d'Ivoire | 13 |

| Level | Country | Index |
|---|---|---|
| Above median | Egypt | 13 |
| | Gabon | 13 |
| | Rwanda | 13 |
| | Sierra Leone | 13 |
| | Togo | 13 |
| Median | Burkina Faso | 12 |
| | Burundi | 12 |
| | Gambia | 12 |
| | Guinea-Bissau | 12 |
| | Tunisia | 12 |
| Below median | Congo, Rep. of | 11 |
| | Ethiopia | 11 |
| | Malawi | 11 |
| | Mozambique | 11 |
| | Namibia | 11 |

| Level | Country | Index |
|---|---|---|
| Below median | Senegal | 11 |
| | Swaziland | 11 |
| | Ghana | 10 |
| | Kenya | 10 |
| | Nigeria | 10 |
| | Botswana | 9 |
| | Cabo Verde | 9 |
| | Lesotho | 9 |
| | Mauritania | 9 |
| | Benin | 8 |
| | Liberia | 7 |
| | Morocco | 7 |
| | Tanzania | 7 |

*Note: A higher number indicates greater capacity needs.*

## Map 1.1 Geographic representation of capacity levels




*Source: Africa Capacity Indicators database 2015.*

## Table 1.3 Africa Capacity Index 2015

| Country | ACI 2015 value | Country | ACI 2015 value |
|---|---|---|---|
| 1. Cabo Verde | 70.8 | 24. Togo | 52.0 |
| 2. Rwanda | 67.9 | 25. Algeria | 50.6 |
| 3. Tanzania | 67.4 | 26. Democratic Republic of Congo (DRC) | 50.1 |
| 4. Mauritius | 66.4 | 26. Senegal | 50.1 |
| 5. Gambia | 64.6 | 28. Madagascar | 50.0 |
| 6. Morocco | 64.4 | 29. Ghana | 49.9 |
| 7. Tunisia | 60.7 | 30. Côte d'Ivoire | 49.8 |
| 8. Mali | 60.1 | 31. Djibouti | 49.6 |
| 9. Malawi | 58.5 | 32. South Sudan | 49.2 |
| 10. Liberia | 58.4 | 33. Guinea | 48.8 |
| 11. Burkina Faso | 57.3 | 34. Chad | 48.3 |
| 11. Lesotho | 57.3 | 35. Cameroon | 47.0 |
| 13. Mozambique | 57.0 | 36. Zimbabwe | 46.7 |
| 14. Namibia | 56.1 | 37. Nigeria | 46.4 |
| 15. Ethiopia | 55.0 | 38. Botswana | 44.8 |
| 16. Sierra Leone | 54.8 | 39. Gabon | 43.4 |
| 17. Burundi | 54.5 | 40. Comoros | 41.9 |
| 18. Kenya | 54.4 | 41. Congo (Rep. of) | 40.4 |
| 19. Egypt | 54.3 | 42. Swaziland | 38.6 |
| 20. Zambia | 53.8 | 43. Mauritania | 36.1 |
| 21. Uganda | 53.3 | 44. Guinea-Bissau | 34.7 |
| 22. Benin | 52.9 | 45. CAR | 20.7 |
| 23. Niger | 52.6 | | |

*Source: Africa Capacity Indicators database 2015.*

### Trends in the index

The ACI ranges from 20.7 (CAR) to 70.8 (Cabo Verde). The CAR remains at the bottom of the list and its ACI has deteriorated from last year, bringing it close to the Very Low bracket (less than 20). Morocco, which topped the list in 2014, is now sixth.

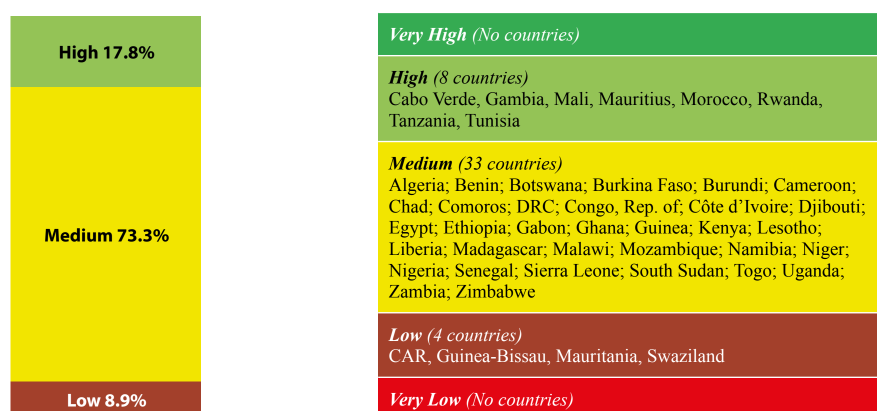
There are no countries at the Very Low or Very High extremes of capacity. Eight countries are in the High bracket and four countries are in the Low bracket, but no countries are in the Very Low bracket (figure 1.2). More effort will be required for countries to move into the Very High bracket (ACI values of 80 and above).

The bulk of countries have Medium capacity. Most countries (73.3 percent) fall within the Medium (yellow) bracket, 17.8 percent are in the High bracket, and 8.9 percent are in the Low bracket.

### Achievements by cluster

Analysis by cluster indicates a pattern that has not changed much since 2011. As in previous ACRs, the policy environment cluster

## Figure 1.1 Africa Capacity Index 2015




*Source: Africa Capacity Indicators database 2015.*

## Table 1.4 Percentage of countries by Africa Capacity Index 2015 bracket and by cluster

| Level | Policy environment | Processes for implementation | Development results at country level | Capacity development outcomes |
|---|---|---|---|---|
| Very High | 80.0 | 37.8 | 6.7 | — |
| High | 17.8 | 48.9 | 44.4 | — |
| Medium | 2.2 | 13.3 | 35.6 | 8.9 |
| Low | — | — | 11.1 | 86.7 |
| Very Low | — | — | 2.2 | 4.4 |
| Total | 100 | 100 | 100 | 100 |

*Source: Africa Capacity Indicators database 2015.*

remains the strongest and capacity development outcomes the weakest (table 1.4). Since 2014, the development results at country level cluster has caught up somewhat with the processes for implementation cluster.

Results show an excellent policy environment and very good implementation processes. Some 97.8 percent of countries are ranked High or Very High on policy environment, and 86.7 percent of countries are ranked High or Very High on processes for implementation.

***Capacity development outcomes remain the most pressing issue and have deteriorated.*** Among countries in that cluster, 91 percent rank in the Low or Very Low brackets, against 84.1 percent in 2014. As reported in last year's ACR, capacity development outcomes are difficult to achieve because many of the surveyed countries allocate a low proportion of their budget to capacity development. Further, many countries have not made much progress on the MDGs, and several countries have not undertaken capacity profiling or assessment of needs.

For development results, only 6.7 percent of countries are ranked Very High, while the majority of countries (80 percent) are in the High and Medium brackets.

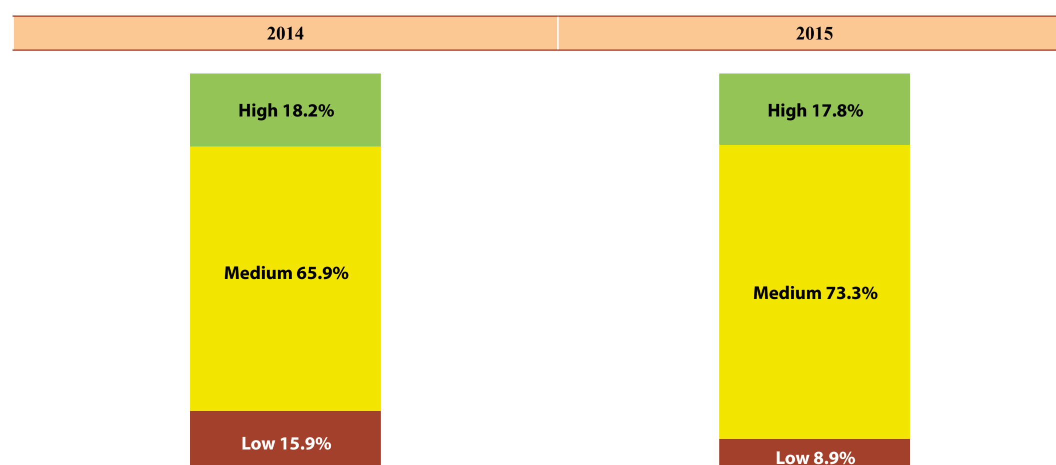
***Capacity scores have improved from last year.*** The average score across all surveyed countries rose from 49.9 to 52.0. In 2014, 15.9 percent of countries were in the Low capacity bracket, compared with 8.9 percent this year (figure 1.2). Thus a higher percentage of countries (73.3 percent) have Medium capacity while the number of countries in the High category has hardly changed. The average score of countries with High capacity has improved.

Of the 43 countries that were surveyed in both 2014 and 2015, 25 (58.1 percent) saw an improvement in capacity while 18 (41.9 percent) saw their capacity scores deteriorate. The biggest improvement was recorded in Namibia, which raised its rank from 32nd to 14th. The highest deterioration was for Morocco, which moved from first to sixth. However, only a few countries switched brackets. From 2014 to 2015, Malawi dropped from the High bracket to the Medium bracket, Comoros rose from the Low bracket to the Medium bracket, and Tunisia rose from the Medium bracket to the High bracket (figure 1.3).

## Achievements by thematic area

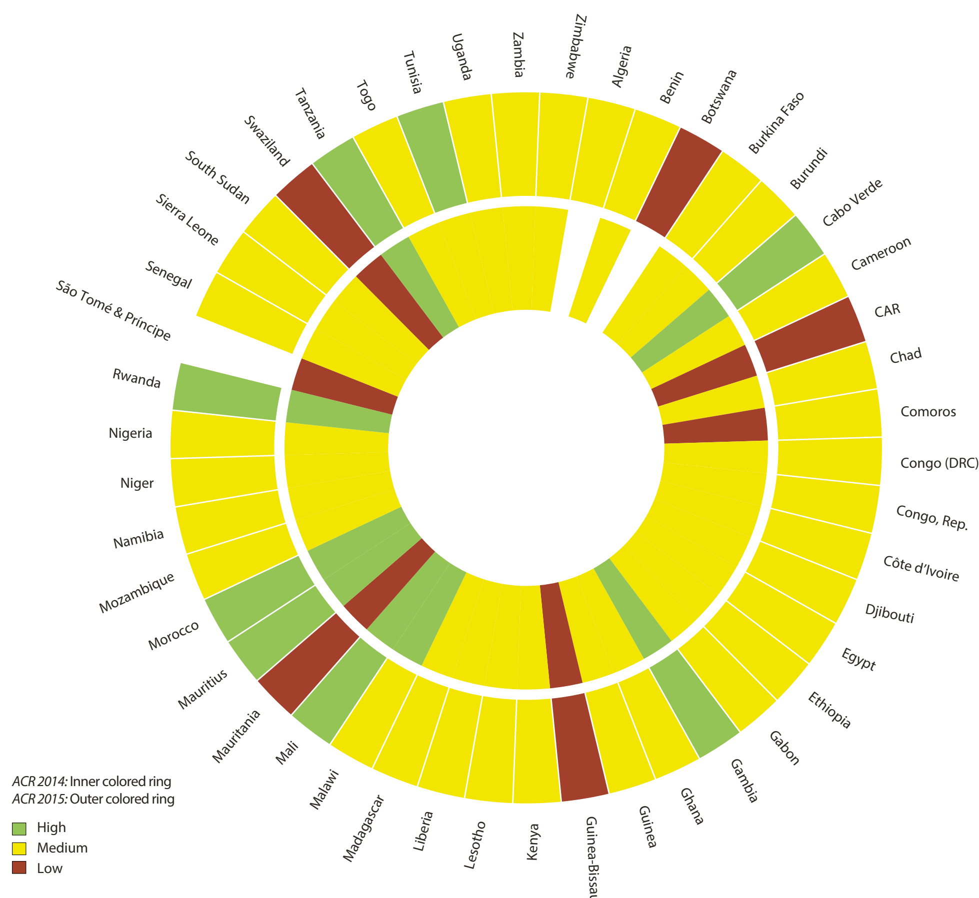
Achievements on the thematic indices are encouraging overall. The results in table 1.5 reveal that more than 50 percent of countries are in the High or Very High bracket on the four main thematic indices. The best performance, by far, is on gender equality and social inclusion, where no country has Low or Very Low scores and only 2.2 percent of countries have Medium scores. The good performance of countries on gender equality and social inclusion can be explained by their ratification, implementation, and reporting on the Convention on the Elimination of All Forms of Discrimination against Women, the mainstreaming of gender in development planning and statistical activities, the allocation of financial resources to gender-related activities, and the existence of various policies dealing with social inclusion.

**Figure 1.2 Africa Capacity Index levels, 2014 and 2015**




*Source: Africa Capacity Indicators database 2014 and 2015.*

## Figure 1.3 How did individual countries shift in the capacity index level?




*Source: Africa Capacity Indicators database 2014 and 2015.*

## Table 1.5 Percentage of countries by level of thematic indices in 2015

| | Policy choices for capacity development | Development cooperation effectiveness related to capacity development | Gender equality and social inclusion | Partnering for capacity development |
|---|---|---|---|---|
| Very High | — | 33.3 | 48.9 | 24.4 |
| High | 53.3 | 37.8 | 48.9 | 35.6 |
| Medium | 40.0 | 13.3 | 2.2 | 28.9 |
| Low | 6.7 | 13.3 | — | 8.9 |
| Very Low | — | 2.2 | — | 2.2 |
| Total | 100 | 100 | 100 | 100 |

*Source: Africa Capacity Indicators database 2015.*

However, no countries are in the Very High category on policy choices for capacity development.

## ACI 2015 top performers

***Eight countries have high capacity.*** Seven of the countries were also in the High bracket in 2014. Tunisia joined the top eight in 2015 while Malawi dropped to ninth. The clusters reveal a pattern similar to the overall list (figure 1.4). The gap among the clusters for policy environment, processes for implementation, and development results at country level is relatively small. (One exception is Tunisia, which lags on development results and might have done better overall if it had focused more on that area.)

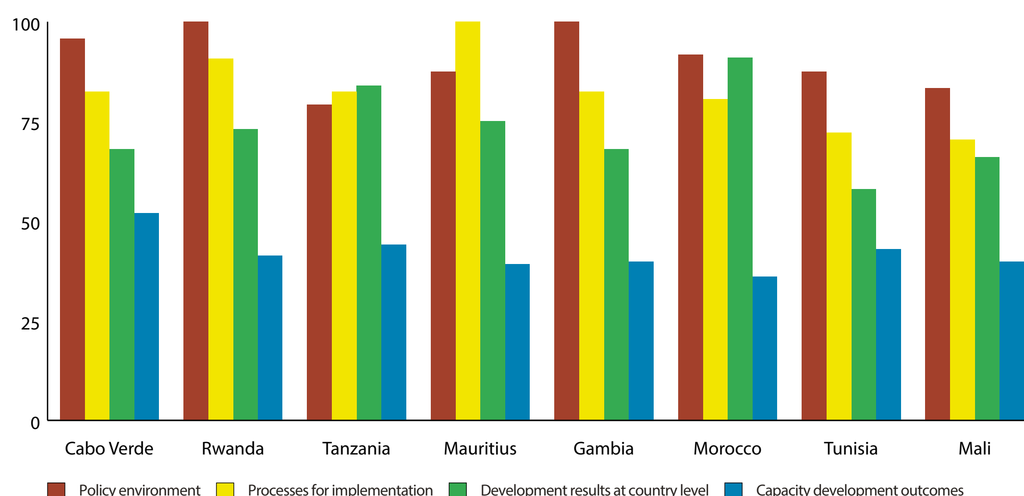
Countries such as Cabo Verde, Rwanda, and Mauritius are among the top performers partly because they have put in place strategies for development and transformational change. They have also created an environment that allows the delivery of results and outcomes.

The top countries were generally lowest on capacity development outcomes but did well compared with the overall sample. In Mauritius, for example, the government has committed to transformational change in the civil service with efforts to focus on human capital development, to streamline processes, and to optimize information and communications technologies.

## ACI 2015 low performers

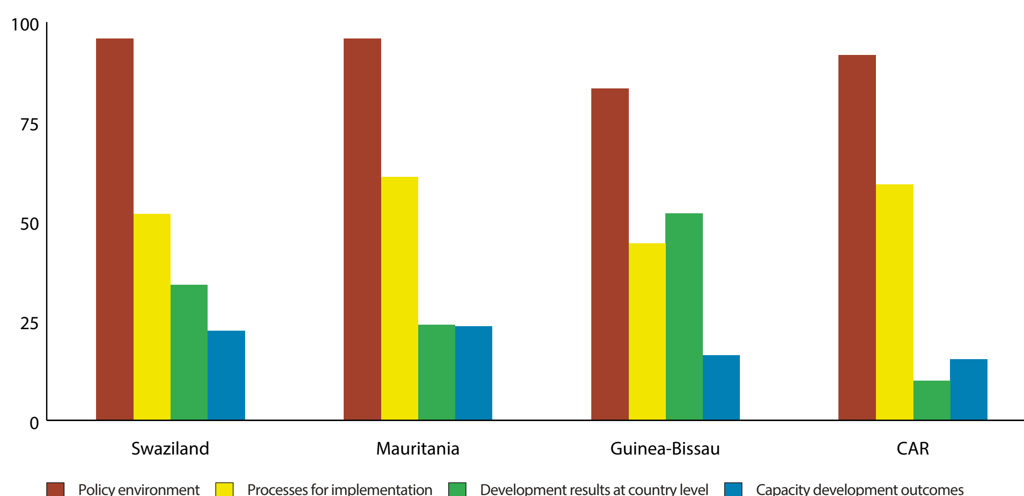
Four countries—Swaziland, Mauritania, Guinea-Bissau, and the CAR—are low performers (figure 1.5). They were also among the six low performers the previous year. Comoros has moved into the Medium category (São Tomé and Príncipe was not included this year). The low performers have a good policy environment but perform poorly on the other clusters, especially on development results at country level and capacity development outcomes. Although the policy environment in these countries is favorable, processes for implementation are lacking.

**Figure 1.4 Africa Capacity Index 2015, top performers by cluster**




*Source: Africa Capacity Indicators database 2015.*

**Figure 1.5 Africa Capacity Index 2015, low performers by cluster**




*Source: Africa Capacity Indicators database 2015.*

All the low performers score less than 25 on capacity development outcomes, and this has a huge impact on their overall ACI scores. Swaziland, Mauritania, and the CAR also perform very poorly on development results at country level.

The poor performers will need continuing support and capacity development interventions to move out of the Low category.

## Key messages and policy recommendations

Mobilizing financial resources beyond traditional development assistance and other external flows will be crucial to ending absolute poverty and achieving the other goals of the ambitious SDG agenda. An important step is to map the state of capacity development in Africa and to identify the opportunities and challenges for mobilizing domestic resources and combating IFFs.

Africa has improved its average score on capacity development since 2014. None of the 45 countries surveyed are classified in the Very Low or Very High categories on the ACI; 91.1 percent have High or Medium capacity. Eight countries show High capacity and all countries, even the lowest performers, do very well on the policy environment.

More effort is needed on capacity development outcomes by all countries, especially in conducting regular capacity profiling and capacity needs assessments. More resources must be invested in capacity development initiatives, technical assistance, and interventions.

# 2

# Capacity implications of mobilizing domestic resources and curbing illicit financial flows

Impressive economic growth, the emergence and continuing expansion of a middle class, gains in labor productivity, increases in trade and foreign direct investment (FDI), and improved political and macroeconomic stability all have been part of the "Africa rising" narrative in the last few years (Medhora and Samy 2013). Numerous challenges remain, however. These include keeping Africa's growth performance sustainable over the long term to reduce poverty substantially.[5] Even if the *proportion* of people living in absolute poverty has decreased, more poor people live in absolute poverty than 20-odd years ago: using the $1.25 (purchasing power parity) per day measure, the headcount ratio fell from 56.8 percent to 46.9 percent between 1990 and 2011, but the number increased from 291 million to 416 million in Sub-Saharan Africa (PovcalNet data from the World Bank).[6]

Mobilizing domestic resources and curbing illicit financial flows (IFFs) will no doubt be important in structural economic transformation, growth, and poverty reduction; examining their capacity dimensions is therefore timely. Agenda 2063 recommends that countries strengthen domestic resource mobilization (DRM), build continental capital markets and financial institutions, and reverse IFFs for Africa to become self-reliant and finance its own development. Given the recent adoption of the Sustainable Development Goals (SDGs), it is equally important to consider how this wider agenda will be financed.

Much like the Millennium Development Goals (MDGs), the more ambitious SDGs will be meaningless without concrete financial commitments. A key difference between the SDGs and the MDGs (besides scope) is that the discussion about financing the SDGs began *before* they were adopted, whereas the financial aspect of the MDGs was only considered a few years *after* their adoption.[7]

Notwithstanding the conceptual and practical challenges of quantifying what is needed, estimates of the financing needs for sustainable development across the developing world, including Africa, point to financing gaps that are much higher than current levels of foreign aid and other external financial flows (Sachs and Schmidt-Traub 2014). Private and public financing from domestic and international sources is required to fill these gaps. In fact, the recent Financing for Development Conference in Addis Ababa, Ethiopia, recognizes "that significant additional domestic public resources, supplemented by international assistance as appropriate, will be critical to realizing sustainable development and achieving the sustainable development goals" and that there is a need to "redouble efforts to substantially reduce illicit financial flows by 2030" (UN 2015a: 8).

However, serious concerns remain that the Addis Ababa Action Agenda was a missed opportunity, as no concrete agreements

were reached on new sources of finance for the post-2015 agenda—emphasis was on financing from domestic sources. Further, developed countries rejected a proposal for a global tax body that could strengthen the way for developing countries to voice their concerns about when tax rules are negotiated, rather than leave the field largely to the Organisation for Economic Co-operation and Development (OECD).

## Why the focus on domestic resource mobilization and illicit financial flows? Why now?

Since the Monterrey Consensus on Financing for Development—the outcome of the Monterrey Conference on Financing for Development in 2002—DRM has received increasing attention. The Monterrey Consensus recognized DRM as one of the six leading sources of finance for the MDGs, with a particular focus on tax revenue raised by governments. The Consensus provided a framework to ensure the "necessary internal conditions" for mobilizing domestic public and private savings, sustaining sufficient levels of productive investment, and improving human capacity (UN 2003). It pointed to the need for an enabling domestic environment, good governance, action against corruption, sound macroeconomic policies, a developed domestic financial sector, and capacity building to mobilize domestic resources. Although it did not use the term IFF explicitly, the Consensus also addressed capital flight and the repatriation of illicit funds to countries of origin, and it encouraged countries to sign and ratify the United Nations Convention against Transnational Organized Crime.

The Consensus was reaffirmed in the Doha Declaration in 2008, which recognized that developing countries had made significant progress in implementing development policies leading to increased resource mobilization and economic growth (UN 2009).

IFFs have garnered more attention in recent years. The Fourth Joint African Union Commission and United Nations Economic Commission for Africa (AUC and ECA) Conference of African Ministers of Finance, Planning and Economic Development held in 2011 directed the ECA to establish the High Level Panel on IFFs from Africa. (Findings of the Panel's report are discussed in the next section.) The earlier literature on capital flight presents abundant evidence that many Sub-Saharan African countries have been net creditors to the rest of the world (Boyce and Ndikumana 2001, for example).

Optimism over delivering on the ambitious post-2015 agenda relies in part on the fact that more countries are becoming aware of the need to mobilize domestic resources to finance their own development. For example, African countries collected $508.3 billion in tax revenue in 2013, a huge increase from $123.1 billion in 2002 (table 2.1 and figure 2.1). Before Monterrey (1996 to 2002), tax revenues were almost stagnant, averaging some $126.2 billion. Despite the global financial crisis and a slight decline in 2009, remittance flows have continued to increase and have been higher than official development assistance (ODA) in the last few years (table 2.1).

These aggregate numbers need to be interpreted with caution. Resource rents, for instance, form a large proportion of tax revenue (more than 40 percent in 2013), but they also tend to fluctuate greatly because of the volatility of international commodity prices. Resource rents to Africa reached a record $234.7 billion in 2008, only to dip to $120.6 billion a year later because of the global financial crisis. Rising tax revenue in Africa is also highly concentrated in a few

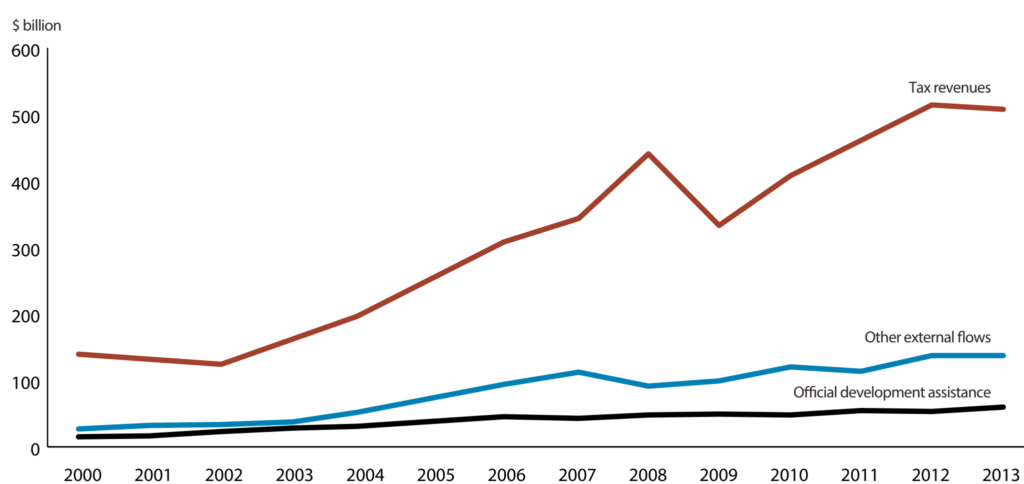
## Table 2.1 External financial flows and tax revenues for Africa ($ billion), 2000–13

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **External financial flows** | | | | | | | | | | | | | | |
| Foreign direct investment | 12.5 | 23.3 | 20 | 23.4 | 25.4 | 33.8 | 35.4 | 52.8 | 66.4 | 55.1 | 46 | 49.8 | 49.7 | 54.2 |
| Portfolio investments | 1.5 | –3.6 | –0.4 | –0.7 | 6.9 | 6.3 | 22.5 | 14.4 | –24.6 | –0.3 | 21.5 | 6.8 | 25.7 | 21.5 |
| Official development assistance | 15.5 | 16.8 | 21.4 | 27.4 | 30 | 35.8 | 44.6 | 39.5 | 45.2 | 47.9 | 48 | 51.7 | 51.3 | 55.8 |
| Remittance inflows | 10.9 | 12.1 | 12.8 | 15.4 | 19.5 | 33.5 | 37.5 | 44.3 | 48.5 | 44.9 | 52.5 | 57 | 61.9 | 61.2 |
| Total external flows | 40.4 | 48.7 | 53.8 | 65.5 | 81.9 | 109.4 | 140 | 151 | 135.5 | 147.6 | 168 | 165.2 | 188.6 | 192.6 |
| **Domestic Flows** | | | | | | | | | | | | | | |
| Tax revenues | 137.6 | 129.9 | 123.1 | 157.6 | 202 | 258.7 | 306.5 | 344.1 | 443.4 | 331.6 | 409.6 | 464.3 | 516.3 | 508.3 |

*Source: Data for external financial flows are from the African Economic Outlook (AEO) 2015, except for remittance inflows, which are calculated from World Bank data. Tax revenues are calculated from the AEO fiscal database and include direct taxes, indirect taxes, resource rents, and trade taxes.*

*Note: Nontax revenues and grants are excluded from the calculation.*

## Figure 2.1 Tax revenues, aid, and other external flows, Africa, 2000–13




*Source: Data for external financial flows are from AEO 2015, except for remittance inflows, which are calculated from World Bank data. Tax revenues are calculated from the AEO fiscal database and include direct taxes, indirect taxes, resource rents, and trade taxes.*

*Note: Nontax revenues and grants are excluded from the calculation. Other external flows include FDI, portfolio investments, and remittances.*

countries, such as South Africa, Nigeria, and Algeria, and these resource-rich countries tend to have a more unbalanced tax mix than nonresource-rich countries (AfDB, OECD, and UNDP 2015). Despite considerable variation across countries, tax revenue is already far higher than total external flows, including foreign aid.

The post-2015 discussions have clearly set high expectations for DRM as a self-sustaining development finance strategy, even in poor and fragile states that face difficulties in mobilizing domestic resources (OECD 2014a). Support for initiatives such as the African Tax Administration Forum, an organization launched in 2008 to promote cooperation among African tax authorities, is evidence that the international community recognizes the importance of DRM.

Examining DRM and IFFs in the African context is timely and important for other reasons, too. First, focusing on DRM enables countries to reduce their dependency on foreign aid. For low-income African countries, ODA still accounts for a significant share of total external resources. According to a recent survey of donors' spending plans, aid to Africa is projected to decline, and the least-developed countries will see continued stagnation or decline in programmed aid (OECD 2014b). In particular, two-thirds of the countries in Sub-Saharan Africa are expected to see a decline in aid from 2014 to 2017. More generally, most donor countries have not lived up to the Pearson Commission's recommendation of providing 0.7 percent of gross national income (GNI) as aid. For example, in 2014 only five of 28 OECD Development Assistance Committee (DAC) donor countries met the 0.7 percent target. Since the global financial crisis, aid budgets in many DAC countries have come under pressure, and total aid flows have declined in real terms. Neither has aid always yielded the intended results. Alternative sources of financing are probably less unpredictable and more beneficial for long-term development (Moyo 2009).

Second, successful development in other countries and regions (notably China, India, and many East Asian economies) has shown that a high rate of domestic savings is necessary for high investment and growth and that building strong domestic fiscal and financial systems is important. Indeed, classical, neoclassical, and endogenous growth theories all show a clear association between increased savings, increased investment, and higher growth, not only until a new "steady state" is reached but also on a more permanent basis through increases in total factor productivity. Although countries can, and sometimes must, rely on foreign capital flows to finance investment, capital inflows to developing and emerging countries have been very volatile over the years (see table 2.1). Further, foreign savings are an imperfect substitute for domestic savings, whether public or private.

Third, extensive literature argues that taxes are fundamental to state building (for example, Herbst 2000 and Tilly 1975). Taxation creates a social contract between the state and citizens and fosters representative democracy, and tax revenue can help build institutions, enhancing state capacity. Taxation can potentially support the legitimacy of the state and enhance accountability between the state and its citizens. Conversely, overreliance on unearned income such as foreign aid or resource-related revenues, rather than on earned income in the form of broad-based domestic taxation, can be a disincentive to develop institutional capacity, state-to-citizen accountability, and, ultimately, development (Bhushan 2013).

Fourth, differences are apparent in applying external and internal resources. For example, even as a source of tax revenue, FDI flows are more likely to respond to the profit motives of private firms, and remittance flows are often used for immediate consumption rather than for long-term investment. FDI flows to Africa, which have increased sharply in recent years (see table 2.1), tend to go mainly to the extractive sectors of a few countries and do not have much impact on employment creation and poverty reduction (UNCTAD 2013).

Foreign aid can be driven by the strategic considerations of donors and can be highly conditional rather than aligned with domestic development priorities. Reducing dependence on foreign aid can thus increase "ownership" of the development process.

The emphasis on DRM does not mean that external resources should be discouraged. For example, several low-income and fragile states in Africa are heavily dependent on aid. Aid as a share of GNI is higher than 10 percent a year in some countries, and domestic investment relies greatly on foreign aid receipts. It is unrealistic to assume that this situation can change overnight. The point in emphasizing DRM is simply that relying excessively on external resources has drawbacks and that it will be ultimately more sustainable for countries to gradually mobilize more resources domestically. Of course, in the African context, increasing DRM is relatively more difficult given widespread poverty in several countries. Further, other factors such as illicit capital flight, trade liberalization leading to a fall in trade taxes, predominance of agriculture and the informal sector (which are more difficult to tax), and competition in tax regimes among countries to attract foreign investment all contribute to making DRM a more challenging proposition.

## Conditions and trends in domestic resource mobilization and illicit financial flows

### The recent literature for Africa

The Monterrey Consensus provides a useful framework to examine DRM and IFFs in Africa. The following brief review helps situate DRM at both the African and international levels since Monterrey.

A follow-up report to the Monterrey Consensus (UN 2007) noted that since Monterrey there had been a better understanding that focusing on the internal conditions for DRM was necessary and that governments, through public investment and expanded fiscal space, had an important role to play to enhance private sector DRM. UNECA (2007) identified this improvement before the Follow-up International Conference on Financing for Development held in Doha, Qatar, in 2008, which reaffirmed the commitments made in Monterrey. UNECA surveyed African policy makers by sending two questionnaires to each of 53 African countries—one to the central bank and another to either the ministry of finance and planning or a government department responsible for economic development. Responses were received from 32 countries across five African regions and included various types of countries—landlocked countries, least-developed countries (LDCs), oil exporters, and island economies (UNECA 2007).

On the six areas of the Monterrey Consensus, trade was identified as the area of least progress (by 34.6 percent of respondents), and DRM was tied with mobilization of international resources in second place (17.3 percent). However, oil exporters were more optimistic about progress on DRM than were LDCs. UNECA also noted that progress in mobilizing domestic savings had been modest. Most respondents (58.9 percent) indicated that national economic policies had been moderately supportive of DRM, whereas 17.9 percent indicated that domestic policies were not supportive and 60 percent indicated that implementation of a national development strategy for DRM was low or completely absent. In terms of obstacles to resource mobilization, the most important identified by respondents were weak financial infrastructure (30.8 percent), followed by governance issues and corruption.

UNCTAD (2007) provides a rich analysis of various aspects of DRM—namely, savings, taxation, financial markets and intermediation, and capital flight. It presents a rather pessimistic picture: low and unstable savings rates, a weak formal financial sector that does not encourage official financial savings, low tax revenues that are constrained by state legitimacy, and an informal financial sector that does not direct resources toward productive investments. But it also notes some encouraging signs, including the emergence of a semiformal sector that could cater to the needs of small and medium enterprises in some countries and technological advances that could improve financial service provision.

The role of the financial sector in enhancing DRM was further examined in a United Nations University (UNU-WIDER) study that featured contributions by leading experts in finance and development (Mavrotas 2008). The study included a few African country case studies and made several policy recommendations specifically related to the financial sector. Experts recommended that countries deepen financial sector development, improve the efficiency of the financial sector, build better financial institutions, promote competition within the financial sector and provide a broader variety of saving instruments, promote the role of microfinance institutions, enable clients of microfinance institutions to gain access to other (bigger and long-term) sources of finance, and improve access to savings institutions.

The second part of the 2010 issue of the *African Economic Outlook (AEO)* focused on public resource mobilization and aid in Africa. Although the *AEO* recognized that domestic resources include private resources (savings channeled toward investment through private banks, for example) and public resources (taxation, public borrowing), it focused only on how a more equitable and efficient tax system could help finance Africa's development. It did not consider the issue of private resources; neither did it look at the quantity and quality of expenditure (AfDB, OECD, and UNDP 2010).

The *AEO* was written against the backdrop of a global economic crisis that made the case for DRM even stronger. It noted that tax revenue as a share of GDP had been increasing in Africa since the 1990s, largely driven by resource-related tax revenues. However, resource-rich countries were less willing to seek revenues from other tax sources. Countries without large natural resource endowments had made more effort to improve the quality and balance of their tax mix. The report discussed three main challenges to mobilizing public resources: structural bottlenecks, an unbalanced tax mix, and the erosion of existing tax bases.

The issue of structural bottlenecks in the form of a large informal economy has been a central focus of a number of earlier studies, including the *AEO*, and is recognized as a major constraint to tax collection. Further, the absence of a fiscal pact, administrative capacity constraints, and the lack of donor involvement in building tax capacity add to the challenge of mobilizing public resources. Several African countries rely too much on a narrow set of taxes and taxpayers; trade liberalization and the subsequent decline in trade taxes have led to wider gaps in public financial resources. Finally, the excessive use of tax preferences, the inefficient taxation of extractive industries, and abusive transfer pricing by multinational corporations have eroded the already shallow tax bases in many African countries.

The 2010 *AEO* made a major contribution with the launch of a database on African fiscal performance, initially covering 1996

to 2007; this database is expected to be updated regularly. The *AEO* database provides information on the amounts collected from various forms of tax for most African countries (and was used for table 2.1). Until then, many academic and policy studies had relied on the Government Finance Statistics database of the International Monetary Fund and the World Development Indicators of the World Bank. Although those databases covered a longer time span that started in the early 1970s, African countries were underrepresented and treatment of natural resource revenue was inadequate. Another recent data initiative is the Government Revenue Dataset (of the International Centre for Tax and Development), which combines revenue data from several reliable sources, makes a clearer distinction between resource and nonresource tax revenue, and includes revenue at various levels of government.

Many of the findings from the research discussed in this section were confirmed in a study of DRM in Africa by the North-South Institute (2010). Drawing on case studies of five African countries—Burundi, Cameroon, Ethiopia, Tanzania, and Uganda—the report identified key challenges for DRM: structural constraints; tax exemptions, tax evasion, and capital flight; capacity constraints and the lack of legitimacy of tax authorities; constraints to private resource mobilization and the lack of access to the formal financial sector; and underdeveloped capital markets that lead to precautionary savings being held in nonfinancial forms.

The study proposed tax and financial sector reforms to enhance DRM in Africa. It also argued that the international community and donors should play a greater role through measures such as increased technical assistance to build tax capacity and greater coherence across aid, trade, and investment policies. Specifically, it called on the international community to ensure that mining companies paid their fair share of taxes and to fight capital flight more aggressively.

The North-South Institute's recommendation that donors can play an important role contradicts extensive empirical literature that examines the effect of ODA on taxation. (See Bhushan and Samy 2010 for a review of this literature.) The literature tends to have a negative view of the role that aid plays. The theoretical link that is typically explored is that aid, as an "unscrutinized" source of revenue, can be a disincentive for governments to collect taxes or reform their tax systems. However, the literature has produced ambiguous results that vary depending on estimation methods, sample size, and data limitations. Using both Government Finance Statistics data and a dataset by Keen and Mansour (2009), Bhushan and Samy (2010) found that aid has had no significant effect on taxation in Sub-Saharan Africa and that this result is robust to various specifications, time periods, and aid thresholds. In their view, the structure of African economies, rather than the amount of aid received, affects the tax-to-GDP ratio. However, they also find no evidence that aid has helped countries enhance DRM, an unsurprising discovery because aid is given for many reasons that have little to do with improving DRM directly. The study makes the case even more compelling for targeting more aid to DRM.

Tax performance in African countries leaves much to be desired, tax systems are still inefficient and costly (table 2.3), and significant amounts of revenue are lost to tax exemptions and tax avoidance. Given the large estimates of capital flight from Africa, those factors suggest that DRM can be improved. The tax-to-GDP ratio, which is commonly used to analyze tax trends across countries, is not always a good measure of fiscal capacity because it is influenced by structural factors

such as income levels. For example, countries such as Lesotho may report a very high tax ratio as a result of a revenue-sharing agreement with South Africa, but this number has very little to do with domestic fiscal capacity. Similarly, tax revenues in the African context are skewed by resource rents in general and even more so in resource-rich countries.

To obtain a better measure of fiscal capacity, Bhushan, Samy, and Medu (2013) computed a tax effort index for Africa as a ratio of the share of actual tax collection and taxable capacity. Taxable capacity is estimated as the predicted tax-to-GDP ratio calculated from the estimated coefficients of a regression equation (using a panel dataset of 48 African countries for 1996–2010 and tax data from the *AEO* fiscal database) that takes into account the country-specific characteristics influencing tax mobilization. "High tax effort" is indicated by a tax effort index above 1 and "low tax effort" is indicated by a tax effort index below 1. High tax effort countries use their tax bases well to increase revenue and may not be able to mobilize more resources without affecting other objectives, such as growth and investment; low tax effort countries could still increase revenue collected.

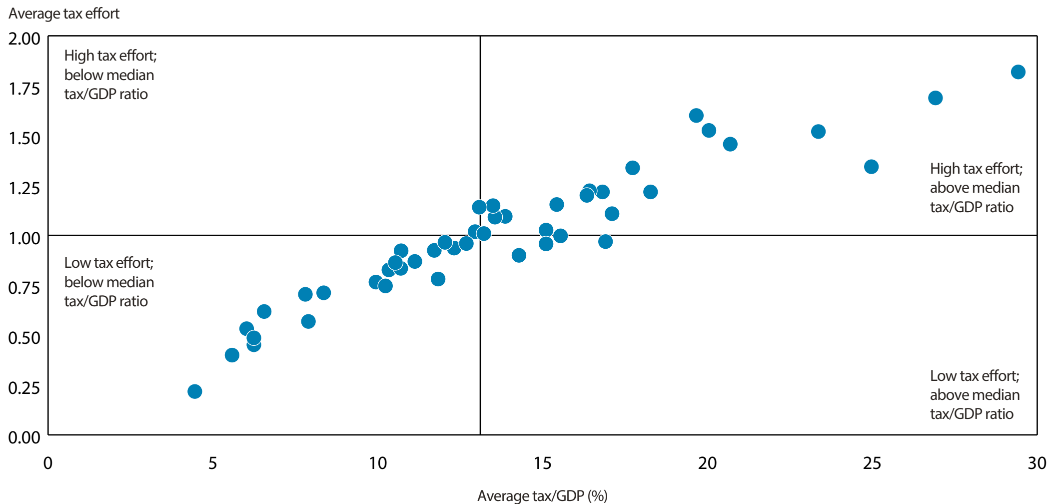
The authors find that 25 of 48 African countries have a tax effort index less than 1, averaged over 1996–2010. The low tax effort group includes resource-rich countries such as Algeria, Sudan, Nigeria, the Democratic Republic of Congo (DRC), and Angola, where the abundance of natural resource revenues reduces the incentive to make greater effort to collect direct and indirect taxes. On the other hand, almost half the countries in the sample are already making substantial tax effort. The main finding is that, despite heavy tax effort in several countries, tax collection in Africa remains low, in part because of structural factors that limit revenue collection.

To the extent that domestic revenues are already far larger than external flows to the region, DRM on its own cannot finance an ambitious post-2015 agenda in Africa. More than simply leading to increased revenue or an increase in the tax-to-GDP ratio, the central objective of resource mobilization must be to create opportunities for private investment to increase private domestic savings, to increase formal economic activities and corporate profits (and related taxes on the latter), and to invest in responsible and accountable governments and thus build a better state–citizen compact.

Indeed, the outcome document of the Third International Conference on Financing for Development held on July 13–16, 2015, in Addis Ababa, Ethiopia (UN 2015), recognizes that capacity to implement DRM (beyond international assistance) and to combat IFFs is needed to achieve the SDGs. The document also recognizes that international public finance can be important, especially in the poorest and most vulnerable countries that have limited domestic resources. It urges donors to continue their efforts to increase their ODA and achieve the targets of 0.7 percent of ODA/GNI and 0.15–0.20 percent of ODA/GNI to the least-developed countries.

Figure 2.2 updates the analysis in Bhushan, Samy, and Medu (2013) using tax data for 1996–2013 from the *AEO* fiscal database. The most recent year for which tax data are available is 2013, and only taxes that require significant domestic effort are included (direct, indirect, and trade taxes). Resource rents and aid grants are excluded. Taxable capacity is estimated after controlling for income per capita, agricultural value added as a share of GDP, population growth rate, and trade as a share of GDP. These independent variables are obtained from the World Bank's World Development Indicators database and are typically included in empirical models that

**Figure 2.2 Tax performance and tax effort, Africa, 1996–2013**




*Source: Authors' calculations using tax data from the AEO fiscal database.*

examine tax performance across countries. Besides updating the analysis in Bhushan, Samy, and Medu (2013), the analysis includes a measure of government effectiveness from the Worldwide Governance Indicators. (Lesotho is excluded from the analysis because it is an outlier on tax data and could bias the results, for reasons given earlier.)

The analysis also controls for the variables that affect the tax-to-GDP ratio to predict what African countries have the potential to collect, given their structural characteristics. After calculations to find a tax effort value for each country and year, an average value is generated for 1996–2013 for each country and compared with the actual average tax performance over the same period (see figure 2.2). As expected, most countries are in the bottom-left and upper-right quadrant—that is, higher tax effort is correlated with higher tax-to-GDP ratios. However, 27 of 47 countries have a tax effort index below 1; among the low-effort countries are several resource-rich countries such as Algeria, Angola, Chad, and Nigeria (table 2.2). These countries could increase their tax revenue from direct and indirect taxes; however, the availability of resource rents appears to distort the incentive to make such effort. Twenty countries are already making more effort at improving tax collection than expected, including rich countries (such as South Africa and Morocco) and poorer ones (such as Liberia and Mauritania).

## DRM in Africa: Trends in savings, taxation, remittances, and IFFs

This section presents some basic numbers and trends on DRM in Africa, comparing them with those in other regions.

### *Savings*

Among developing regions in the world, Sub-Saharan Africa has the lowest savings rate—and one that is trending downward

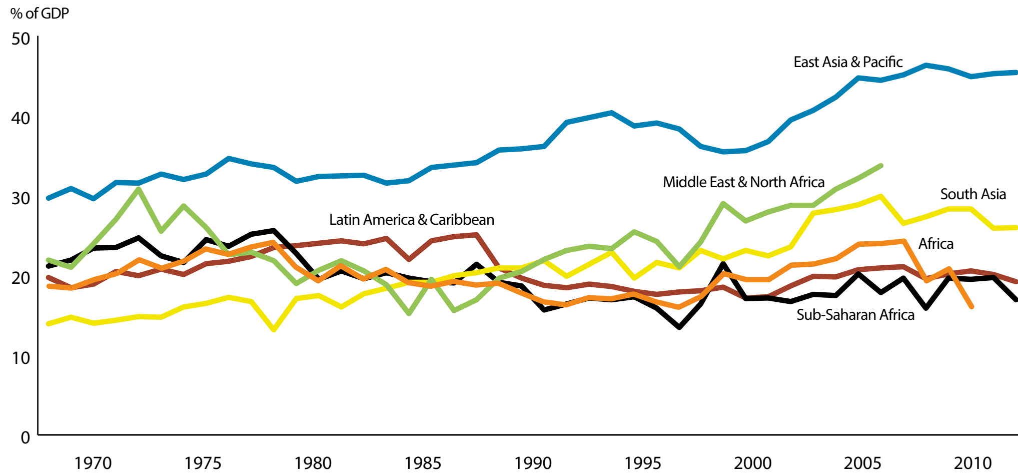
## Table 2.2 Average tax effort, 1996–2013

| Country | Average tax effort | Country | Average tax effort |
|---|---|---|---|
| Algeria | 0.75 | Madagascar | 0.73 |
| Angola | 0.44 | Malawi | 1.21 |
| Benin | 1.14 | Mali | 0.92 |
| Botswana | 0.95 | Mauritania | 1.10 |
| Burkina Faso | 0.96 | Mauritius | 0.96 |
| Burundi | 1.14 | Morocco | 1.45 |
| Cameroon | 0.85 | Mozambique | 0.99 |
| Cabo Verde | 1.21 | Namibia | 1.68 |
| Central African Republic | 0.69 | Niger | 0.82 |
| Chad | 0.39 | Nigeria | 0.47 |
| Comoros | 0.91 | Rwanda | 0.94 |
| Congo, Rep. of | 0.55 | Senegal | 1.19 |
| Côte d'Ivoire | 1.00 | Seychelles | 1.33 |
| DRC | 0.52 | Sierra Leone | 0.70 |
| Djibouti | 1.52 | South Africa | 1.51 |
| Egypt | 1.08 | Sudan | 0.61 |
| Ethiopia | 0.82 | Swaziland | 1.81 |
| Gabon | 0.77 | Tanzania | 0.86 |
| Gambia | 0.95 | Togo | 1.08 |
| Ghana | 0.99 | Tunisia | 0.89 |
| Guinea | 1.13 | Uganda | 0.91 |
| Kenya | 1.21 | Zambia | 1.33 |
| Liberia | 1.02 | Zimbabwe | 1.59 |
| Libya | 0.21 | | |

*Source: Estimates using taxation data from AEO fiscal database.*

(figure 2.3). In 2013, gross domestic savings in Sub-Saharan Africa was 16.9 percent of GDP, compared with 45.5 percent in East Asia and Pacific, 19.2 percent in Latin America and the Caribbean, and 26.0 percent in South Asia. (The point could be made that Sub-Saharan African countries are yet to recover from the collapse in private savings in the 1970s and 1980s, and their savings rate has become more volatile over time.) The contrast with other regions such as South Asia and East Asia and Pacific is quite striking. For example, the same trends can be observed when one looks at investment and per capita growth rates. When North African countries are considered, except for Algeria with its very high savings rates (above 40 percent in the last decade), the countries tend to follow trends similar to those in Sub-Saharan Africa. Given the relationship between savings, investment, and growth (in theory and practice), it is clear that mobilizing and then channeling savings into productive investments are paramount measures (figure 2.3). This point is particularly important in the African context, where because of fragmentation and weakness of the formal financial sector, a significant share of household savings is held in nonfinancial

**Figure 2.3 Gross domestic savings (% of GDP) by region, 1970–2013**




*Source: World Development Indicators database. Data for Africa are from the Africa Development Indicators database and end in 2011.*

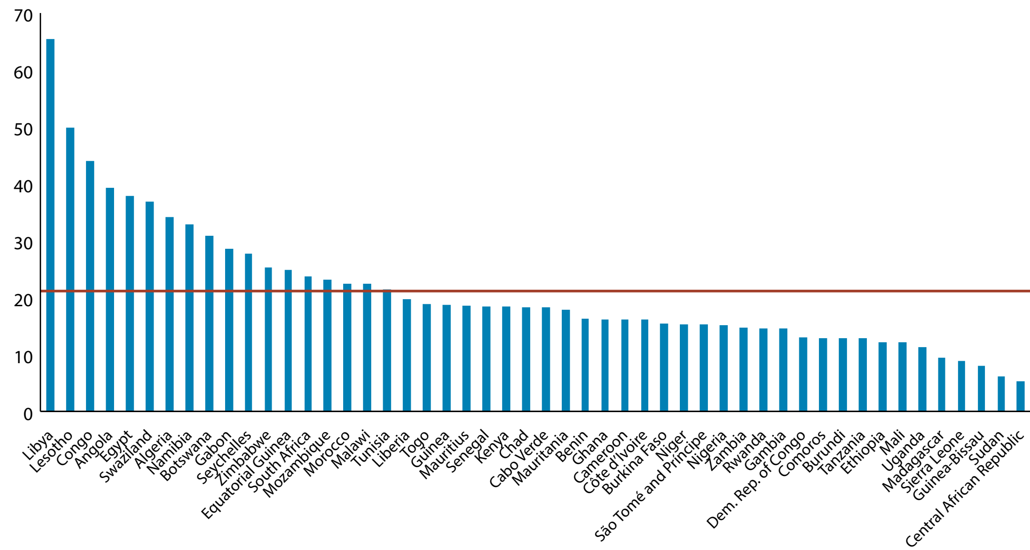
assets or in the informal sector and is thus not intermediated toward productive investment (UNCTAD 2007).

### *Taxation*

Sub-Saharan Africa and Africa have fared better, compared with the rest of the world, on the tax-to-GDP ratio. In fact in recent years, the ratio has been far higher than in South Asia though lower than for Latin America and slightly lower than in East Asia (Bhushan, Samy, and Medu 2013). As income levels rise, countries can mobilize more revenue, and the tax-to-GDP ratio is positively correlated with per capita income; this pattern is visible when different country groupings are compared on the basis of per capita income levels. Using tax data from the *AEO* fiscal database and GDP data from the World Bank World Development Indicators, the weighted tax-to-GDP ratio in 2013 was 21.6 percent in Africa and 19.4 percent in Sub-Saharan Africa (the corresponding unweighted numbers are not significantly different). However, as in the case of absolute tax revenues, the average tax-to-GDP ratio is skewed by resource-rich countries. As a result, most countries in Africa have tax-to-GDP ratios below the regional average (figure 2.4).[8]

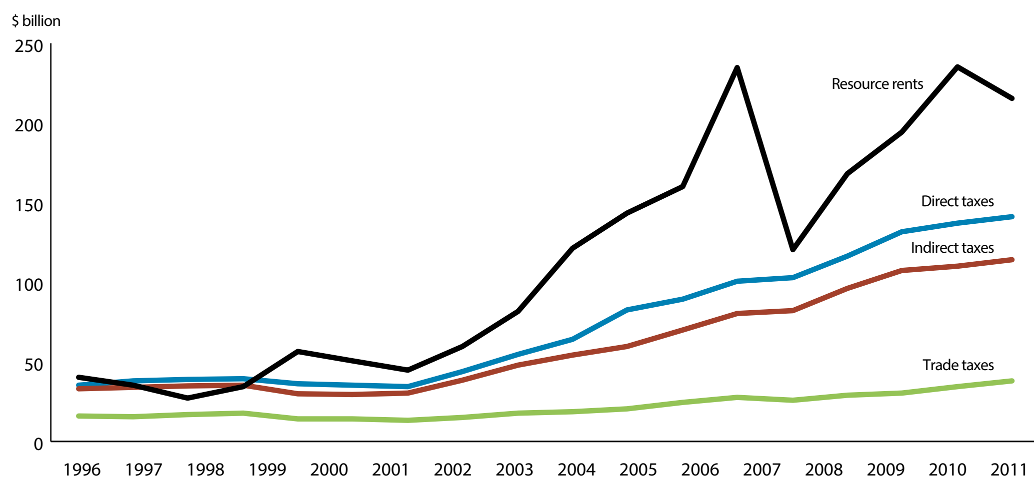
The *AEO* fiscal database also allows a close look at how the tax mix in Africa has evolved in absolute amounts (figure 2.5) and as a share of total taxes (figure 2.6) over 1996–2013. Many African countries (mostly in Anglophone Africa) have created semiautonomous revenue authorities since the early 1990s to boost revenue collection, but their success remains debatable. Figure 2.5 suggests that increases in tax revenues have been driven in large part by resource rents, despite their volatility, even though other taxes (direct and indirect) have also risen quite sharply. The obvious implication is that countries such as Chad, Equatorial Guinea, and Nigeria are highly vulnerable to changes in international commodity prices. In contrast, countries that are not resource rich tend to have a more balanced tax mix and have been able to increase

## Figure 2.4 Tax-to-GDP ratio across Africa, 2013



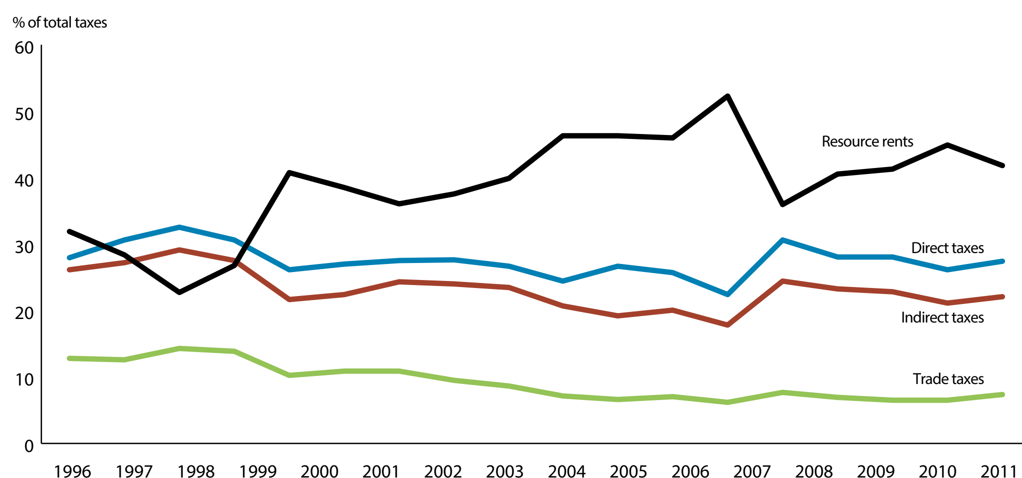

*Source: Constructed using the AEO fiscal database. Tax revenues are calculated from the AEO fiscal database and include direct taxes, indirect taxes, resource rents (other taxes), and trade taxes.*

## Figure 2.5 Tax revenues in Africa, 1996–2013




*Source: AEO fiscal database.*

**Figure 2.6 Tax composition in Africa, 1996–2013**




*Source: AEO fiscal database.*

tax collection from direct taxes (personal and corporate income) and indirect taxes (value-added, sales, excise, and the like).

In percentage terms (figure 2.6), the tax composition has shifted from trade taxes as trade has been liberalized. The increase in resource rents has created a split between those countries that can mobilize high tax revenues because of the presence of natural resources and others that are making significant efforts but are unable to mobilize revenues because of their shallow tax base. The latter group includes several fragile and conflict-affected states where grants remain an important part of total revenues. Burundi and the DRC are examples.

The tax mix is important because it is an indicator of why a particular type of tax is imposed and what its welfare consequences for consumers and owners of factors of production (labor and capital) will be. An unbalanced mix sees very few taxpayers shouldering the tax burden and thus requires higher tax and compliance rates to raise revenue. It also means that overall tax revenues can be hit if a shock occurs to the tax source that the country relies on most. In contrast, an optimal (or more balanced) tax mix can yield the highest (or higher) revenues and increase policy options. The situation of resource-rich countries does not imply that they need to replace resource taxes with other direct or indirect taxes. Instead, they should try to raise revenue from other taxes to the extent possible but also manage their resource rents better. Some types of taxes such as property tax have been neglected in the African context and could be an important source of revenue for local authorities if the necessary infrastructure (for example, property registries and property valuers) is put in place.

Despite their efforts, the countries of Sub-Saharan Africa have very expensive and inefficient tax collection systems (table 2.3). For example, the Latin America and Caribbean region has almost the same average size of tax staff per 1,000 population as Sub-Saharan Africa (0.33 vs. 0.32), but its average cost of

**Table 2.3 Tax performance indicators across regions, 2012–13**

| | Average cost | Average tax staff |
|---|---|---|
| **Region** | | |
| East Asia and Pacific | 1.17 | 0.41 |
| Central Asia and Central Europe | 1.18 | 0.94 |
| Latin America and Caribbean | 1.30 | 0.33 |
| Middle East and North Africa | 1.06 | 0.45 |
| South Asia | 1.51 | 0.26 |
| Sub-Saharan Africa | 3.01 | 0.32 |
| Western Europe | 0.92 | 1.08 |
| United States and Canada | 0.97 | 0.69 |
| **Income groups** | | |
| Low | 2.87 | 0.17 |
| Lower middle | 1.47 | 0.43 |
| Upper middle | 1.19 | 0.80 |
| High | 0.95 | 0.89 |

*Source: USAID Collecting Taxes database.*

*Note: The average cost (of tax collection, %) is calculated as the ratio of the budget of the tax authority to revenue collected by the authority; average tax staff is the ratio of tax authority staff to 1,000 population.*

tax collection is less than half Sub-Saharan Africa's (1.30 vs. 3.01). Even South Asia has a lower cost of tax collection than Sub-Saharan Africa. As incomes increase, the average cost of tax collection decreases, even though countries have more tax authority staff members relative to their overall population.

### *Remittances*

Remittances are not mobilized domestically and thus are not considered part of DRM. Still, they represent a large component of domestic resources once they reach recipient countries. In the last few years, remittance inflows to Africa have overtaken ODA, reaching more than $61 billion in 2013 (see table 2.1). World Bank estimates for 2014 show that remittances could reach almost $64 billion.

Remittance flows are highly concentrated among a few countries. For example, in 2014 the top five recipients in Africa (Nigeria, Egypt, Morocco, Tunisia, and Algeria) accounted for over 81 percent of total flows (authors' calculations based on World Bank data). In some poorer economies such as Comoros, Lesotho, and Liberia, remittances are a large share of GDP at almost 20 percent.

Not all remittances go through official channels, and so actual flows could be far higher. Although remittances to Africa have traditionally been from the West, the volume is likely to increase even more as the African diaspora continues to grow in emerging countries such as Brazil, China, India, and Russia (Bodomo 2013) or from other neighboring countries as regional integration proceeds.

The benefits of remittances compared with other external flows such as FDI or ODA are well known. They tend to be countercyclical with respect to income in recipient countries, are less volatile, and unlike ODA do not have conditions attached. But remittances

### Table 2.4 Remittance inflows, 2014

| Region | $ million | % |
|---|---|---|
| Africa | 63,765 | 14.8 |
| East Asia and Pacific | 121,804 | 28.3 |
| Europe and Central Asia | 43,935 | 10.2 |
| Latin America and Caribbean | 63,819 | 14.8 |
| Middle East | 21,716 | 5.0 |
| South Asia | 115,982 | 26.9 |

*Source: Calculations using World Bank data; high-income countries excluded.*

may not have much of a long-term effect if most of them are used for consumption rather than investment, and worker migration in large numbers represents a loss of skills for source countries, a particularly detrimental loss when concentrated in specific sectors and specialties.

At 15 percent of the total inflows to developing countries, remittances to Africa are still low compared with other regions such as East Asia and Pacific and South Asia (table 2.4), and more needs to be done to attract investment from the diaspora. For example, providing better financial intermediation would encourage increased remittances through formal channels. Creating a competitive market for remittance flows would also help reduce high transaction costs—among regions, Africa has the highest costs of remitting money, according to UNCTAD (2012a: V11). In 2010, an additional $6 billion could have been remitted to Sub-Saharan Africa if the costs were equal to the global average.

***IFFs***

By their very nature, IFFs—stemming from commercial, criminal, and corrupt activities—are hard to measure. Estimates from studies for Africa come up with different numbers, and some studies focus on capital flight, leaving out the highly volatile illicit component. The convergence of opinion is that IFFs have grown over the years and that the problem is highly concentrated in a few countries.

Africa is estimated to have lost more than $1 trillion in IFFs in the last 50 years and is now losing more than $50 billion a year (AU and ECA 2015, citing estimates from Kar and Cartwright-Smith 2010 and Kar and Leblanc 2013). AU and ECA also developed estimates of IFFs on the basis of trade mispricing and on underinvoicing and overinvoicing, using a different methodology and assumptions. Estimates of IFFs at the sectoral level showed that IFFs were highest in the extractive industries and highly concentrated in a few countries (Algeria, Nigeria, and Sudan).

The estimates by Kar and Cartwright-Smith (2010) are based on the World Bank Residual model and Trade Misinvoicing model to capture the two main channels through which illicit capital can leave a country. The World Bank Residual model compares sources of funds or inflows of capital (which include net external indebtedness of the public and net inflow of FDI) with uses of funds (which include financing the current account deficit and additions to central bank reserves). The Trade Misinvoicing model looks at trade mispricing—the overpricing of imports and underpricing of exports on customs documents to allow illegal transfer of money abroad. The authors are fully aware that their methodology does not capture all IFFs (such as smuggling or revenues generated from drug trafficking and the sale of contraband goods) and that some countries have data gaps. The statistics in all likelihood understate the size of the problem.

In an attempt to correct for underestimation related to trade misinvoicing, Kar and Cartwright-Smith determine that IFFs from Africa over 1970–2008 more than double,

to $1.8 trillion. Despite estimation problems, they show that Sub-Saharan Africa is a net creditor to the world in the sense that the stock of private assets held abroad is greater than the stock of the region's external debt. The aggregate IFFs from the continent mask disparities in regional patterns: the West and Central Africa region—led by Nigeria—*seems* to be the biggest driver of illicit flows.

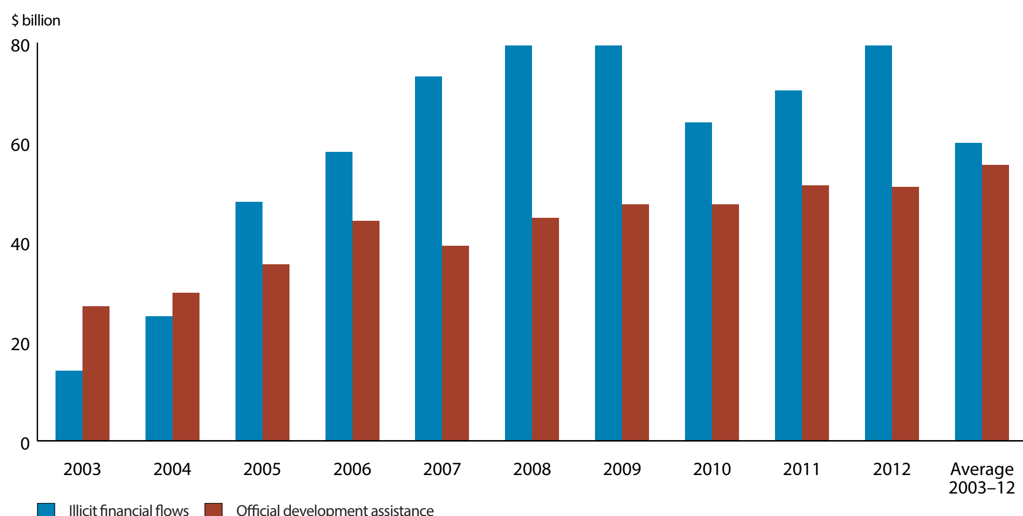
Figure 2.7 compares IFFs with ODA flows to Africa over the 10 years 2003–12, in current US dollars. From 2005, IFFs from Africa were higher than the amount of aid received annually, and grew over time. The IFF total over the period was $603.4 billion, against $421.6 billion in ODA. As a share of GDP over the period, IFFs were higher in Sub-Saharan Africa (5.5 percent) than in Asia (3.7 percent), Middle East and North Africa (3.7 percent), and the Western Hemisphere (3.3 percent). Most of the IFFs from Africa are the result of trade misinvoicing (68.2 percent over the period) while the rest is in the form of illicit "hot money" flows. The decline in IFFs in 2009–10 was due to the global financial crisis, but the increase in most years before that coincided with the resurgence of growth and the resource boom in Africa.

IFFs are highly concentrated geographically. Primarily rich in resources, the top 10 countries in Africa accounted for 80 percent of the continent's total in 2012 (table 2.5). Nigeria and South Africa were among the top 10 exporters of illicit capital in the world—in 9th and 10th position, respectively—over 2003–12.

## Governance and development impact of illicit financial flows

IFFs from Africa drain capital and revenue that could be used to finance development programs, build infrastructure, and finance social services. Many of the costing exercises conducted as part of the MDG (and now SDG) processes reveal that Africa faces huge resource gaps, widened by IFFs. Africa's infrastructure needs are estimated to cost

**Figure 2.7 Illicit financial flows and aid to Africa, 2003–12**




*Source: IFFs calculated from Kar and Spanjers (2014) and ODA from OECD-DAC International Development Statistics online databases.*

**Table 2.5 Top 10 African countries for illicit financial flows, 2012**

| Country | $ million |
|---|---|
| South Africa | 29,134 |
| Nigeria | 7,922 |
| Libya | 5,397 |
| Egypt | 5,093 |
| Zambia | 4,272 |
| Equatorial Guinea | 3,334 |
| Ethiopia | 3,117 |
| Algeria | 2,620 |
| Sudan | 2,605 |
| Côte d'Ivoire | 2,190 |

*Source: Data from Kar and Spanjers (2014).*

more than $90 billion annually. Only half of that is actually spent, undermining growth and productivity. Revenue lost to IFFs is not consumed or invested locally, and the loss of capital slows capital accumulation, investment, long-run growth, and job creation. Although the traditional view has been that low domestic saving is the main cause of low investment in Africa, Ndikumana (2013), using data spanning 1970–2010 for 39 African countries, shows that capital flight hits domestic (and private) investment hard.

Some African countries remain aid dependent (ODA as a share of GNI is greater than 10 percent and even higher as a share of government revenue). IFFs make this problem worse by weakening the capacity of states to mobilize resources and by reinforcing their dependence on donors, whose priorities and ideas may differ from their own. When individuals and companies avoid paying their taxes, or when massive amounts of government revenue are stolen and transferred abroad by corrupt officials, governments are forced to accumulate higher debt to finance spending. This creates a vicious circle as high external debt (by signaling a mismanaged economy) may incite more capital outflows as investors avoid any chances of future tax increases. Illegal activities such as money laundering also damage the financial reputation of countries and their financial systems and can hurt long-term economic growth (OECD 2014c).

In addition to their harmful effects on growth and development, IFFs weaken governance in several ways. First, IFFs are often carried out by those who want to evade taxes, and the resulting reduction in tax collection undermines the accountability that exists between taxpayers and governments. Second, IFFs tend to occur as a result of poor governance (weak institutions and lack of regulation), but they can also help undermine governance if not reversed—for example, when government officials are bribed or prevented from carrying out their duties. IFFs can also perpetuate social inequalities when corruption is undertaken by an elite that has a vested interest in denying access to opportunities by others.

The vicious circle of corruption and governance will persist unless there is a deliberate attempt to change the status quo. If not addressed, political instability may be the ultimate result as governments are unable to provide social services to their populations, who in turn become increasingly frustrated by institutionalized and high-level corruption. Similarly, tax evasion carried out by the rich and powerful or by large corporations shifts the tax burden to smaller companies and individual taxpayers, who may lose faith in the system. Many African examples (Mobutu in the former Zaire or military dictatorships in Nigeria) illustrate how the illicit accumulation of wealth overseas incentivized those in power to reinforce their control over their populations, often through repression, further weakening governance.

Although global cooperation among all affected parties is needed to deal with the problem,

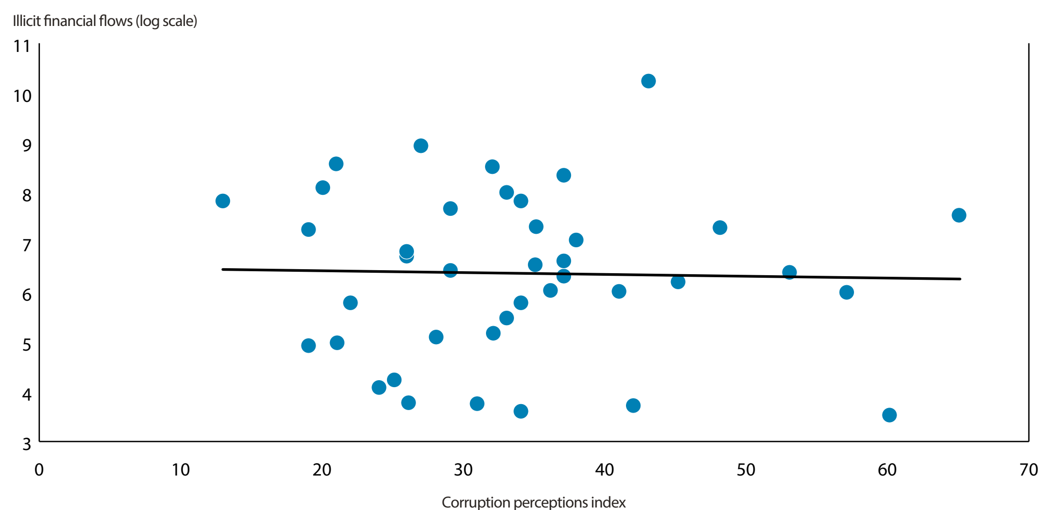
a number of factors at the local level hamper the ability of African governments to deal effectively with IFFs. These problems include weak institutions and governance, lack of regulation and information, poor cooperation among local agencies, and weak technical and human capacity. Yet corruption and IFFs are not clearly correlated, and several countries have the same degree of corruption but very different IFFs (figure 2.8).

Weak governance and corruption are two of many factors that need to be addressed. Research has found that external borrowing is the most important and robust determinant of capital flight and that other factors such as the quality of governance (including corruption) are not always significant. External borrowing increases the likelihood that a debt crisis will happen and that macroeconomic conditions will deteriorate, thus leading to capital flight; however, as discussed, capital flight itself could lead to more borrowing to finance current spending. In the case of IFFs, more empirical work is needed to examine their determinants in the African context.

## Contextualizing capacity needs for domestic resource mobilization and curbing illicit financial flows within Agenda 2063

Launched to coincide with the 50th anniversary of the Organization of African Unity (which became the African Union in 2002), Agenda 2063 is a roadmap for structurally transforming Africa over 50 years. By taking stock of what has been accomplished and what challenges lie ahead, it reaffirms the Pan African vision of the African Union: "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena" (AU 2014). Agenda 2063 builds on initiatives at national, regional, and continental levels to ensure continued growth and sustainable development.

**Figure 2.8 Illicit financial flows and corruption, 2012**




*Source: IFFs from Kar and Spanjers (2014). Corruption perceptions index data from Transparency International. Top 10 African countries for IFFs (table 2.5) identified, except for South Africa. Russia is at the top of the figure.*

As a roadmap, Agenda 2063 also looks to objectives, goals, and targets to be achieved in the foreseeable future. Several parts of the Agenda 2063 document (AUC 2015) refer to DRM and IFFs by highlighting the need for Africa to become self-reliant and finance its own development and to recognize the importance of accountable states and institutions at all levels. Although it presents overarching aspirations for the continent, Agenda 2063 reflects the heterogeneity of African countries, including in geography, income, natural resources, fragility, and conflict. It underscores that each country will need to chart its own development path to contribute to these continental aspirations.

In its call to action, Agenda 2063 explicitly mentions strengthening DRM, building capacity of continental capital markets and financial institutions, and reversing IFFs from the continent. The expectation is that Agenda 2063 will be integrated into national and regional development plans and that the proper leadership and monitoring will ensure progress.

But how will this transformative agenda be financed? Agenda 2063 hardly touches on the financing aspect even though it is well known that African countries need to mobilize more resources domestically and to diversify their sources of revenue. It is not clear, for example, that aid dependency can be quickly overcome when several countries will remain fragile into the mid-21st century and will require continued support from the international community.

The recent response of the African Capacity Building Foundation (ACBF) presages the beginning of a solution. The Foundation is finalizing key studies on the internal and external risks associated with implementing Agenda 2063 and its Capacity Needs Assessment and Preparation of Capacity Development Plan.

Attention needs to be paid to developing the capacity to improve tax collection and mobilize savings for investment, building capacities for private sector and enterprise development, facilitating savings for entrepreneurship, and enhancing the legitimacy of these efforts.

Agenda 2063 (AU 2014) views DRM as a critical enabler of its aspirations:

- A prosperous Africa based on inclusive growth and sustainable development.
- An integrated continent, politically united and based on the ideals of Pan-Africanism and the vision of Africa's Renaissance.
- An Africa of good governance, democracy, respect for human rights, justice, and the rule of law.
- A peaceful and secure Africa.
- An Africa with a strong cultural identity, common heritage, values, and ethics.
- An Africa where development is people-driven and unleashes the potential of its women and youth.
- Africa as a strong, united, and influential global player and partner.

Agenda 2063 sets the following targets for 2025:

- Reduce aid dependency by 50 percent.
- Eliminate all forms of illicit flows.
- Double the contribution of African capital markets in development financing.
- Render fully operational the African Remittances Institute.

- Reduce unsustainable levels of indebtedness and debt.
- Build effective, transparent, and harmonized tax, revenue collection, and public expenditure systems.

## Key messages and policy recommendations

The analysis in this chapter points to the need for continued effort to mobilize more resources domestically, to diversify the sources of domestic revenue, and to reduce IFFs. In the past, high growth episodes in Africa were often fueled by a boom in commodity prices, and when the prices fell, African economies performed poorly. Signs indicate that this situation is changing and that several African economies have become more resilient as growth becomes more diversified. In particular, nonresource sectors (manufacturing and services) of many countries such as Ethiopia, Ghana, Mozambique, Nigeria, and South Africa have expanded.

However, countries need to do a lot more to achieve DRM. Savings and investment rates have to improve. Tax-to-GDP ratios, the tax mix, tax effort, the disincentive effects of revenue from natural resources, tax performance indicators, and the nature and reach of financial systems are other areas that require urgent engagement. IFFs stem from factors that include weak institutions and governance, lack of regulation and information, and external borrowing. (Chapter 4 drills deeper into these matters.)

Several factors prevent African countries from mobilizing more resources domestically and from fighting IFFs:

- Tax performance metrics (see table 2.2) show that Sub-Saharan Africa has expensive and inefficient tax collection systems compared with other regions. In addition to simplifying and rationalizing tax systems (closing tax loopholes, reducing tax exemptions, and dealing with corruption within tax administrations), investing in the capacity of revenue authorities must be part of a broader fiscal reform agenda. Doing so involves hiring more and better trained staff who can perform their tasks without political interference and providing them with financial incentives to remain with the revenue authorities. African tax administrations need to be modernized (Kariuki 2013).
- Many African countries lack the human, technical, legal, regulatory, and financial capacity to deal with IFFs. Investments in these areas are needed at the country level, in addition to cooperation at the regional and global levels. By their very nature, IFFs are difficult to track because of lack of information, and tackling illicit flows at the local level requires cooperation and sharing of information among various agencies. The African Tax Administration Forum already has some initiatives in place—for example, to develop capacity in the area of transfer pricing—but more needs to be done, given the scale of the problem. Skilled government officials with the technical and legal expertise to track and prosecute those who engage in illicit activities are often lacking. The problem is compounded by poor legal frameworks and political interference.

It is recommended that countries should

- Ensure that political leaders provide the proper support and revenue authorities have the capacity to engage with taxpayers. This is important to foster a culture in which taxpayers are aware of their rights and obligations and understand that their taxes will be used for building state or

local capacity for better service delivery. Governments must provide the necessary resources and human resources to conduct awareness and education campaigns so that citizens realize that their taxes are contributions for public goods and other services. A case can be made for fiscal decentralization in bigger countries to increase local delivery of goods and services to local populations and to improve the visibility of gains from taxes. Beyond higher tax-to-GDP targets, enhanced DRM can be a catalyst for broader governance reform and improved accountability of states and local governments.

- Build further the capacity to raise revenue from hitherto neglected sources, such as taxes on informal businesses and activities and on property. Policies need to reduce informality. With property taxes, ownership records have to be updated, cadastral surveys conducted, and systems deployed to ensure that property values are frequently revised. This is by no means easy and may require significant financial and technical investments, for example, in training a critical mass of property assessors who will conduct assessments regularly. African governments should impose environmental taxes on the primary commodity sector to internalize the costs of environmental harm. The revenue collected would be deposited in a special fund focusing on domestic investment (UNCTAD 2012b).

- Get donors to work effectively to build tax capacity and enhance DRM, as they have done in Ghana and Rwanda. This effort could entail training staff, providing information technology infrastructure, investing in data collection, and helping set up tax registries. Many national statistical offices in Africa face budget and capacity constraints, with funding often unstable and too dependent on donors (Center for Global Development 2014). To be sure, donors are already providing assistance for DRM reform and tackling IFFs, but the amounts are very small.[9]

# 3

# Capacity building initiatives for mobilizing domestic resources

African countries show wide heterogeneity in the tax mix, tax revenue effort, and financial development, even though the previous chapter showed promising results on domestic resource mobilization (DRM). Cross-cutting structural bottlenecks, such as high levels of informality, huge administrative capacity needs, and a lack of fiscal legitimacy, hinder DRM. Additionally, most countries in Africa mobilize less than 20 percent[10] of their GDP in tax revenues and less than the regional average (see figure 2.4). Limited capacity to tax multinational companies extracting natural resources and high levels of capital flight make the situation worse. Inefficient public expenditures and corruption exacerbate the problem, further delegitimizing efforts to improve DRM.

## Capacity building strategies, systems, and initiatives

Capacity can be defined as the individual, organizational, and societal ability to set goals for development and achieve them; to budget resources and use them for agreed-on purposes; and to manage the complex processes and interactions in the politico–economy nexus to achieve sustainable economic growth and poverty reduction (ACBF 2011). Therefore, building capacity for DRM is not merely about increasing revenue or savings; it also encompasses promoting good democratic governance, financial inclusiveness, and social justice.

African countries are characterized by weak tax administrations in part because of corruption and poor governance, both of which reduce taxpayer morale. Tax policies and legislation are fragmented, and political economy legacies have affected DRM in several countries (AfDB 2011). Moreover, a large portion of tax evasion is by well-connected, educated professionals and not merely hawkers or street vendors. Similarly, mining companies (partly facilitated by local elites) shift their profits offshore by aggressively using transfer pricing, which denies Africans their own natural capital for development. All these avoidable impediments and ill practices conspire to lower the tax paid in Africa, decreasing funds for development.

Tax administrations often lack capacity and are largely staffed by poorly trained and poorly paid officials who may be tempted to secure bribes from parasitic elites and opportunistic multinationals. Although their system requirements are demanding, these offices often have only basic information technology systems.

### Roadmap

A roadmap for increasing DRM can be envisaged as having three pillars: the efficient, imaginative, and innovative mobilization of endogenous resources; the effective retention of continentally originated resources; and their effective use and allocation. Several proposals guide governments through this strategy (chapter 4).

#### *Gathering taxes as low-hanging fruit*

Bewilderingly, many nations in Africa—as in other developing regions—fail to appreciate

the importance of a simple and workable system to identify and collect tax revenue.[11] This failure can be attributed to one of two factors. One, developing countries endowed with natural resources usually base their budget appropriation and development financing on export earnings from these resources. Often these countries become indolent because of their endowments—reflecting the notorious "Dutch Disease" or "resource curse"—and fail to have a plan for basic fiscal resource management. Two, when developing countries are not naturally endowed, they tend to have poor governance and institutional infrastructure that lack sound tax administrations and state capacity.

For example, a failure to understand the production structure (the contribution of formal and informal sectors to GDP) means two things. First, it means that tax administration personnel are the wrong kinds of people and are inadequately trained, so that they yield little revenue. Second, it means that the tax burden is disproportionately placed on employees in the formal sector (government and corporations), an outcome that can discourage the emergence of a high-growth private sector. In other words, a low tax-base country can have that base shrink further, or at best stagnate. A basic DRM strategy must therefore be guided by the question: How relevant to the peculiarities of the economy and production structure is a country's tax system, and does the administration of that system have the resources it needs?

***Harnessing sustainable streams of natural resource revenue***

African countries could improve their capacity to negotiate fair contracts in extractive industries if they built capacity to properly negotiate the licensing of mining rights; improved tax administration by recruiting highly skilled staff with specialized extractive-industry knowledge; developed relevant ministries with policy capacity, including to physically verify price, quantity, and grade of minerals; and pursued initiatives, such as the Extractive Industries Transparency Initiative (EITI), that promote greater transparency in revenue flows and contract disclosure.

***Harvesting natural resources along the value chain***

Harvesting Africa's natural resources can create new or expand existing production sectors—creating jobs, expanding the tax base, and potentially forestalling illicit financial flows (IFFs).[12] Countries such as Brazil, China, and India have used laws requiring local content in products to leverage positive spillovers (such as job creation in domestic economies and technology transfer) inherent in foreign direct investment (FDI) inflows. Further, tying together incentives for attracting FDI and joint ventures and invoking a moratorium of several years on repatriating profits would not only encourage new or additional local production—upstream and downstream—but would also minimize illicit flows.

***Improving expenditure efficiency***

Reforms to subsidy regimes and to procurement (for example, by e-governance) could strengthen the public sector's capacity to spend prudently and thus increase public legitimacy of DRM, facilitating increased support for tax compliance and poverty reduction. Fiscal transparency—identifying, quantifying, and publicizing tax expenditures —is widely recognized as a key element in improving the efficiency of public expenditures. Although tax exemptions should be minimized, merely publishing them and identifying the beneficiary groups could legitimize the process and mobilize popular

support. Improving tax expenditure efficiency for projects may require new legislation that eliminates irrelevant regulations and intervention throughout the cycle, from design to completion. Because many African countries struggle with weak capacity in these areas, a concerted effort for building capacity is necessary.

***Curbing IFFs***

African countries need to develop the legal frameworks for beneficial ownership information on legal entities and for transparent and available legal arrangements. Moreover, they need to address loopholes in the tax design structure to counter transfer pricing. Robust audits by tax administrations and the exchange of information across jurisdictions could go a long way toward reducing IFFs. Recent attempts to create tax havens in Africa point to the need for international action and regional cooperation. Politicians can exercise greater leadership by, for example, declaring their assets. In addition to pursuing a culture of robust audits, Africa's tax administrators should exchange information with one another, a cost-effective way of forestalling IFFs.

## The importance of financial markets

Financial systems play a critical role for economic growth (Levine 2005). Notwithstanding far-reaching attempts at reform, financial systems in Africa remain poorly developed. For example, private credit extension in Sub-Saharan Africa is much lower than in other developing regions (table 3.1). Not only is an effective financial system crucial for helping to mobilize savings, but it is also indispensable for channeling mobilized resources across national borders and to areas and projects that need the resources the most. Such areas would, in turn, yield the highest returns.

The experiences of the fast-growing countries of East Asia have illustrated the importance of mobilizing resources for financing investment in a rapidly expanding economy. The volatility of foreign capital makes foreign savings an imperfect substitute for domestic savings. Effective fiscal systems are, therefore, not only critical for mobilizing public savings, but they are also important for state building. They are the very basis for a viable state (UNECA 2010) and have been on the agenda of many African countries since at least the Monterrey Consensus in 2002.

All the case studies (discussed in the next two chapters) show that tax revenue mobilization efforts have been enhanced by major reforms to tax policy, administration, and structures. For example, independent tax authorities have been established and value-added tax has been introduced. Such efforts coincided with the growth acceleration in many African countries in the past decade, though revenue mobilized from the unpredictable natural resources sector was the major factor distorting the increase in tax resources. Resource taxes have the effect of increasing the volatility of a government's tax base, but the increase in domestic direct and indirect taxes may gradually reduce revenue volatility.

Besides optimizing tax revenues, developing countries have made efforts to mobilize domestic savings to support public and private sector investment in productive assets. Some have introduced local-currency bond markets to promote a deeper and more efficient local financial sector that helps reduce transaction costs and enhances risk management. Such markets reduce systematic risk of firms and their cost of capital (Ojah and Pillay 2009). Though the supply of funds from this source is less volatile than foreign portfolio capital, its sustainability and viability in the longer term may depend crucially on macroeconomic

stability and on additional institutional and regulatory reforms.[13]

Some African countries have recently mobilized domestic savings through institutional and nonbank sources such as sovereign wealth funds and country funds. These funds are primarily used to invest in infrastructure and to accelerate technological adaptation and diffusion. Nigeria's fund became operational in 2012. Surplus oil income (resulting from the difference between budgeted and international market prices) is deposited in the fund. In addition, pension systems are being reformed to provide an additional supply of local currency–based long-term financing. Although Africa's savings rate is relatively close to that of Latin America (see figure 2.3), it still lags those of East and South Asia and is below the world average. Sub-Saharan Africa's savings rate is also the lowest among all developing regions.

African countries have made good efforts to mobilize savings, largely because of the improved analytical and financial management capacities spearheaded by the African Capacity Building Foundation (ACBF). For example, the ACBF's support to strengthening financial management and accountability has been highly effective at the regional level. With the Foundation's support, entities such as the Macro Economic and Financial Management Institute (MEFMI) and the Kenya Monetary Institute, *Institut de l'economie et des finances de l'Afrique centrale*, and the "maro" and "pole dette" projects of the central banks of West and Central African countries (BCEAO/BEAC-Macro-Pole dette) have been highly successful in building capacity in the banking and finance sector. Moreover, the ACBF has been working in partnership with the International Monetary Fund (IMF) AFRITACS technical assistance centers, regional training institutions such as MEFMI and West African Institute for Financial and Economic Management, and partners such as BCEAO/BEAC to spearhead further strengthening of financial sector skills and policies. The ACBF's work has been a critical contribution to deepening the banking and financial sector.

Financial-technology innovations have increased the likelihood that individuals will have a bank account and will be able to obtain formal loans (Allen, Demirgüç-Kunt, et al. 2012). Private credit extension has also increased (table 3.1). In particular, mobile

## Table 3.1 Private credit by deposit money banks (% of GDP)

| Region | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | Average 2000–13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| East Asia and Pacific | 29.2 | 29.8 | 29.2 | 28.4 | 27.0 | 29.8 | 32.3 | 35.5 | 39.6 | 42.3 | 40.0 | 41.4 | 38.1 | 47.0 | 35.0 |
| Europe and Central Asia | 8.9 | 11.5 | 12.3 | 10.6 | 13.2 | 16.6 | 21.8 | 27.8 | 34.5 | 36.3 | 38.2 | 37.1 | 38.8 | 39.6 | 24.8 |
| Latin America and Caribbean | 27.7 | 26.5 | 26.6 | 25.0 | 24.0 | 25.1 | 27.9 | 31.4 | 31.7 | 31.6 | 30.0 | 30.9 | 35.6 | 37.8 | 29.4 |
| Middle East and North Africa | 32.3 | 28.7 | 19.7 | 22.0 | 21.2 | 20.0 | 23.1 | 24.6 | 22.8 | 28.7 | 26.7 | 67.7 | 28.4 | 25.6 | 28.0 |
| South Asia | 24.6 | 26.0 | 26.2 | 25.8 | 26.2 | 29.3 | 30.6 | 31.2 | 32.6 | 33.8 | 37.8 | 44.8 | 45.2 | 43.0 | 32.7 |
| Sub-Saharan Africa | 10.8 | 11.1 | 10.6 | 11.2 | 9.8 | 9.6 | 10.4 | 12.0 | 13.3 | 14.7 | 16.6 | 18.9 | 16.9 | 16.7 | 13.0 |

*Source: Global Financial Development Database, World Bank.*

*Note: The Global Financial Development database does not provide data for the entire African region. It is likely that the number would be higher than for Sub-Saharan Africa if North African countries were considered, largely due to Egypt, Morocco, and Tunisia, with averages of 40–60 percent. Developing countries only.*

banking has decreased the transaction costs of sending remittances, resulting in huge increases in volume and a corresponding decline in informal savings mechanisms (Mbiti and Weil 2011). The added security and privacy of mobile money are the probable cause of these outcomes (Aker 2011). Nevertheless, financial development and inclusion are still considerably lower in Africa than in other developing regions (tables 3.1 and 3.2), suggesting a long way to go in using financial resources to drive DRM. Increased and careful use of the public–private project financing model would help.

Some fragile states in Africa (for example, Angola and the Democratic Republic of Congo) with limited access to capital markets have adopted a resources-for-infrastructure financing model that involves selling oil or mineral rights for infrastructure development. Funded projects have included roads, regional railway lines, and electrical power infrastructure, with financing frequently taking the form of export credit. More generally, public–private partnerships are another option already used across the region, especially given the large financing gaps for infrastructure. For these partnerships to become even more popular, business environments need to be improved and the legal and regulatory framework for them developed. Similarly, diaspora and remittance-backed bonds can tap into billions of dollars of diaspora savings for development in poor countries (World Bank 2013). Social infrastructure projects such as housing, schooling, and hospitals may be particularly appealing to the diaspora.

Financial inclusion in Africa remains disappointing (table 3.2). Both the Sub-Saharan Africa and Middle East and North Africa regions lag other developing regions. The numbers for North African countries indicate that their performance on loans with formal institutions is lower than in Sub-Saharan Africa, whereas the share of accounts with formal institutions is closer to the performance of the Latin America and Caribbean region.

**Table 3.2 Financial inclusion: regional comparison, 2011**

| Region | Loan from financial institution (% age 15+) | Account at a formal financial institution (% age 15+) |
|---|---|---|
| East Asia and Pacific | 16.18 | 26.77 |
| Europe and Central Asia | 9.40 | 42.11 |
| Latin America and Caribbean | 9.05 | 27.73 |
| Middle East and North Africa | 4.39 | 24.36 |
| South Asia | 9.23 | 30.27 |
| Sub-Saharan Africa | 4.88 | 17.46 |

*Source: Global Financial Development Database, World Bank.*

*Note: For people aged 15 years and over. Developing countries only.*

### *Efficient and creative use of financial markets*

Investable funds across Africa need to be harnessed in straightforward and in creative ways. Customizing financial markets and institutions appropriate to Africa is crucial (Ojah and Kodongo 2015). They should recognize the peculiarities of Africa's landscape—generally weak institutions, high cost of information production, low household incomes, sparsely distributed populations, and nontraditional collateral—and work around or incorporate these factors. As an example, in Kenya individuals can use the M-PESA mobile money platform to make financial transactions by mobile device (FINCA 2015).

The thrust of Goal 18 of Agenda 2063—that Africa finance its growth and development endogenously rather than depend on foreign aid (and other external flows)—does not mean that individual African countries need

to mobilize investable funds equal to their external funding needs. Rather, African countries should collectively mobilize endogenous resources (some with a surplus and others not) to meet most (if not all) of their external funding needs. Investable funds need to be mobile within the continent affordably—at a low cost of capital. Financial inclusion is needed to pool the maximum investable funds. Appropriately modeled financial products and markets are necessary to move the pooled funds across countries.

## Capacity building needs and possibilities for mobilizing domestic resources

The policy process is crucial for the successful design and implementation of DRM. But policies are less likely to succeed when institutional arrangements, decision-making rules, political context, and the interest and participation of key actors are lacking. For instance, many of Africa's national revenue collecting agencies need better training in information and communications technology (ICT), extractive industries, forensic auditing, detection of cybercrimes, asset forfeiture, and a host of other legal matters.

In an effort to strengthen public administration and economic management, the ACBF created the Economic Policy Analysis and Management and Public Administration and Management programs. For example, the seven Economic Management programs (Cameroon, Côte d'Ivoire, the Democratic Republic of Congo, Ghana, Mozambique, Uganda, and Zambia), covering a large part of the continent, are designed to improve economic analysis, public administration, and research capabilities.

Policy management processes and evidence-based decision making are critical for the success of reform and modernization initiatives. The ACBF is playing a key role by strengthening its support for evidence-based policy making (box 3.1).

Similarly, technologies in revenue collection administration improve taxpayer identification, information collection and processing, monitoring and tracking of taxpayers, and

### Box 3.1 The ACBF's role in supporting evidence-based policy making in Africa

To enhance research for evidence-based policy making and to develop skills for economic management, the ACBF supports over 30 policy institutes and think tanks. By training middle-level managers in the public sector, it has equipped governments and nonstate actors with the skills for economic policy analysis, management, research, and training in different sectors.

Findings from an evaluation of ACBF-supported policy centers and think tanks show that the ACBF is considered a key driver in helping institutions better synchronize their efforts with research needs. Of the stakeholders surveyed, 91 percent perceive that the ACBF's role in building the internal capacity of supported institutions is highly relevant. In addition, 100 percent of staff members surveyed at policy centers and think tanks consider the ACBF support for activities a key driver in their ability to align with the policy research needs of their countries and regions. Further, 97 percent of surveyed external stakeholders (donors, government, and nonstate actors) perceive ACBF support to be relevant in meeting intended objectives of policy influence and impact.

*Source: ACBF 2013b.*

surveillance of illicit financial activities (box 3.2). Tax and other regulatory authorities need to better coordinate their activities, especially in areas where these activities overlap—one reason, along with poor ICT infrastructure, that the amount lost through illicit flows is usually unknown. Because IFFs involve complex transactions, stronger audit capacity is also needed.

Other African countries could learn from the experiences of innovative Ethiopian reforms in mobilizing domestic savings through pension programs, housing savings programs, and deposit-taking microfinance. Similarly, experiences in Ethiopia, Kenya, and Tanzania in mobile banking may be critical for other African countries. Besides policies to harness savings and facilitate the development of the financial sector, a government policy to channel credit to the private sector—as in China and India—is imperative.

Lastly, reliance on exploitative multinational firms to extract Africa's natural capital may need to be revisited. Indigenization or transformation policies (to build requisite capabilities in coordination) may encourage entry by local citizens into critical sectors. Academia and civil society may have a greater role to play in highlighting the magnitude and implications of IFFs for development. (More examples of DRM capacity building are in the case studies, chapter 4.)

## Capacity challenges and opportunities

Almost all areas of effective and sustainable DRM face severe capacity constraints in Africa (table 3.3).

For many African countries, DRM is hampered by challenges exacerbated by low incomes and lack of financial development. These constraints make it hard to improve tax collection, broaden the tax base (by improving informal sector taxes), increase savings mobilization (through formal and informal financial institutions), and reduce capital flight.

Not only is better staff training needed in a range of sectors, as discussed previously, but also salary progression and succession within the tax services should attract more-capable staff and build management depth. Further, the success of reform and modernization initiatives in DRM depends on policy management processes and evidence-based decision making, derived from research; sensitivity and tax incidence analysis; pilot tests; and monitoring and evaluation of resource mobilization strategies, all of which are poor in Africa. In Uganda for example, the effort to curb IFFs has failed largely because of political interference, weak capacity or absence of a regulatory and legal framework, duplication of roles, and poor coordination. Institutions that tackle IFFs must be independent from the political sphere, as must the judiciary and the press.

Similarly, limited stakeholder consultation and negotiation capacity may result in the failure of DRM strategies. For example,

### Box 3.2 The ACBF's role in fostering science and technology in Africa

The ACBF has always recognized the importance of technology in the sustainable development of African countries. The African Institutions of Science and Technology programs supported by the ACBF demonstrate the importance the Foundation places in science and technology. Moreover, the ACBF plans to focus its *2016 African Capacity Report* on building capacity in science and technology for Africa's sustainable transformation. This effort will help define the strategies, capacities, institutions, and programs needed for that shift.

**Table 3.3 Acuteness of capacity needs for mobilizing domestic resources (% of countries surveyed)**

| Area of capacity needs | Very low | Low | Medium | High | Very high |
|---|---|---|---|---|---|
| Fighting IFFs | 6.8 | 13.6 | 22.7 | 40.9 | 15.9 |
| Revenue collection | 2.3 | 13.6 | 31.8 | 38.6 | 13.6 |
| Fiscal sustainability | 2.3 | 7.0 | 44.2 | 46.5 | — |
| Financial sector strengthening | — | 4.7 | 48.8 | 41.9 | 4.7 |
| Fighting corruption | 4.6 | 11.4 | 29.6 | 38.6 | — |
| Social security and safety nets | 4.7 | 25.6 | 30.2 | 34.9 | 4.7 |

*Source: Africa Capacity Indicators database 2015.*

efforts to increase taxation in mining may lead to conflicts between stakeholders and government agencies; unless resolved before implementation of an otherwise good tax policy, this may in turn further worsen an already bad situation (as seen in the country case study on Zambia). To address this omission, capacity and strategies for consultation and tax negotiations are needed. A stable policy environment will enable the country to optimize the returns from its mineral wealth. And a fiscal regime that is transparent and consistent with sound economic policies must be implemented (Conrad 2012).

The first area in table 3.3—fighting IFFs—has failed for two main reasons. First, African countries have not participated in global forums or initiatives to tackle IFFs, such as the EITI, the United Nations Tax Committee, and the automatic exchange of information (Chong and Lopez de Silanes 2015). Although African membership in the EITI has expanded to more than 20 countries that are either candidates (implementing it but not yet compliant) or compliant countries (having met all EITI requirements), countries such as Angola, South Africa, Sudan, and Zimbabwe have shown no interest in joining. Second, few dedicated agencies directly deal with IFFs even in better resourced countries such as South Africa, where the South African Revenue Service, the Police Service, the Reserve Bank, and the National Treasury all are responsible for curbing IFFs. Outcomes have been poor in South Africa, one of the countries worst affected by IFFs (Ashman, Fine, and Newman 2011, this report's table 2.5). The ACBF has been working with partners such as the United Nations Economic Commission for Africa (UNECA) to raise awareness and start implementing the recommendations of the Thabo Mbeki High-Level Panel on Illicit Financial Flows from Africa (box 3.3).

The foregoing partly suggests that forces other than technical capacity may be at play. Therefore, encouraging researchers and public advocates to promote capacity building constraints may prompt the political process to address the theft and underutilization of Africa's resources. Additionally, indigenization and transformation policies (to build requisite capabilities in coordination) should be accelerated, particularly to encourage local creative and entrepreneurial minds to enter into sectors targeted for economic diversification and growth.

Diffusing and encouraging the adoption of mobile money, as in Kenya's M-PESA, can increase financial inclusion and mobilize

**Box 3.3 ACBF efforts in the fight against illicit financial flows from Africa and for domestic resource mobilization: Role of knowledge forums**

The ACBF has initiated and supported knowledge forums to offer stakeholders platforms to share experiences and lessons as well as discuss practical ways to tackle IFFs. In July 2015, the ACBF organized a High Level Forum in the sidelines of the Third International Conference on Financing for Development. The theme of the side event was Building the Capacity for Domestic Resource Mobilization (DRM) to achieve the Sustainable Development Goals (SDGs). A key recommendation was to build capacity to combat IFF; this is an important dimension in ensuring that countries deal with transfer pricing and other mechanisms that lead to the loss of billions of dollars that could have supported the achievement of development goals. Such capacities relate to tracking IFFs, stopping them, and recovering the resources.

The ACBF also jointly organized two High Level Forums with the United Nations Economic Commission for Africa (UNECA). The Forums sought to initiate practical actions to implement the recommendations of the High-Level Panel on Illicit Financial Flows in Africa, chaired by former South African President H.E. Thabo Mbeki. The ACBF has a crucial role to play in helping to act on recommendations to strengthen institutional, regulatory, and human capacity. The ACBF will assist with development and retention of capacities; segmentation, coherence, prioritization, and sequencing; pilot projects, and domestic financing of capacity development.

In conjunction with UNECA, the ACBF is also developing a DRM program that will help African countries implement strategies to curb illicit flows and strengthen resource mobilization.

informal transfers. Building innovative and legal capacity in financial technology may increase financial development, with the attendant benefits of optimal capital allocation and better production risk management. It could also enable African countries to develop a competitive advantage in tradable services and facilitate export diversification, boosting trade revenue.

## Key messages and policy recommendations

African governments need to develop capacity to improve mobilization, effective use, and allocation of resources; enhance the legitimacy of these efforts in the eyes of the public; and manage the complex processes and interactions in the politico–economy nexus. Building capacity for DRM is not just about increasing revenue—it also encompasses promoting good governance, inclusiveness, and social justice.

African countries are characterized by weak tax administrations partly because of corruption and poor governance and low taxpayer morale attributable to the disconnect between tax payment and productive deployment of collected taxes. Tax systems are often poorly conceived and configured, inadequately resourced, and staffed by poorly trained, low-paid officials, incentivizing corruption and tax evasion. Most tax offices have only basic information technology systems.

Africa needs to come to grips with the vital role of financial development in mobilizing savings and other investable funds distributed across the continent and to channel them into development projects, affordably. This

requires imagination and flair. More concretely, African countries should

- Continue to pursue building and learning initiatives such as the EITI. More African countries should become members.

- Adopt anonymous reporting mechanisms that would permit civil society report on corruption and other governance abuses.

- Quantify and publicize tax expenditure to legitimize domestic resource mobilization and garner popular support for it. Tax exemptions and incentives must be minimized. Anonymous reporting mechanisms could be established.

- Minimize the number of tax exemptions and incentives.

- Develop regulatory capacity to improve tax expenditure efficiency by introducing new legislation, eliminating irrelevant regulations, and (for projects) supporting intervention throughout the cycle.

- Develop the legal framework to ensure information on the beneficial (ultimate) ownership of legal entities and to ensure transparent legal arrangements.

- Address loopholes in tax design to counter transfer pricing and other abuses.

- Recruit staff members that are better trained in ICT, extractive industries, forensic auditing, and asset forfeiture and other legal areas.

- Expand skill-transfer and capacity building collaboration with revenue authorities in developed countries and, particularly, seek collaborative support where skills are rare domestically.

- Retain skilled personnel by improving their terms of service and career development pathways.

- Ensure greater financial inclusion, including hastening the pace of financial-product and market innovation in ways that match the peculiarities of Africa's economic landscape.

# 4

# Country success stories: Building capacity for mobilizing domestic resources and curbing illicit financial flows

Several events in the past couple of decades led Africa—under the auspices of the African Union—to articulate policy initiatives that could pave the way for sustainable and arguably more predictable financing of its growth and development needs.

First, the success of the reform, liberalization, and macroeconomic stabilization policies pursued by many African countries in response to the "lost decade" of the 1980s and early 1990s (Bates, Coatsworth, and Williams 2007), saw many of these countries weather commodity price volatility better than they had in the past. Second, this period ushered in a wider spread of electoral democracy and fewer conflicts and wars. Third, the emergence of globally important emerging market economies such as Brazil, China, India, and Turkey, and their need for natural resource inputs, led to mutually beneficial engagement with Africa that is often different from that with past colonizers.

Perhaps the most striking aspect for Goal 18 of Agenda 2063 (that Africa finance its own growth and development) is the extent to which many African countries withstood—if not thrived—during the global financial crisis. Goal 18 has since been encapsulated elaborately in the program for domestic resource mobilization (DRM) and many initiatives have accordingly been put in place. Given that the objective of the African Capacity Building Foundation (ACBF) is to ensure that African countries have the capacity to implement development programs successfully, it is wise to take score of what individual countries have done in DRM and illicit financial flows (IFFs), by highlighting successful cases of capacity building and areas where interventions are still required.

## Country domestic resource mobilization efforts

The analysis draws on case studies in 14 countries: Cameroon, Côte d'Ivoire, the Democratic Republic of Congo (DRC), Ethiopia, Ghana, Kenya, Madagascar, Mali, Morocco, South Africa, Togo, Uganda, Zambia, and Zimbabwe. This sample is representative in size of economy, macroeconomic performance, democratization, stability of the national polity, and geographic spread.[14] Six of the 14 countries show low tax effort: Cameroon, the DRC, Ethiopia, Ghana, Madagascar, and Mali, based on computed tax effort in chapter 2. Bear in mind that many of the 14 have either recently emerged from a long period of instability and conflict or are still unstable.

The following three-pillared discussion synthesizes DRM capacity building efforts (usually programs) initiated to improve tax collection, broaden the tax base (by improving informal sector taxation), reduce capital flight, and increase financial resource mobilization (through formal and informal financial institutions).

### Fiscal resource management

The tax base in most African countries is largely composed of a small formal private sector, large informal sector, and large public (government) and subsistence agriculture sectors. Historically, tax laws allowed a great deal of discretion in decision making, and tax authorities had weak, bureaucratic tax administrations, resulting in arbitrary tax assessments—all of which can fuel corruption and tax evasion. To correct matters and enhance DRM, countries such as Ghana, Kenya, Morocco, South Africa, and Zambia have put in place extensive systems to build or improve revenue-collection capacity. Morocco does not have a national strategy on DRM or a DRM capacity building vision—it has adopted fiscal reforms and has the political will to do more, but state institutions are not at a stage to match the interest.

The strategic plans of many of the revenue authorities have six goals in common: optimal revenue collection; maximum voluntary tax compliance; a fair and transparent tax environment; strong, professional, and credible organization; compliance with statutory nonrevenue obligations; and integrity and good governance. Other goals include modernizing operations through automation, enforcing compliance by modernizing, improving services to taxpayers, and efficiently and effectively running the tax administration. Tax authorities are making many regulatory and administrative efforts to build capacity to attain these goals.

Tax administrations have been modernized as follows:

- Revenue authorities have been removed from ministries and set up as autonomous units with responsibilities for the collection of personal income tax, company tax, value-added tax, import tax, and self-employment tax.

- Tax administrations have been segmented by taxpayer type: individuals, professionals, small and medium enterprises, and large companies.

- Online tax platforms have been set up to improve ease of use and enhance efficiency, including e-filing by the South African Revenue Service. (Côte d'Ivoire has proposed this solution.)

- Information technology (IT) systems have been introduced to enhance efficiency and optimize revenue collection. These systems include cargo scanning, integrated database management, and automatic motor vehicle registration.

- Geographic information systems have been deployed to locate informal taxpayers (in Ghana, for example). High levels of informality in agriculture and services are a major constraint on tax collection in several of the 14 countries, and a few countries (for example, Ghana and Zimbabwe) have introduced presumptive taxes on informal activities, which could be adopted elsewhere.

- Rapid deployment forces have been set up to curb smuggling, but it is not always clear if they work. Many of the countries have increased tax collection, but a direct causal link between efforts to curb IFFs and taxes collected is hard to establish.

Tax authorities have also recruited and promoted qualified staff who are sensitized to modernization programs through change-management training. However, several countries, such as Côte d'Ivoire, the DRC, and Uganda, show a lack of human capacity in their tax administrations. The DRC is one of the worst cases: the case study points to a lack of human capacity at all levels. Engagement with taxpayers and tax education

in Ghana (box 4.1) and Zambia have helped increase voluntary compliance. This approach could be encouraged elsewhere.

Besides optimizing tax revenues, measures have been taken to build capacity to reduce unnecessary tax expenditures, a problem highlighted in several of the studies (Madagascar, Mali, and Uganda, for example). Tax expenditure leads to the government's foregoing revenue through tax laws that enable deductions or other concessions, as well as deferral of tax liabilities. Development partners and civil society have noted the inefficiencies of tax incentives that reduce tax income without a corresponding positive effect on investment (as seen in Mali). The following measures are being put in place by African governments to reduce tax expenditure:

- Abolishing some tax exemptions and the discretionary power of political principals to grant them.

### Box 4.1 The Ghana Revenue Authority modernization plan

In 2011, the Ghana Revenue Authority began to take steps to increase domestic revenue, including these:

- Integrating and modernizing through, for example, joint tax audits and information sharing about taxpayers on liability for different taxes.
- Modifying the clearance on permit system—a facility that allows consignments to be removed from ports quickly and the documentation perfected later. The process had become widely abused; modifying it resulted in a roughly 80 percent drop in its use.
- Introducing the Ghana Integrated Cargo Clearance System, which helps track the location of goods at the ports.
- Deployment and widening coverage of the Valuation Assurance Programme.
- Establishing the Rapid Deployment Force by the Customs Division. The Force acts on intelligence reports and clamps down on smugglers.
- Streamlining tax exemptions to reduce tax evasion.
- Educating and engaging with stakeholders across the country, raising voluntary tax compliance.

The Authority has a modernization plan that includes deploying a geographic information system to locate taxpayers; creating a Post Clearance Unit in the Customs Division to promote compliance in valuation, origin tariff classification, drawback, and exemption regimes; and automating domestic tax processes. Online registration and application platforms are being constructed.

Generally, administrative processes to ensure compliance have improved, tax evasion has been cut, and DRM has been enhanced. However, the pace of progress needs to be accelerated. And challenges remain: for example, staff members are not well paid, the informal sector is a major constraint, and incomes are underreported.

*Source: Ghana country case study.*

- Tightening the tax refund system so that authorities make refunds only after certifying them.
- Publishing tax expenditure reports, contributing to greater transparency and better fiscal forecasts by tax and by activity.
- Adopting the draft principles of the Task Force on Tax and Development of the Organisation for Economic Co-operation and Development (OECD) to enhance transparency and governance of tax incentives for investment.

### Domestically originated resource retention

IFFs hurt development by reducing domestic resources and tax revenues (see chapter 2). The main factors that drive illicit outflows in Africa are bad governance, weak and corrupt regulatory structures, poorly structured double taxation treaties, criminality, tax expenditure, banking secrecy and tax havens, and lack of social cohesion, which provides unpatriotic partners for those abetting IFFs. The bulk of illicit resource drainage from African countries emanates from commercial transactions initiated by multinational corporations in mining (Boyce and Ndikumana 2011, Lopes et al. 2015). Several African countries appear to have sought to confront these IFFs head on. Legal, administrative, and human resource capacity building programs have been initiated, such as

- Enacting transfer-pricing legislation, including general antiavoidance and "thin capitalization" provisions.
- Strengthening human capacity for conducting forensic audits and transfer-pricing analysis in mining enterprises, analysis for use in financial and cybercrime investigations, asset forfeitures, and other legal matters.
- Engaging with development partners such as the OECD to provide training in identifying and dealing with transfer pricing.
- Establishing compliance risk committees that oversee the development and implementation of a cross-functional strategy and related work plans.
- Improving coordination mechanisms among the institutions mandated to fight IFFs.

### Harmonizing the fragmented legal frameworks that deal with IFFs.

- Introducing instruments to monitor inflows, outflows, and international transactions.
- Implementing mining-specific fiscal regimes to optimize revenue from this source.

The case studies show that IFFs require much to be done. Box 4.2 lists some initiatives in Uganda. Even in the countries where institutions and organizations have been set up, such as South Africa, IFFs remain a huge problem. Better coordination among institutions (where they exist) is required. Human capacity in specialized skills needs to be boosted.

### Financial resource generation and use

Financial sector reforms are the third pillar of the DRM program effort and are meant to help mobilize savings for production or development projects. After decades of financial repression, many African governments have initiated programs to liberalize the financial sector to foster development. Recently, with a nudge from the World Bank and other

**Box 4.2 Initiatives to curb illicit financial flows and improve domestic resource mobilization in Uganda**

The government has established agencies and passed laws, such as the

- Financial Intelligence Authority.
- Capital Markets Authority, Director of Public Prosecutions.
- Inspector General of Government.
- Insurance Regulatory Authority.
- Uganda Revenue Authority.
- Anti-Money Laundering Act, 2013.
- Institutions Act, 2004.
- Financial Institutions Regulations, 2010.
- Anti-Corruption Act, 2009.
- Anti-Terrorist Act, 2002.
- Capital Markets Authority Act.

IFFs are still problematic, however, in part because of weak regulatory and law-enforcement capacity.

*Source: Uganda country case study.*

development agencies, financial inclusion has gained a deserved place of importance (box 4.3). These reforms include efforts to

- Privatize financial institutions to improve efficiency in the banking sector.
- Strengthen the supervisory and regulatory framework of the financial sector by giving central banks responsibility for licensing and regulating financial institutions.
- Facilitate supervisory cooperation and information sharing by central banks.
- Deepen financial markets through pension fund reforms to mobilize and allocate long-term funding that can be deployed to finance capital projects within the public or private sector.
- Advocate for domestic-currency government bond markets to foster debt sustainability and mitigate potential external financial shocks.
- Encourage product innovation such as diaspora bonds or infrastructure (project) bonds that can serve as mechanisms for rallying the diaspora's resources.
- Develop a critical mass of skills in financial management to reduce costs.
- Consolidate developmental finance institutions to create institutions with sufficient scale and resources (such as microfinance institutions) to play a catalytic role in financing nascent productive activities.
- Use public–private partnerships to fund large capital infrastructure projects that sometimes cannot be accommodated fully under government budgets.
- Enhance financial inclusion by encouraging mobile banking.
- Formalize remittance flows to boost liquidity and supplement household income.

### Box 4.3 Savings in Ethiopia's informal financial sector

Because of Ethiopia's large rural population, very few assets are held as cash. Many people, particularly those in rural areas, use traditional or informal ways of saving and mobilizing resources. Hence the portfolio choice may vary between rural and urban poor households, but both hold one or more of the following: cash (when liquidity and convenience are the priority), animals (for current use and future resale), and gold, silver, or other precious metals.

*Equb* and *Iddir* are the two most important and widespread socioeconomic ties that act as traditional financial associations. The focus of *Iddir* is provision of collective support for any member in times of need (sickness, death, and so on) using contributed or saved resources by its members. It is usually formed among people living in the same areas.

The focus of *Equb* is on mobilizing rotating saving by members during a fixed period. The total amount collected is disbursed to a given member until all are given the opportunity in turn. Members contribute to *Equb* daily, weekly, or monthly. The main motivation is to collect a large sum and disburse it to members for future investment, based on a preagreed sequence or spot lottery.

*Source: Ethiopia country case study.*

## Country achievements in mobilizing domestic resources

This section provides a mixed "audit report" of the case study countries—progress in some, poor results in others.

### Fiscal resources

Of the three pillars of a DRM roadmap, the pooling and use of fiscal resources is, by far, the most popularly associated with DRM. African countries have sought to improve fiscal revenues to boost DRM. These reforms include measures to modernize revenue management administration, expand the tax base by introducing value-added tax (VAT) systems, improve facility for collection through the Pay as You Earn progressive tax system, increase tax revenue from the mining sector, and introduce targeted taxes. These measures are often introduced as a result of the volatility of external resources such as foreign aid and foreign direct investment (FDI).

A number of initiatives have been adopted. First, revenue services have been modernized (as in Ghana and Togo) by integrating the various revenue agencies into one coherent institution and by redesigning and improving the business processes and procedures of the tax services. Many African countries have expanded the use of information and communications technology (ICT) in tax collection. Second, tax systems such as VAT (Ghana) and Pay as You Earn (Zimbabwe), which are easy to administer, have replaced cumbersome and ineffective tax systems. Third, greater efforts have been made to tax the mining industry. For example, the Zambian tax authority has implemented the Mineral Value Chain Monitoring Project to enhance transparency and optimize revenue collection. However, in most countries —including Zambia—the political power that the mining sector wields has hampered efforts to extract greater taxes from the sector.

To hold onto fees collected, Zambia has instituted the direct deposit of fees. This action has helped the government mobilize resources (box 4.4).[15]

Zimbabwe has introduced innovative targeted taxes such as the AIDS levy and the rural electrification levy. It launched the AIDS levy in 2000 to finance HIV/AIDS interventions and to complement external funding, as well as to fund activities of the National AIDS Council. The levy is charged on individuals, companies, and trusts at 3 percent of income tax assessed and has led to an increase in tax revenue from $5.7 million in 2009 to $33.5 million in 2013.[16] The funds from the AIDS levy are allocated to different program areas through an independent board appointed by the Minister of Health and Child Welfare. Zimbabwe's adult HIV prevalence declined from 27 percent in 1998 to 15 percent in 2012, despite a decline in donor funding (Zimbabwe country case study).

Similarly, the rural electrification program (a levy of 3 percent on electricity consumers) has improved access to electricity in rural areas. In addition, the adoption of prepaid meters has ensured a low default rate.

These innovative tax measures may have been occasioned by Zimbabwe's crisis; however, their lessons (and benefits) are significant and transferrable to other African countries.

Historically, African countries have had a large informal sector. The informal sector in Zambia, for example, was estimated at 33 percent of GDP in 2010 (Central Statistical Office 2014). In 2004, Zambia introduced the presumptive tax on taxis and minibuses and the turnover tax on small enterprises. In 2005 and 2007, a base tax on marketers and the advance income tax for cross-border traders were introduced.

Zimbabwe introduced its own presumptive tax in 2005. The tax targeted transportation business owners, hairdressing salons, informal traders, cross-border traders, restaurants, liquor stores, cottage industries, and commercial waterborne vessels. These businesses are expected to pay the tax quarterly (table 4.1).

### Box 4.4 Direct deposit of fees in Zambia

From January 2013, the government made it mandatory for all ministries, provinces, and revenue-collecting statutory bodies to deposit all collections of fees and fines directly into the treasury bank account. Reports from the Auditor General had previously shown theft and misappropriation of funds.

This initiative has led to

- Improved revenue collections in 2013: the envisaged budget collections from user fees and charges were K283,709 (about $50,951) and the outturn was K852,167 (about $153,041).
- Improved transparency: the initiative has been directly linked to reducing corruption and rent-seeking behavior. A "bribe index" released in 2013 showed that the passport office was among institutions whose rating improved sharply.
- Improved skills for officers trained in Internet banking (to deal with the direct deposits).

*Source: Zambia case study.*

### Table 4.1 Presumptive tax in Zimbabwe

| Description | | Presumptive tax ($ per quarter for each vehicle) |
|---|---|---|
| Omnibuses | 8 to 14 passengers | 150 |
| | 15 to 24 passengers | 175 |
| | 25 to 36 passengers | 300 |
| | 37 passengers and above | 450 |
| Taxi-cab | All | 100 |
| Driving schools | Class 4 vehicles | 500 |
| | Class 1 and 2 vehicles | 600 |
| | More than 10 tonnes but less than 20 tonnes | 1,000 |
| | More than 20 tonnes | 2,500 |
| | 10 tonnes or less but with combination of truck and trailers of more than 15 but less than 20 tonnes | 2,500 |

*Source: ZIMRA website, accessed March 16, 2015.*

The importance of the presumptive tax model cannot be stressed enough. The informal economy in most African countries is so pervasive that a tax system that assumes the dominance of structured payroll platforms would be inappropriate. A tailored, workable national tax system must assume two things: some presence of structured payroll platforms in the formal sector populated by government and registered-firm employment and a significant presence of an "ombudsman-like" tax-collection platform in an informal sector populated by disparate sets of self-employed individuals and associations with nonnormal earning patterns.

## Domestically originated resource retention

Africa is losing increasing amounts of capital to illegal capital flight. Some estimates put this figure at $50 billion a year (figure 2.7). IFFs are facilitated by transfer mispricing, falsified invoicing, and tax abuse, especially by mining companies. This situation may partly explain why resource-rich countries such as the DRC, Nigeria, and Tanzania are home to almost half the total poor on the continent and why they have fared poorly on attaining the Millennium Development Goals. IFFs rob the continent of resources by reducing both tax revenue and the availability of investable funds, and this is particularly problematic for a region that has had an investment-savings gap for many years (table 4.2). It has been estimated that by curbing IFFs, Africa could reap up to $520 billion annually in tax revenues and more than $168 billion a year in mineral royalties.

In 2011, gross domestic savings in Africa were only 16.1 percent of GDP, whereas investment needs were 22.1 percent of GDP

### Table 4.2 Savings and investment in Africa (% of GDP)

| | 1980–89 | 1990–99 | 2000–11 |
|---|---|---|---|
| Gross domestic savings | 20.1 | 17.2 | 21.0 |
| Gross domestic investment | 24.3 | 19.7 | 21.5 |
| Investment–saving gap | 4.2 | 2.5 | 0.5 |

*Source: Calculations based on Africa Development Indicators.*

(Africa Development Indicators database). Additionally, only three mineral-rich African countries averaged more than 25 percent of GDP in tax income: Botswana, the DRC, and South Africa. The example of Zambia illustrates this point vividly. Mining taxes stood at only 3.7 percent of GDP in 2011. As figure 4.1 illustrates, IFFs in Zambia have been increasing faster than FDI, largely attributable to the easing of capital controls before enforcement capacity limitations were addressed. Moreover, although a raft of institutions are tasked to combat IFFs—the Anti-Corruption Commission, the Drug Enforcement Commission, and the Financial Intelligence Centre—none of them is specifically tasked with combating IFFs, especially in mining. And, as in other African countries, no laws specifically criminalize IFFs, nor have there been any prosecutions under related laws.

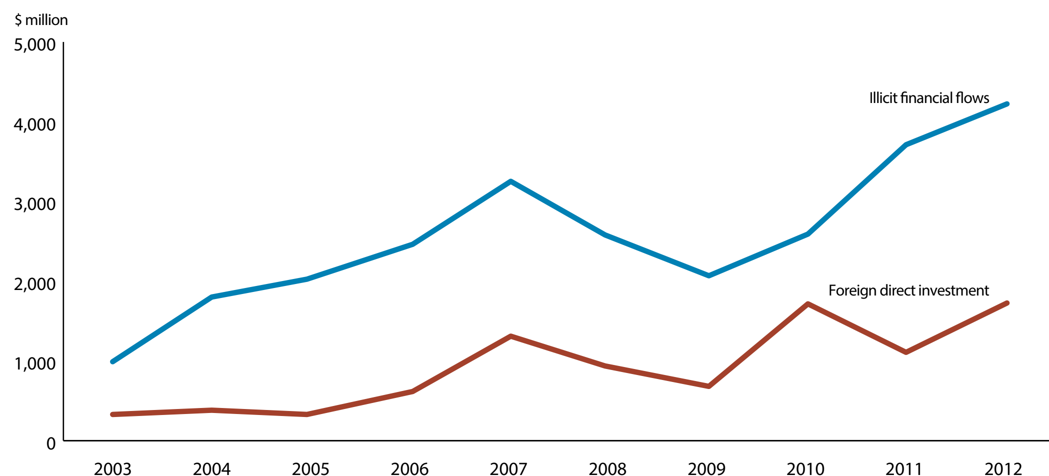
Box 4.5 highlights the tax authorities' efforts in Ethiopia. The Ethiopian Revenue and Customs Authority is devising systems to limit underinvoicing while encouraging resource mobilization. Through a proclamation, the authority tried to change how it does business on efficiency, IFF monitoring, and administration of foreign trade.

## Leveraging financial resources

The effort to mobilize savings and other financial resources across Africa has taken different paths. Countries such as Kenya, South Africa, and Uganda have focused on developing their banks and stock markets with varying degrees of success. In South Africa for example, financial development does not seem to have translated into better growth outcomes. Ojah and Mokoaleli-Mokoteli (2010) attribute this to South Africa's failure to tailor its financial inclusion (productive financial intermediation) programs in a way that recognizes two economies and provides financial services effectively.

Among the lower-income African countries, Ethiopia seems to have been a major

**Figure 4.1 Trends in illicit financial flows and foreign direct investment in Zambia (constant 2010 $ million), 2003–12**




*Source: Estimates based on data from Global Financial Integrity (IFFs) and World Bank (FDI).*

innovator. Commercial bank branches have increased from 681 at the end of 2010 to 1,286 by the end of 2012. Similarly, the state-owned Commercial Bank of Ethiopia has increased its branch network by 167 percent over the same period. The Ethiopian government has also established pension programs for employees of the government, nongovernmental organizations, and private companies. A housing savings program in Ethiopia that encourages low- and middle-income earners to save up to 40 percent has been launched, and deposit-taking microfinance institutions have been set up. Collectively, these programs have boosted the savings rate from 5.2 percent of GDP in 2009–10 to 17.7 percent in 2012–13. These savings have been supplemented by Ethiopia-issued diaspora bonds, which were initiated to finance large projects such as the Grand Renaissance Dam.

In contrast, deposit taking has collapsed in Zimbabwe (figure 4.2). The Zimbabwe case study argues that this drop resulted from the legacy of hyperinflation and loss of confidence in the financial system, which led to low capacity to save because of low disposable incomes.

Remittances from migrant workers can be a critical source of savings in Africa (Mohapatra and Ratha 2011). For example in Uganda, they are the second-largest contributor to foreign exchange as a share of GDP (figure 4.3). However, channeling these resources to productive use has proved challenging because remittances mainly come through informal channels as a result of the high costs of formal avenues. ICT-driven innovation may bring about competition to the remittances market and may help formalize this potentially crucial source of resources.

### Box 4.5 Illicit financial flows and the government's response in Ethiopia

Enactment of customs proclamation number 622/2009 and subsequent institutional improvements of the Ethiopian Revenue and Customs Authority have contributed to growth of revenue from international transactions. According to a senior official at the Authority, the major institutional changes are directed to increasing efficiency and reducing corrupt and fraudulent acts. The enormous networks of corrupt practices established among many importers and similar clients, customs officials, and transit agents have been reduced, and new customs officials, most of them women, have made it harder to reestablish them.

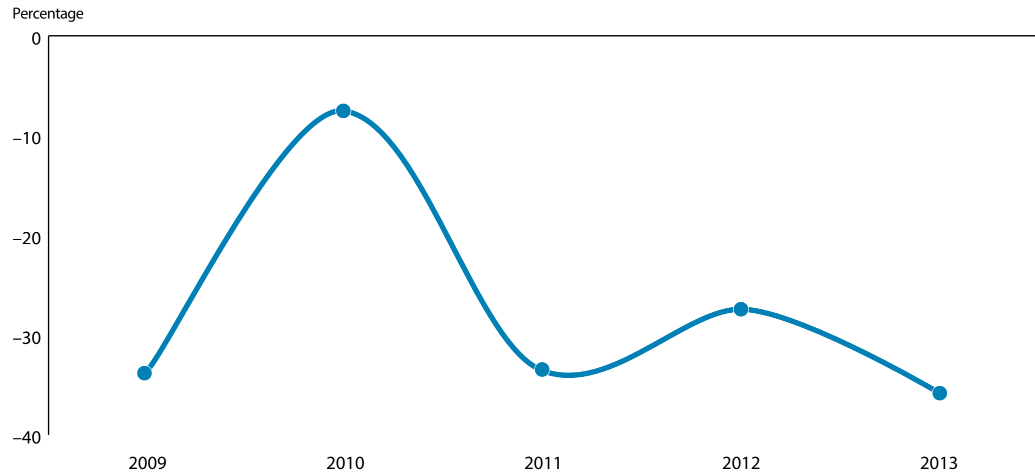
Yet trade misinvoicing is still a major source of IFFs. Although the law makes import underinvoicing illegal, it has become almost a norm.

The Authority uses a customs valuation that lists the minimum international prices of goods and services using the imports revalued for tax and tariff determination. However, importers or their transit agents have access to this customs valuation, and they use it to adjust import prices accordingly. It is likely that the actual import prices are much higher than the ones in the customs duties and that IFFs of this form are huge.

As a further countermeasure, the Authority has identified trade partner countries that recorded the accuracy of imported items and documentation. For example, imports from most European Union countries are considered genuine, whereas imports from countries that often show nongenuine pricing are subject to close scrutiny by customs officials. Regardless of these efforts, illicit flows in the import sector are still unacceptably high.

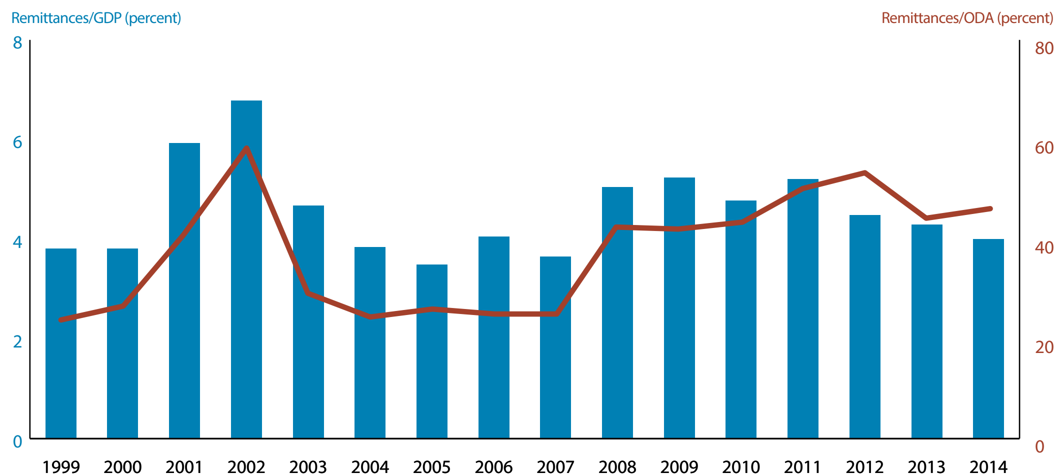
*Source: Ethiopia case study.*

## Figure 4.2 Savings in Zimbabwe




*Source: Authors' calculations based on ZIMSTAT data.*

## Figure 4.3 Workers' remittances to Uganda, 1999–2014




*Source: The Bank of Uganda.*

*Note: GDP = gross domestic product; ODA = official development assistance.*

In Kenya, the adoption of mobile banking has enabled cheap and accessible transaction services, including for sending and receiving remittances. M-PESA has close to 16 million users, and transfers tens of millions of Kenyan shillings a day. The "banked" population

has increased from 27.4 percent in 2006 to 66.7 percent in 2013 (table 4.3). Mobile money may very well be the tool that formalizes the informal financial sector.[17]

**Table 4.3 Financial inclusion and exclusion in Kenya (%)**

| | 2006 | 2009 | 2013 |
|---|---|---|---|
| Formal | 27.4 | 41.3 | 66.7 |
| Informal | 33.3 | 27.2 | 7.8 |
| Excluded | 39.3 | 31.4 | 25.4 |

*Source: FSD Kenya 2013.*

Sovereign wealth funds are potentially another tool that could fund development projects. More than 10 African countries already have them. Zimbabwe's was capitalized with $500,000 and allocations of 25 percent of royalty fees from mineral exports. However, the success of this mechanism may depend on taming the political influence of mining firms and on using the funds through good governance—with both transparency and accountability.

## Key messages

Fiscal resource mobilization is the area with the most visible programs and notable successes: Morocco, South Africa, Zambia, and Zimbabwe are exemplars. But efforts have been lopsided in favor of fiscal-resource pooling while little or nothing has been done for better managing fiscal expenditure. Far-reaching success will be achieved only if resource pooling and expenditure are viewed as two sides of the same coin. A serious gap also remains in demonstrating the efficient use of fiscal resources for service delivery.

No thought seems to have been given to the possible growth-stifling effect of a fiscal-resource pooling effort that emphasizes almost exclusively raising tax rates or revenue. Most glaring is the seeming lack of appreciation of how appropriate the national tax system may be for the economy's production structure.

Efforts to retain domestically generated resources appear to be the least developed pillar of the DRM program in Africa. No country recorded any *direct* success worth reporting, not even South Africa which, among African countries, has the most sophisticated institutional infrastructure for mitigating resource leakages through IFFs. Key among the required institutions are effective legal and national tax systems and relatively efficient financial markets. Most African countries simply lack the wherewithal to provide the most basic infrastructure or human resources to deal with IFFs. Similarly, even where tax systems have been reengineered to stop the leakage at its source, as in the case of the mineral resource tax innovation in Zambia, the lack of political will has rendered efforts ineffective.

Financial resource mobilization has been ongoing in Africa since the World Bank and other development agencies bought into the robust empirical findings on the nexus between finance and economic growth, especially with the bent that finance leads growth (King and Levine 1993a and 1993b). They then pushed the financial liberalization agenda onto their member states. Some success stories have been recorded among the case studies: Ethiopia, Kenya, and Zambia.

Most—if not all—African countries fail to appreciate the crucial role of financial resource mobilization. A well-developed and nuanced financial system would pool the investable funds in the macroeconomy and channel them into the most attractive production and

development projects. Yet apart from the three success countries just mentioned, African countries have not made holistic or appropriate efforts for such financial inclusion. This new agenda would support efforts to foster fiscal resource mobilization (including taxpayer tracking and payment receipt mechanisms) and spur retention of resources that would otherwise go offshore in search of "financial safe havens" or high investment returns.

The problems bedeviling the DRM effort are further elaborated in the next chapter, with the objective of encouraging stakeholders to modify their strategies.

# 5

# Lessons and capacity building for actors mobilizing domestic resources

This chapter shares the lessons learned for domestic resource mobilization (DRM) and illicit financial flows (IFFs) in Africa. It also highlights what has worked or not and examines the capacity development imperatives to be addressed, focusing on civil society, government, the private sector, and cooperating partners, with the goal of gauging where they are best equipped to internalize good practices.

Africa's remarkable growth performance over the past decade, despite continuing developmental and security challenges in several countries, has resulted in positive outcomes—the rate of poverty has declined (though modestly), human capital attainment has increased, and infant mortality rates have declined. This growth has been facilitated partly by a favorable external environment. Additionally, economic, political, and governance institutions have improved. However, in the wake of the global financial crisis, the external environment has become unfavorable. No wonder that the discourse over what will finance an ambitious post-2015 agenda in developing countries has shifted from external to domestic sources.

In the face of these external realities, it is doubtful that gains in the policy and institutional environment in Africa can sustain higher economic growth or structural transformation. Natural resource–driven growth does not seem to trickle down to the poor, as seen in the fact that the Democratic Republic of Congo, Nigeria, and Tanzania, with huge natural resources, remain home to almost half the total poor on the continent and have fared dismally on attaining the Millennium Development Goals.

Africa needs, therefore, to engender dynamic structural change by being innovative and proactive, taking risks, and remaining steadfast in good policies. This approach is what Mthanti and Ojah (2015) term "entrepreneurial orientation at the aggregate level." These capabilities may be particularly important for Africa as the limitations of the well-trodden path of structural transformation—the "farm-to-factory transition"—may no longer be available for developing countries. Rodrik (2014: 11–12) notes:

> The first wave of industrializers such as Britain and Germany put more than 30 percent of their labour force in manufacturing before they began to deindustrialize. Among Asian exporters, the most successful such as Korea reached a peak well below 30 percent. Today, countries such as India, along with many Latin American countries, are deindustrializing from peaks that do not exceed the mid-teens. Even Vietnam, which is one of the most successful recent industrializers, shows signs of having peaked at 14 percent of employment. Yet Vietnam is still a poor country, and in an earlier period would have had many more years of further industrialization. The reasons for this common pattern of premature deindustrialization are probably a

combination of global demand shifts, global competition, and technological changes. Whatever the reason, Africa finds itself in an environment where it is facing much stronger head winds.

Africa's path to development may very well be from "farm to laboratory." Mobilizing resources to acquire capabilities in research and development, technology transfer, education and training, and management methods may be critical for growth. This ought not to discourage Africans, for two reasons. First, Africa has the natural capital to invest in this structural change and its linked transition. Had IFFs from Africa been prevented, Africa actually would have been a net creditor to the rest of the world: in the four decades to 2010, Africa lost $1.3 trillion through IFFs, far exceeding its liabilities for that period (Ndikumana 2015). Second, in a rudimentary way, this process may already be occurring—as seen in Kenya's M-PESA.

DRM—more widely conceived and pursued—can enable the structural transformation, growth, and development that Africa seeks. The DRM strategies in the case study countries, however, were concentrated (on tax collection, the tax base, savings, and IFFs) and failed to emphasize broad-based DRM: national systems of innovation, imitative learning, or special harnessing of human capital—the type of holistic, national effort that has lifted the likes of China, India, Korea, and Malaysia).[18]

Engendering such entrepreneurial orientation would require broader DRM than acquiring fiscal resources and savings. DRM—broadly defined as generating resources from all domestic sources, including mobilizing human capital and innovative capabilities, and diffusing these capabilities through socially productive and audacious investments—may be more appropriate.

## Lessons for the future

The focus of this section is what countries have failed to do or attempted inappropriately, to serve as lessons for the future.

### Managing fiscal resources

The fiscal resource mobilization pillar of DRM is the most visible program that African countries have pursued and where notable successes have been recorded (chapter 4). Important lessons are summarized in the following bullets.

- At the basic level and despite a wide literature, there is, surprisingly, a lack of appreciation of the role of taxes and the national tax system. This may be traceable to the continent's undue reliance on natural resource earnings or foreign aid, and the refusal or inability to adapt or "own" the colonial-era tax system.
- This refusal or inability may also have yielded inappropriate national tax systems which, lacking an "ombudsman-like" tax collection orientation,[19] would perennially pool insufficient tax revenue. Though authorities in Zambia and Zimbabwe appreciate the need to collect from the large informal sector (chapter 4), few other countries understand the need to design holistic tax systems for the characteristics of their production structure.
- The DRM program may therefore miss its mark unless African countries advance tax systems that match their production structure. Instead of increasing fiscal resources by bringing into the fold all taxable income earners, they may essentially shift the tax burden to those in the informal sector—arguably the least able to bear it. An ombudsman-like tax system would

bring all taxable economic units under the national tax umbrella and spread the tax burden widely, while increasing the revenue pool.

- The above strongly suggests the need to expand the potential tax base of a country and not just increase the tax revenue pool from a relatively stagnant tax base by accessing formerly unreached parts of that base. Tax targeting must protect the "egg-laying hens." For example, production units in the competitive sectors of the economy can be preferentially taxed, and taxation on the wider populace can be targeted at the consumption point and less at the income receipt point. Yet this important determination of tax points and targets seems remote to the fiscal resource management thinking of most, if not all, of the countries surveyed.

- Few African countries grasp the fact that a tax system derives its legitimacy from a clear connection between payment of tax and the provisioning of beneficial economic or social infrastructure. Except for the HIV/AIDS levy and electricity tax in Zimbabwe and toll roads in South Africa, most countries seem to have made little effort to demonstrate to citizens how their tax money is spent. This lack of accountability, worsened by the prevalence of official corruption and a general sense of government inefficiency, reflects governments' efforts at tax collection as an exercise in state coercion.

- The widespread disconnect between taxation and general fiscal (and accompanying monetary) policy in African countries is mainly reflected in the seeming decoupling of government expenditure plans and tax collection, often culminating in poor implementation of annual fiscal budgets and ill-designed and wasteful subsidies—a scenario best exemplified by Nigeria. Such apparent decoupling renders ineffective most efforts centered on the fiscal mobilization pillar.

- Another lesson that appears lost on many African countries is one that the South African Revenue Service illustrates with distinction—the importance of providing taxpayers with accessible information and payment avenues. The Service has sensibly done this by leveraging information and communications technology (ICT). It gives citizens the confidence that the tax process is theirs and that it is meant to serve them. Thus they can question what is not clear about the process and have expectations about process outcomes as well.

### Mitigating resource leakages

Of the three pillars of the DRM program, efforts to retain domestically originated resources appear the least developed (or least successful). No country among those surveyed recorded any success of note, not even South Africa, which has the most sophisticated institutional infrastructure in this area. The following are findings and lessons that African countries should draw on to retain revenues from natural resources.

- Decision makers seem unaware that Africa's commodities (especially natural resources) are exhaustible, and they have no plans to strategically exploit the resources and manage the proceeds. The leaders distinguish, for instance, very little link between setting up a sovereign wealth fund and reckoning the exhaustibility of natural resource endowments, unlike some Middle Eastern, East Asian, and Scandinavian countries. Such funds could help diversify and expand the economy and tax base by, for example, earmarking funds

for specific investment and development projects.

- At a more fundamental level of checking resource leakage—common in Africa's mineral resource sectors—records need to be kept systematically on resource volumes. Recordkeeping can incentivize responsible governments to plan for immediate and long-term uses of these resources, and check the engagement of multinational corporations with countries' mineral sectors. Such moves may convince citizens of government accountability and stewardship of shared mineral wealth. Thus the Extractive Industries Transparency Initiative can be useful for African countries that are yet to be signatories.

- Many African countries for a long time showed no appreciation for how effectively foreign direct investment (FDI) incentives can be used to leverage positive spillovers (Asiedu 2006). Transfer pricing–linked leakage must be preempted. Further, lockup periods for nonrepatriation of profits and local content requirements of FDI firms' production should be enforced to transfer capabilities and to create jobs and upstream or downstream businesses. Such measures would create and retain taxes that would otherwise leak.

- Another form of resource leakage that is hardly mentioned, but is associated with corrupt governments or inefficient customs services and trade ministries, is the "levity" with which import duties are handled. The lack of seriousness in this important resource-pooling effort is equivalent to shipping significant national fiscal resources offshore. The taxing mechanism's role of allowing only needed imports into the country and supporting domestic business creation is essentially forgone.

- Most African countries lack the wherewithal to provide the most basic infrastructure or high-level human resources to check resource leakage. Where tax systems have been reengineered to stop the leakage at the source, as in the mineral-resource tax innovation in Zambia, the lack of political will has rendered the effort ineffective. This lack of political will appears pervasive on the continent.

- Given that the types of resource leakages common across Africa are dissimilar to what is seen in other parts of the world, it is unlikely that global watchdog organizations will be formed anytime soon. The onus is therefore on African countries to create collaborative cross-border efforts to assume the tasks of checking IFFs and to reinforce intelligence sharing, apply the lessons of efficient policing of tax evasion and transfer pricing, and pursue a common approach to dealing with multinational firms that discourages them from exploiting countries through unfair negotiations. But for this kind of cross-country and regional effort to work, it must be enforced.

- Often viewed as outside the efforts to forestall domestic resource leakage, financial markets are extremely useful for mitigating IFFs. When functioning well, financial markets at least serve as an alternative repository of that portion of financial resource leakage that goes offshore in search of safe havens. Given that for the past decade or two Africa's national equity markets have provided some of the highest risk-adjusted returns, no capital outflows from the continent can truly be classified as leakage in these terms. If at all, they can be justified by the generally weaker institutional environment of Africa's national financial markets. The bulk of the resource leakage is indeed made up of IFFs.

### Mobilizing financial resources

The importance of financial resource mobilization for successful, broadly defined DRM cannot be gainsaid: not only does it release the most mobile domestic resources, but if properly implemented it also allocates resources in ways that enhance sustainable structural change and development. But hardly any African countries appreciate this.

The following are lessons, largely of omission, that African countries should consider in their capacity imperatives to engender a holistic, broad-based DRM strategy.

- For financial resource mobilization, saving is paramount. (Current DRM efforts in African countries fail to reflect this.) Development agency personnel and African governments are often heard repeating that they need savings to invest and grow, but their economies are not developed enough to offer meaningful incomes that would permit saving. Indeed, the African region registers low savings among developing regions (see figure 2.3 and table 4.2). Unfortunately, savings mobilization seems to have been turned into a "chicken-or-egg" conundrum, which it is not. Saving is arguably the most important pillar of DRM, and significant savings volumes across African countries are yet to be mobilized.

- Financial inclusion is the most genuine approach for mobilizing the savings dispersed across Africa's pockets of sparsely populated rural communities and suburban areas. Sadly, financial inclusion is not viewed as the integral part of DRM that it should be—they both belong to a continuum of a broader development agenda.

- Kenya has led the way on how financial inclusion can be enabled, by leveraging ICT in a typical African financial landscape that does not support profitable banking because of low population density and weak institutions. But not many countries are emulating Kenya (Allen, Carletti, et al. 2012). Financial resource mobilization will not succeed in Africa without a meaningful embrace of financial inclusion—and that will materialize only if Africa's special landscapes are considered by new financial products and markets that are nuanced and affordable enough to reach members who have been financially excluded. Microfinance institutions are also an important part of the broader financial inclusion agenda that need to be further explored for enhancing DRM.

- Financial market integration across Africa's subregions appears to be a neglected element of financial mobilization. Pursued wisely, it would enhance the size and depth of Africa's characteristically splintered and small national financial markets, facilitate flows of funds across the continent, and lower capital costs.

- In only two countries studied did the financial mobilization pillar of DRM reveal government awareness of how policy incentives can drive the initiation of financial institutions and markets, and guide these entities to be efficient in mobilizing financial resources. Policies should focus on incentive alignment rather than on direct mandates, to avoid the inefficiency that can result from mixing a productive policy tool with politics.

- The African Development Bank's well-advised push for African countries to establish local-currency government bond markets is yet to be widely embraced. Such markets can help countries fund fiscal deficits while holding unsustainable external indebtedness at bay; weather external financial shocks; provide additional

channels for diaspora funds; support development of contractual saving institutions such as pension funds and insurance firms; and reduce the cost of capital.

- As fundamental as a good institutional environment is to efficient operation of financial (especially capital) markets, almost none of the countries studied flagged an efficient legal environment or appropriate regulation and supervision as enablers of effective and efficient financial markets. This kind of environment is, contrary to what many believe, perhaps more vital for countries devising financial products and markets than those already having them.

## The capacity building required for participants in domestic resource mobilization

This section links the foregoing capacity building imperatives to the stakeholders who will fulfill them.

### Civil society

Civil society's role in most nation-building matters is primarily advocacy for the common good. On fiscal resource management, the following capacity gaps were highlighted in previous sections: Governments lack the capacity to legitimize the tax process by providing citizens with all information about the tax process. Citizens lack the ability to ask questions, receive answers, to easily make payments, and see the connection between tax collection and benefits to payers. The necessary communication apparatus that governments need to perform this vital service can be put in place and made operational quickly, should civil society demand government action on it.

For mitigating resource leakage, civil society can help put into place missing capacities in four areas: document what resources (especially mineral resources) societies have and disseminate such statistics freely to the public; ensure transparency on FDI-attracting incentives, how (or which) domestic players benefit, and how the value chain of production from natural resource endowments are harnessed to benefit citizens; reveal whether government customs services are serious about collecting mandated official import duties and are encouraging or protecting competitors to domestic businesses; and encourage the political will to tax natural resource exploitation in ways that stop the huge leakage of domestic resources.

Civil society can intervene by advocating the immediate provisioning of these functions to build, record, keep, and disseminate statistics, as well as to enforce statutes. It can also operate as "shadow monitoring" organs, tapping into the massive pool of global civil society partners, such as Transparency International.

### Government

Without doubt, the fingerprints of governments ought to be firmly on capacity building efforts for scaling up broad-based DRM.

#### *Enhancing fiscal resource management*

This pillar appears to be entirely the responsibility of governments to scale up. Based largely on the lessons learned, the following are some of the important capacity imperatives in this area.

Countries need to reconsider the fundamental role of taxation in state building and statecraft and to redesign their tax systems to incorporate national characteristics in a holistic tax frame. Governments must differentiate

between expanding the tax reach to varied economic groups to increase tax revenue and expanding the taxable income base to sustainably increase tax revenue as they strategically determine the points of taxation and progressive placement of the tax burden.

Legitimizing the tax collection process by overtly accounting for and demonstrating productive use of tax proceeds is as important as upholding citizens' tax payment obligations. The fiscal resource management pillar of DRM should view the tax-collection and fiscal-expenditure processes as two sides of the same coin, to engender realistic low-deficit annual budgets that are executed reasonably.

The legislature must demonstrate a clear understanding of the role of taxes in governance and mandate that the relevant revenue authorities design fitting national tax systems. Together with the revenue authorities, it must design fair (tax distribution) and easily implementable (effective collection-point) tax systems, with education and training support drawing on local, regional, and international expertise, as well as practitioners in tax, economic demographics, macroeconomics, governance, and statecraft, among other areas.

Revenue authorities must reorient themselves, as the South African Revenue Service has, to recognize that an important reason for their existence is to serve the people. Revenue authorities' acquisition and deployment of ICT would make fulfilling this function relatively easy.

***Curbing resource leakage***

Effective leadership exemplified by clear demonstration of political will to enforce sensible and productive laws should be an imperative. The customs, tax authorities, police, judiciary, and central bankers (regulators and supervisors) must be educated in the primacy of illegality around trade, profit repatriation, transfer pricing, and the like.

Governments should ensure that reliable geological surveys of mineral resources are undertaken and published periodically and that proceeds of the exploited portions of such mineral endowments are compiled and disseminated. National statistical offices must see their responsibility as extending to monitoring all resource endowments, the rate of depletion, and the use of their proceeds.

Central governments can collaboratively forestall leakage of domestic resources in international trade by using the regional economic communities. Further, they can form a regional watchdog network on IFFs and share intelligence to curb IFFs. Governments must also form the habit of regularly taking account of where they lack effectiveness in forestalling IFFs and request assistance from capable regional or continental capacity building outfits such as the African Capacity Building Foundation, the African Development Bank, the African Tax Administration Forum, and the Collaborative Africa Budget Reform Initiative.

***Enhancing financial resource mobilization***

As is apparent from the capacity issues highlighted earlier, governments' role in scaling up this pillar should take the form of incentives that can elicit private sector–led product and market innovation. For example, flexible or differential taxes can be used to motivate financial services firms to direct credits to attractive sectors of the economy and to micro, small, and medium enterprises.

For financial inclusion to have a good chance of succeeding in Africa, governments must make increased savings and the ethos that supports it a policy priority. Legislative mandates can be used to encourage contractual

savings institutions such as pension funds. These mandates can be extended to deepening organized securities markets by requiring that pension funds invest a fixed share of their holdings in public equity and debt markets.

If financial services firms are to be effective at DRM-needed financial intermediation (especially external provisioning), institutional infrastructure such as an effective legal environment must be in place.

Governments must pass enabling legislation to harmonize disclosure and regulation to support "virtually larger" and more efficient financial markets and to provide collaboratively the physical infrastructure (such as ICT) necessary for linking financial markets across borders (ACBF 2014). These interventions should help pool all sorts of resources across Africa, as well as enable flows of resources from surplus to deficit corners of the continent, keeping the overall cost of funds affordable.

### The private sector

The private sector's engagement in addressing DRM capacity imperatives will naturally be driven by its objectives to seek profitable production opportunities, mobilize private savings from firms, and stimulate private economic activity. Private sector players respond to government incentives. The DRM pillar most amenable to this is financial resource mobilization. For example, the new and nontraditional financial institutions that will create financial products for usually excluded segments of society will come from private players who respond to new niches in the market created by government incentives directed at financial inclusion and domestic savings (Ashiagbor 2015, Ojah 2014, and MasterCard 2014).

M-PESA has shown how to leverage ICT to make credit provisioning to sparsely populated rural areas profitable; private collaboration between banks, telecommunications, and computer firms appears an obvious win-win-win proposition (Allen, Carletti, et al. 2012, MasterCard 2014, and FINCA 2015). Similar kinds of productive capacity building by other private sector players are possible. For instance, a "low-hanging fruit" opportunity for private players is to design communications and secured-payment platforms, which national tax authorities would likely be ready to purchase.

The key reason for difficulties in policing domestic resource leakage is related to the paucity of information on where these leaks occur in the extractive industries, trade and customs departments, and financial markets. Private players can exploit the evolving big-data space to produce information packs in ways that governments, civil society, cooperating partners, and other stakeholders find useful—and would be willing to pay for.

### Cooperating partners

Fiscal resource management and mitigation of domestic resource leakage are two of the pillars amenable to cooperating partners' support in helping governments address the lack of capacity in DRM.[20]

An immediate area of intervention is in developing an understanding of the tax role in state building and statecraft, the design of national tax systems, and the tax links to the budget process. Here, cooperating partners such as the African Tax Administration Forum, Collaborative Africa Budget Reform Initiative, and the joint Tax Inspectors without Border initiative of the Organisation for Economic Co-operation and Development and United Nations Development Programme will provide immense support. The International Monetary Fund advises governments on their tax systems, recently partnering, for

example, with other organizations on a new initiative—the Tax Administration Diagnostic Assessment Tool country assessments.

In terms of stopping—or at least slowing—domestic resource leakage, the African Capacity Building Foundation, African Development Bank, New Partnership for African Development, UN Economic Commission for Africa, and World Bank have programs for detecting abusive transfer pricing. These and other IFF-related programs are designed for sharing with member states. African countries need to tap into such capacity building support and internalize the lessons offered.

In fact, the seemingly secular decline in official development assistance to African countries can be turned into a tool that discourages dependence and fosters "constructive assistance" for building endogenous capacity. Donors can share intelligence on funds movement, step up prosecution of illegal activities on domestic shores by the multinational firms domiciled in their countries, and provide training assistance in DRM capacity where they have superior know-how.

## Key messages and policy recommendations

DRM is broadly defined to include the generation of resources from all domestic sources, including mobilization of human capital and innovative capabilities, and the diffusion of these capabilities through socially productive investments. Its essence is to enable African countries to fund development projects efficiently and sustainably.

One of the big omissions in capacity imperatives has been to develop the institutional and human resources to drive broad-based and holistic DRM that would enable structural change and sustainable development. Scaling up these resources requires heavy investment in training and education, but African states must do this—drawing on lessons from countries such as Kenya, which developed a diversified financial services sector that became a source of domestic resources. Botswana was also able to finance its development projects through domestic resources, thanks to the institutional and human resources it developed around diamond revenues. Lessons can also be learned from such Asian countries as China, India, Korea, and Malaysia.

Development programs should coalesce in a continuum of broader development. For instance, the financial inclusion program is not conceived as part of the financial resource mobilization pillar in any of the country cases reviewed. Yet financial inclusion sits at the heart of the financial resource mobilization most beneficial for Africa.

# 6

# Summary and policy recommendations

The *Africa Capacity Report (ACR) 2015* could not be timelier. Mobilizing domestic financial resources—beyond aid and other external flows—will be key to meeting the ambitious goals of the post-2015 development agenda. Agenda 2063, too, recognizes the need to strengthen domestic resource mobilization (DRM), to build continental capital markets and financial institutions, and to reverse illicit financial flows (IFFs) for Africa to become self-reliant and to finance its own development. The key messages and recommendations—many of which are directly actionable but require sustained financial commitment and political will—are encapsulated as follows:

- More effort is required on capacity development outcomes—that is, the commitment of heavy financial resources—for Africa to continue making progress on global development goals.

- Despite considerable progress in raising more fiscal revenues, some countries are not making enough tax effort. Tax collection systems in Africa remain expensive and inefficient, with too many loopholes in legislation. Many tax administrations are corrupt and need to hire (and retain) better trained and better paid staff, who must be allowed to work without political interference.

- African governments need to invest in awareness and education campaigns so that citizens are better informed on the way resources are used in service delivery. Transparency of spending for social programs is needed.

- African countries lack the human, technical, legal, regulatory, and financial capacities to deal with IFFs. Substantial effort and political will are required at the domestic level. Better trained staff with specialized skills and tighter coordination among local institutions are required.

- More investments are required in financial inclusion and product innovation.

- Human resources must be mobilized for the creativity, innovation, and energy needed for broad-based DRM; this has implications for the continent's training and education systems. The pillars of DRM—financial inclusion, financial mobilization, and domestic resource retention—must be considered as integral parts of the same broader agenda to effectively mobilize domestic resources.

- African countries show a wide diversity of experience in developing DRM, but in IFFs, they have made very little progress—there were no successful cases of combating IFFs.

# Notes

1. The ACR and the Africa Capacity Indicators provide inputs for decisions on what to finance to develop capacity. Chapter 1 and the technical appendix give more information on the Africa Capacity Indicators.

2. Defined as all efforts to make organized and formal financial products or markets accessible to most people in society, especially segments usually excluded by narrow and conservative market arrangements.

3. United Nations Department of Economic and Social Affairs, Sustainable Development Goals index, https://sustainabledevelopment.un.org/topics.

4. When the tax-to-GDP ratios are excluded and only qualitative measures (questions 5–7) are considered, 20 countries (or 45 percent) are still above the median score.

5. In particular, Africa's Common Position on the Post-2015 Development Agenda discusses the need for structural economic transformation and inclusive growth as its first pillar.

6. The problem of using $1.25 a day to measure absolute poverty is not significant in North African countries and would thus not have a big impact on overall continental trends.

7. Also, the process that led to the adoption of the SDGs involved wider consultation with stakeholders, and the post-2015 agenda itself is more ambitious, as it includes issues such as peace and security, income inequality, the environment, and climate change.

8. The *AEO* fiscal database, on which figure 2.4 is based, considers resource rents as "other taxes." These resource rents consist of royalties and corporate income taxes on resource extraction activities; this is why they are included in the calculations. The database also contains nontax revenues, which are excluded from the analysis. If resource rents are excluded, the average tax-to-GDP ratios decreases from 21.0 percent to 15.6 percent and more than half the countries would still end up below the regional average. In other words, this does not change our finding, that most countries have tax-to-GDP ratios below the regional average.

9. Less than 2 percent of ODA to Sub-Saharan Africa related to the far wider field of public sector policy, administrative management, and public financial management over 2002–2013 (OECD-DAC International Development Statistics online databases).

10. A rate the UN considers necessary to achieve the MDGs; the rate will probably need to be higher for the SDGs.

11. Although large taxpayers are the main target of revenue administrations and pay a large proportion of taxes, small and medium taxpayers are generally outside the tax net.

12. For countries that are not rich in natural resources, the ACBF case studies all point to informality as a major problem for mobilizing revenue.

13. Kenya, Nigeria, and South Africa are the most advanced African countries for local-currency bond markets. Unlike other such markets in Africa, theirs cater to corporate as well as government bonds (Adelegan and Radzewicz-Bak 2009, Mu, Phelps, and Stotsky 2013, and Essers et al. 2015).

14. These countries have implemented policies or programs to mobilize additional resources, most likely in response to the Monterrey Consensus on Financing for Development and similar policy advocacy. Even countries like Morocco —where no specific national program or policy could be highlighted—present evidence of the recognition of DRM on a national scale.

15. The presumptive tax is not without its challenges. In the short to medium term, tax revenue yields from the informal sector may not be commensurate with the administrative costs involved.

16. National AIDS Council, Zimbabwe, http://www.nac.org.zw (accessed September 18, 2015).

17. Allen, Carletti, et al. (2012) empirically illustrate that the genius of M-PESA lies in mobile money's ability to build virtual high population density across sparsely populated rural dwellers by leveraging ICT. This high population density, in turn, reduces the cost of financial services provisioning, which incentivizes financial services firms to provide increased services in pursuit of increasingly lucrative business. See FINCA (2015). M-PESA has yet to be replicated elsewhere in Africa.

18. Broader DRM comprises all endogenously available resources that entail rallying pecuniary and nonpecuniary resources, such as human resources, process technology, learning and experimentation, and the like. It views resource mobilization as integral to the broad development agenda, not just as a development program. See Mthanti and Ojah (2015), Rodrik (2014), and Lee (2013).

19. This is particularly true given production structures with large informal and public sectors and a small organized private sector.

20. However, only a tiny share of official development assistance goes to enhancing DRM in recipient countries (chapter 2).

# References

ACBF (The African Capacity Building Foundation). 2011. *Africa Capacity Indicators Report 2011—Capacity Development in Fragile States*. Harare, Zimbabwe.

———. 2012. *Africa Capacity Indicators Report 2012—Capacity Development for Agricultural Transformation and Food Security*. Harare.

———. 2013a. *Africa Capacity Indicators Report 2013—Capacity Development for Natural Resource Management*. Harare.

———. 2013b. "Evaluation of ACBF Supported Policy Centers and Think Tanks. Report by Dalberg Global Development Advisors to ACBF. Harare.

———. 2014. *Africa Capacity Report 2014—Capacity Imperatives for Regional Integration in Africa*. Harare.

Adelegan, O., and B. Radzewicz-Bak. 2009. "What Determines Bond Market Development in Sub-Saharan Africa?" IMF Working Paper, No. 09/213, International Monetary Fund, Washington, DC.

AfDB (African Development Bank). 2007. "Investing in Africa's Future: The ADB in the 21st Century." Report of the High Level Panel, Tunis, Tunisia.

———. 2011. *Domestic Resource Mobilisation for Poverty Reduction in East Africa: Lessons for Tax Policy and Administration*. Tunis. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Domestic%20Resource%20Mobilisation%20Flagship%20Report.pdf.

———. 2013. "AfDB's African Financial Markets Initiative launches website on African local currency bond markets." Press release, June 5. http://www.afdb.org/en/news-and-events/article/afdbs-african-financial-markets-initiative-launches-website-on-african-local-currency-bond-markets-11726/.

AfDB, OECD (Organisation for Economic Co-operation and Development), and UNDP (United Nations Development Programme. 2010. *African Economic Outlook*: *Public Resource Mobilisation and Aid in Africa*. Issy les Moulineaux, France.

———. 2015. *African Economic Outlook*: *Regional Development and Spatial Inclusion*. Issy les Moulineaux.

AU (African Union). 2014. *Agenda 2063 Vision and Priorities: Unity, Prosperity and Peace*. Addis Ababa, Ethiopia. http://agenda2063.au.int/en/vision.

AU and ECA (Economic Commission for Africa). 2015. "Report of the High Level Panel on Illicit Financial Flows from Africa." Commissioned by the AU/ECA Conference of Ministers of Finance, Planning and Economic Development, Addis Ababa, Ethiopia.

AUC (African Union Commission). 2015. *Agenda 2063: The Africa We Want*. Popular version, Final edition. April. Addis Ababa, Ethiopia.

Aker, J. C. 2011. "Dial 'A' for Agriculture: A Review of Information and Communication Technologies for Agricultural Extension in Developing Countries." *Agricultural Economics* 42 (6): 631–47.

Allen, F., E. Carletti, R.Cull, L. Senbet, and P. Valenzuela. 2012. "Resolving the African Financial Development Gap: Cross-country Comparisons and a Within-Country Study of Kenya." NBER Working Paper, No. 18013. National Bureau of Economic Research, Cambridge, MA.

Allen, F., A. Demirgüç-Kunt, , L. F. Klapper, and M. S. Martinez Peria. 2012. "The Foundations of Financial Inclusion: Understanding Ownership and Use of Formal Accounts." World Bank

Policy Research Working Paper, (6290), World Bank, Washington, DC.

Ashiagbor, D. 2015. "Africa's Abundant Treasury." MFW4A Newsletter, Issue 113, February. Making Finance Work for Africa, Abidjan, Côte d'Ivoire.

Ashman, S., B. Fine, and S.Newman. 2011. "Amnesty International? The Nature, Scale and Impact of Capital Flight from South Africa." *Journal of Southern African Studies*, 37 (1): 7–25.

Asiedu, E. 2006. "Foreign Direct Investment in Africa: The Role of Natural Resources, Market Size, Government Policy, Institutions and Political Instability." *World Economy*, 29 (1): 63–77.

Ayee, J. R. A. 2011. "Social Inclusion and Service Delivery in a Fragile and Post-conflict Environment in Africa." ACBF Occasional Paper No. 15. African Capacity Building Foundation, Harare, Zimbabwe.

Bates, R., J. Coatsworth, and J. Williams. 2007. "Lost Decades: Post-Independence Performance in Latin America and Africa." *Journal of Economic History* 67 (4): 917–43.

Bhushan, A. 2013. "Domestic Resource Mobilization and the Post-2015 Agenda." *GREAT Insights* 2 (3): 22–23.

Bhushan, A. and Y. Samy. 2010. "Enhancing Domestic Resource Mobilization for Effective Development: The Role of Donors." North-South Institute, Ottawa, Canada.

———. 2012. "Aid and Taxation: Is Sub-Saharan African Different?" Unpublished paper presented at the Canadian Economics Association Meeting in 2012 in Calgary, Canada.

Bhushan, A., Y. Samy, and K. Medu. 2013. "Financing the Post-2015 Development Agenda: Domestic Resource Mobilization in Africa." North-South Institute Working Paper, September, Ottawa, Canada.

Bodomo, A. 2013. "African Diaspora Remittances Are Better than Foreign Aid Funds." *Modern Ghana*, March 4. http://www.modernghana.com/news/449528/1/african-diaspora-remittances-are-better-than-forei.html

Boyce, J. K., and L. Ndikumana. 2001. "Is Africa a Net Creditor? New Estimates of Capital Flight from Severely Indebted Sub-Saharan African Countries, 1970–96." *The Journal of Development Studies* 38 (2): 27–56.

———. 2011. *Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent*. London: Zed Books.

CGD (Center for Global Development). 2014. "Delivering on the Data Revolution in Sub-Saharan Africa: Final Report of the Data for African Development Working Group." Center for Global Development and the African Population and Health Research Center. CGD, Washington, DC.

Central Statistical Office. 2014. Gross Domestic Product 2010 Benchmark Estimates Summary Report. Lusaka, Zambia.

Chong, A., and F. Lopez de Silanes. 2015. "Money Laundering and Its Regulation." *Economics & Politics*, 27 (1): 78–123.

Conrad, R. F. 2012. "Zambia's Mineral Fiscal Regime." Working Paper No. 12/0653, International Growth Centre, London School of Economics and Political Science. http://www.theigc.org/wp-content/uploads/2014/08/Robert-Conrad-ZambiaMineralFiscalRegime.pdf.

Dupas, P., and J. Robinson. 2013. "Savings Constraints and Microenterprise Development: Evidence from a Field Experiment in Kenya." NBER Working Paper, No. 14693, National Bureau of Economic Research, Cambridge, MA.

Economist. 2015. "The 169 Commandments: The Proposed Sustainable Development Goals Would Be Worse Than Useless." March 28.

Essers, D., H. Blommestein, D. Cassimon, and P. Flores. 2015. "Local Currency Bond Market Development in Sub-Saharan Africa: A Stock-Taking Exercise and Analysis of Key Drivers." MPRA Paper, No. 65320, Munich Personal RePEc Archive, Germany.

FINCA. 2015. "Expanding Access to Finance through Mobile Payments: Lessons Learned for MFI-Mobile Network Operator Partnership."

Case Study. www.FINCA.org/inclusion. (Retrieved September 21, 2015.)

FSD Kenya. 2013. *The 2013 Annual Report*. Nairobi, Kenya: Financial Sector Deepening Programme.

Gelb, A., S. Tordo, H. Halland, N. Arfaa, and G. Smith. 2014. "Sovereign Wealth Funds and Long-Term Development Finance: Risks and Opportunities." Policy Research Working Paper 6776, Public Sector Governance Unit, World Bank, Washington, DC.

Herbst, J. 2000. *States and Power in Africa: Comparative Lessons in Authority and Control*. Princeton, NJ: Princeton University Press.

Kar, D., and D. Cartwright-Smith. 2010. "Illicit Financial Flows from Africa: Hidden Resource for Development." Global Financial Integrity, Washington, DC.

Kar, D., and B. Leblanc. 2013. "Illicit Financial Flows from Developing Countries: 2002–2011." Global Financial Integrity, Washington, DC.

Kar, D., and J. Spanjers. 2014. "Illicit Financial Flows from Developing Countries: 2003–2012." Global Financial Integrity, Washington, DC.

Kariuki, E. 2013. "Building Blocks of a Modern African Tax Administration." Africa Policy Research Institute Limited Publication No. 5, APRIL, Nairobi, Kenya.

Keen, M., and M. Mansour. 2009. "Revenue Mobilization in Sub-Saharan Africa: Challenges from Globalization." IMF Working Paper No. WP/09/157, International Monetary Fund, Washington, DC.

King, R., and Levine, R. 1993a. "Finance and Growth: Schumpeter Might Be Right." *Quarterly Journal of Economics*, 108 (3): 713–37.

———. 1993b. "Finance, Entrepreneurship and Growth." *Journal of Monetary Economics*, 32 (3): 513–42.

Lee, K. 2013. *Schumpeterian Analysis of Economic Catch-Up: Knowledge, Path-Creation and Middle Income Trap*. Cambridge, UK: Cambridge University Press.

Levine, R. 2005. "Finance and Growth: Theory and Evidence." In *Handbook of Economic Growth*, edited by P. Aghion and S. Durlauf, 865–934. Amsterdam: Elsevier.

Lopes, C., S. Chinien, K. Busia, R. Mwebaza, C. Akong, V. Bosco, G. Ibrahim, G. Gamora, S. Karungi, and O. Zaki. 2015. "Impact of Illicit Financial Flows on Domestic Resource Mobilization: Optimizing Africa's Mineral Revenues." Macroeconomic Policy Division and African Mineral Development Centre report for United Nations Economic Commission for Africa, Addis Ababa, Ethiopia.

MasterCard. 2014. "The Road to Inclusion: A Look at the Financially Excluded and Underserved." *MasterCard Insights*, 2nd Quarter.

Mavrotas, G., ed. 2008. *Domestic Resource Mobilization and Financial Development*. Basingstoke, UK: Palgrave Macmillan.

Mbiti, I., and D. N. Weil. 2011. "Mobile Banking: The Impact of M-Pesa in Kenya." NBER Working Paper, No. 17129, National Bureau of Economic Research, Cambridge, MA.

Medhora, R., and Y. Samy. 2013. "Introduction." In *Canada among Nations 2013, Canada-Africa Relations*, edited by R. Medhora and Y. Samy. Waterloo, Canada: The Centre for International Governance Innovation and Carleton University.

Mohapatra, S., and D. Ratha. 2011. "Migrant Remittances and Africa: An Overview." In *Remittance Markets in Africa*, edited by S. Mohapatra and D. Ratha. Washington, DC: World Bank.

Moyo, D. 2009. *Dead Aid: Why Aid Is Not Working and How There Is Another Way for Africa*. New York: Farrar, Straus and Giroux.

Mthanti, T., and K. Ojah. 2015. "Entrepreneurial Orientation (EO) at the Aggregate Level: Revisiting the Theory and Empirics of Economic Growth." Working Paper, Wits Business School, University of Witwatersrand, Johannesburg, South Africa.

Mu, Y., P. Phelps, and J. Stotsky. 2013. "Bond Markets in Africa." *Review of Development Finance*, 3 (3), 121–35.

National Health Accounts. 2010. Ministry of Health and Child Welfare. Government of Zimbabwe.

Ndikumana, L. 2013. "Capital Flight and Tax Havens: Impact on Investment and Growth in Africa." Working paper, Department of Economics and Political Economy Research Institute, University of Massachusetts at Amherst, December.

———. 2015. How Africa Can Overcome Being Marginalized in the Global Economy. *The Conversation* (July 2). http://theconversation.com/how-africa-can-overcome-being-marginalised-in-the-global-economy-43873.

Ndikumana, L., and J. K. Boyce. 2003. "Public Debts and Private Assets: Explaining Capital Flight from Sub-Saharan African Countries." *World Development* 31 (1): 107–30.

———. 2008. "New Estimates of Capital Flight from Sub-Saharan African Countries: Linkages with External Borrowing and Policy Options." Political Economy Research Institute, Working Paper Series, No. 166, University of Massachusetts, Amherst, April.

North-South Institute. 2010. "Domestic Resource Mobilization in Africa: An Overview." Ottawa, Canada, Winter.

OECD (Organisation for Economic Co-operation and Development). 2014a. *Fragile States 2014: Domestic Resource Mobilisation in Fragile States.* Paris: OECD-DAC International Network on Conflict and Fragility, Paris.

———. 2014b. *2014 Global Outlook on Aid: Results of the 2014 DAC Survey on Donors' Forward Spending Plans and Prospects for Improving Aid Predictability*. Paris: OECD.

———. 2014c. *Illicit Financial Flows from Developing Countries: Measuring OECD Responses*. Paris: OECD.

Ojah, K. 2014. "Financial Inclusion, Economic Growth and Sustainability: A Private Sector Perspective." Presentation to the 4th Africa CEO Round-Table and Conference on Corporate Sustainability and Responsibility (ARCSR), June 19–21, Calabar, Nigeria.

Ojah, K., and O. Kodongo. 2015. "Financial Markets Development in Africa: Reflections and the Way Forward." In *The Oxford Handbook of Africa and Economics*, Vol. II, edited by C. Monga and J. Y. Lin. Oxford, UK: Oxford University Press.

Ojah, K., and T. Mokoaleli-Mokoteli. 2010. "Possible Effective Financing Models for Entrepreneurship in South Africa: Guides from Microfinance and Venture Capital Finance." *African Finance Journal* 12 (1): 1–26.

Ojah, K. and K. Pillay. 2009. "Debt Markets and Corporate Debt Structure in Emerging Markets: the South African Example." *Economic Modelling*, (26) 6, 1215–27.

Rodrik, D. 2014. "An African Growth Miracle?" NBER Working Paper, No. 20188, National Bureau of Economic Research, Cambridge, MA.

Sachs, J. D., and G. Schmidt-Traub. 2015. "Financing Sustainable Development: Implementing the SDGs through Effective Investment Strategies and Partnerships." Working Paper for the Third Conference on Financing for Development, July 13–16, Addis Ababa, Ethiopia.

Tilly, C. 1975. *The Formation of National States in Western Europe*. Princeton, NJ: Princeton University Press.

UNCTAD (United Nations Conference on Trade and Development). 2007. *Reclaiming Policy Space: Domestic Resource Mobilization and Development States.* New York and Geneva: United Nations.

———. 2012a. *The Least Developed Countries Report 2012: Harnessing Remittances and Diaspora Knowledge to Build Productive Capacities*. New York and Geneva: United Nations.

———. 2012b. *Economic Development in Africa: Structural Transformation and Sustainable Development in Africa.* New York and Geneva: United Nations.

———. 2013. *World Investment Report 2013. Global Value Chains: Investment and Trade for Development*. United Nations: New York and Geneva.

UNECA (United Nations Economic Commission for Africa). 2007. "Perspectives of African Policymakers on the Status of the Implementation of the Monterrey Consensus." Addis Ababa, Ethiopia.

———. 2010. "Mobilizing domestic tax revenues for development in Africa." ECA Policy Brief No. 001, 2010.

UN (United Nations). 2003. "Financing for Development: Monterrey Consensus of the International Conference on Financing for Development." Final text of agreements and commitments adopted at the International Conference on Financing for Development, March 18–22, 2002, Monterrey, Mexico.

———. 2007. "Follow-Up to and Implementation of the Outcome of the International Conference on Financing for Development." Report of the Secretary General, A/62/217.

———. 2009. "Doha Declaration on Financing for Development: Outcome Document of the Follow-Up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus." The final text of agreements and commitments adopted at the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, Doha, Qatar, November 29–December 2, 2008.

———. 2013. "A New Global Partnership: Eradicate Poverty and Transform Economies Through Sustainable Development." Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, New York.

———. 2015a. "Outcome Document of the Third International Conference on Financing for Development: Addis Ababa Action Agenda." July 15.

———. 2015b. "Resolution adopted by the General Assembly on 27 July 2015." Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda). August.

World Bank. 2008. *The Growth Report: Strategies for Sustained Growth and Inclusive Development*. Washington, DC. [[AQ: Not found in text.]]

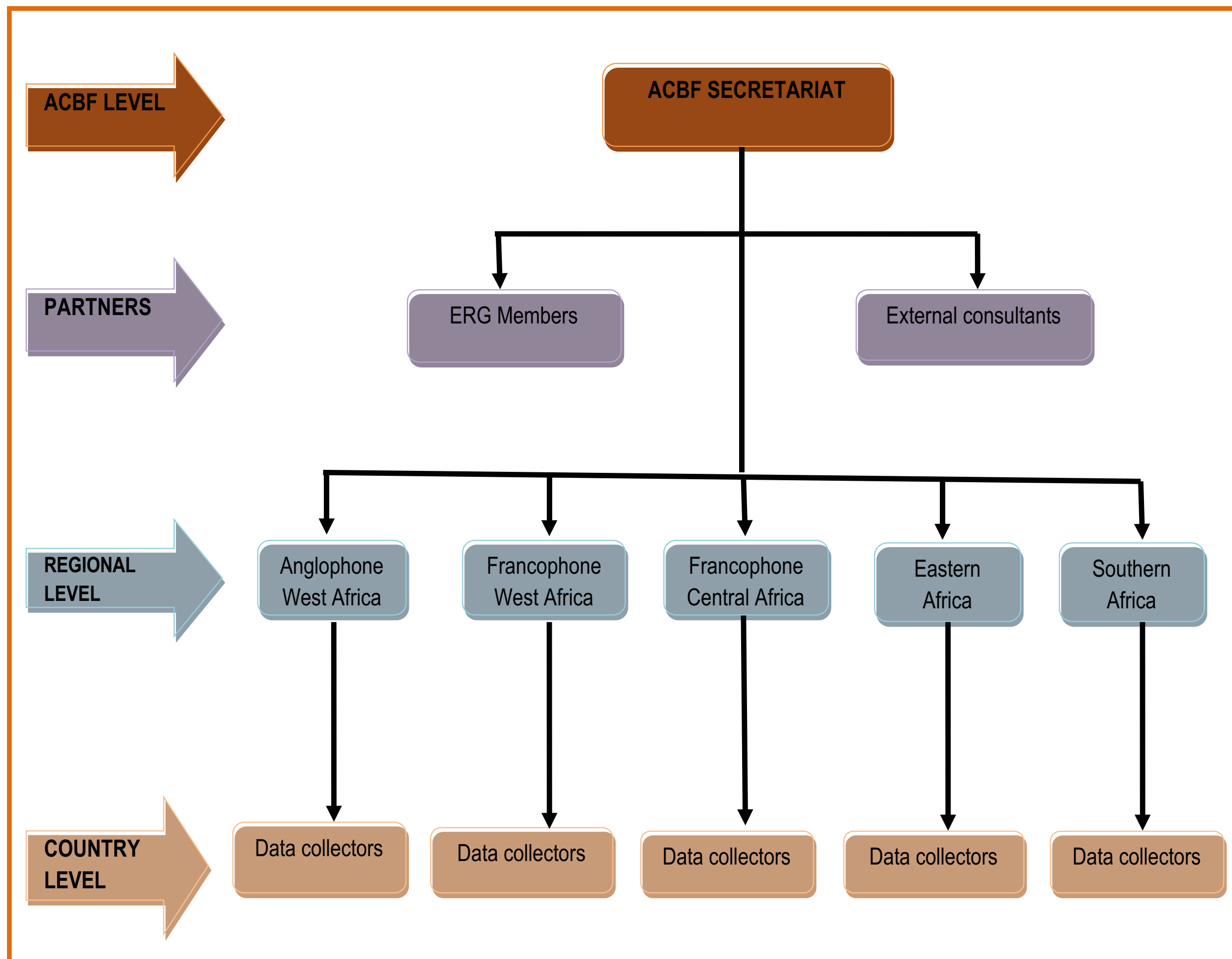
———. 2013. *Financing for Development: Post-2015*. Washington, DC.

# Technical Notes

**ACIR Team Organization**

The ACR Team comprises a dedicated ACBF group supported by various stakeholders and partners at different levels (figure TN1).

**Figure TN1. ACR Team organogram**




***ACBF ACR Team***

A dedicated group of individuals (ACR Team) in the ACBF Secretariat spearheads the process from conceptualization through to the publication of the ACR Flagship. Team members come from the various units and departments within the Secretariat.

***External Reference Group***

The ERG provides motivation and intellectual guidance, challenges the ACR team to develop its thinking behind the assessment, and ensures that the team achieves its objective of delivering a quality publication. To this end, the External Reference Group acts as the ACR team's strategic partner to ensure that

- The approach and methodologies employed in preparing the Flagship are theoretically sound, conceptually appropriate, rigorous, and balanced, drawing in divergent views as appropriate.
- The data capturing instruments are adequately reviewed and appropriate.
- Comments on the ACR survey template, selected indicators, case studies and stories are provided in a timely manner.
- The presentation of findings balances views from across the broad spectrum of opinion and reflects current and innovative practice.
- The review and report balance public, legal, and operational perspectives appropriately.

- There is feedback on implementation support and costing tools for specific topics examined, and on the appropriateness of, for example, the costing assumptions and the approach adopted within the tools—as well as peer review of the background papers.
- Where needed, the ACBF is supported in the identification of appropriate networks and experts with whom to engage to assist in the development of the tools.
- All conclusions drawn and policy recommendations provided are sound and evidence-based.

***Policy Institutes***

For the production of ACR 2015, the ACBF has commissioned the drafting of case studies on domestic resource mobilization (DRM) that will serve as background materials for the production of the Report. Fourteen ACBF-supported think tanks conducted the case studies in their respective countries of location. The case studies are primarily aimed at documenting the experience of the country with respect to DRM and drawing lessons for the rest of the countries. The specific objectives include the following:

- Conduct a mapping of the domestic resource mobilization strategies, approaches and special initiatives undertaken by the country.
- Discuss the efficiency of the country's resource mobilization system based on best practices paying a special attention to the capacity imperatives.
- Discuss how the strategies have affected the country's performances and domestic revenues;
- Identify and note specific capacity arrangements (including institutional, systems and processes, human) and/or challenges with respect to DRM and illicit financial flows.
- Showcase the challenges, opportunities and possibilities with respect to DRM and illicit financial flows.
- Interrogate the capacity development issues, challenges, opportunities and possibilities for DRM in the country.
- Identify the lessons learned, including the best practices.
- Suggest the way forward (clear and evidence-based recommendations) in terms of key capacity needs and the roles of state and non-state actors involved in DRM efforts.

***Focal regional points***

On the basis of their geographic and linguistic affinity, the targeted countries were grouped into five broad regions—Anglophone West Africa; Francophone West Africa; Central Africa; East Africa and the Horn; Southern Africa and the Indian Ocean. A Policy Unit was tasked with coordinating and supervising the country data collection in each of the five regions.

***Data experts***

At the country level, a national familiar with the country context was identified and selected through an open and competitive process, and invited to a training session on the ACI survey instrument. That person then conducted the administration of the questionnaire.

***Data Collection***

***Coverage***

In line with the target of covering all African countries, the number of countries covered during this fifth edition increased to 45 (table TN1).

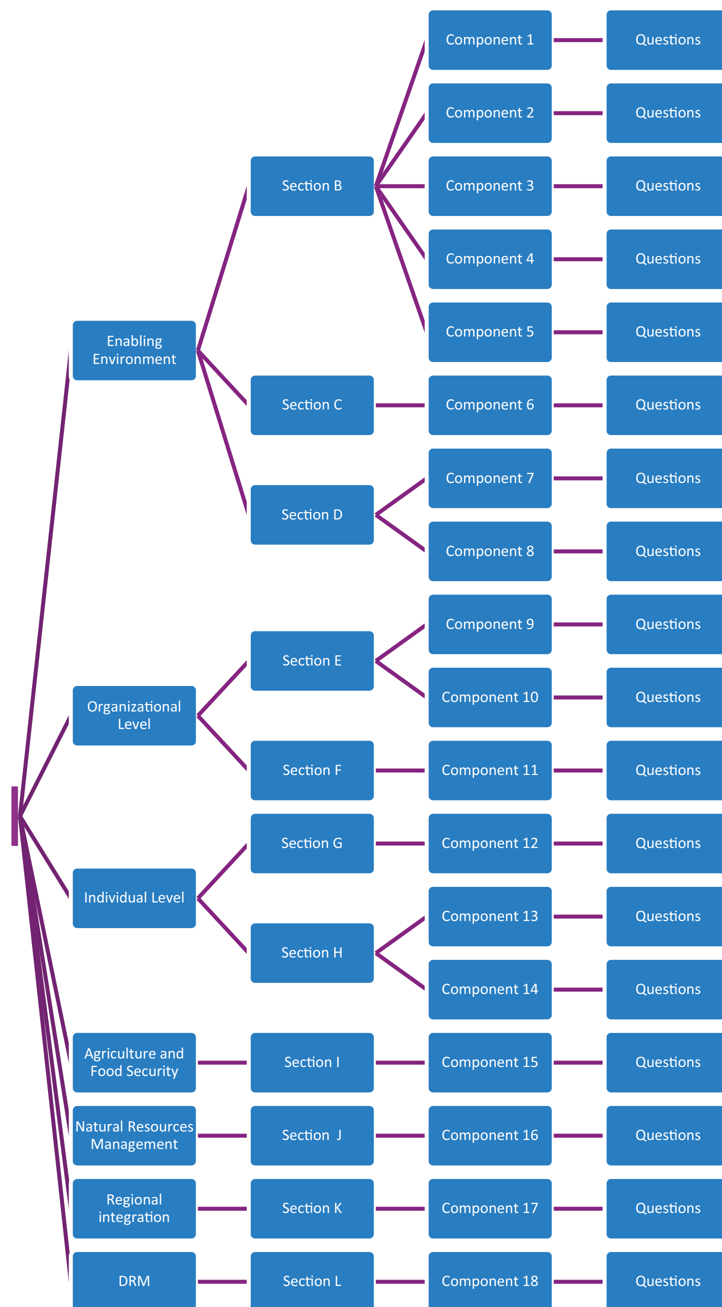
***Table TN1: List of countries covered by the study***

| Group 1 West and North English-speaking countries | Group 2 West and North French-speaking countries | Group 3 Central Africa and other French-speaking countries | Group 4 Eastern Africa | Group 5 Southern Africa |
|---|---|---|---|---|
| Cabo Verde | Algeria | Burundi | Ethiopia | Botswana |
| Egypt | Benin | Cameroon | Kenya | Lesotho |
| Gambia (The) | Burkina Faso | CAR | Malawi | Mauritius |
| Ghana | Côte d'Ivoire | Chad | Rwanda | Mozambique |
| Liberia | Guinea | Comoros | South Sudan | Namibia |
| Nigeria | Guinea Bissau | Congo (Dem. Rep. of) | Tanzania | Swaziland |
| Sierra Leone | Mali | Congo (Rep. of) | Uganda | Zambia |
| | Mauritania | Djibouti | | Zimbabwe |
| | Morocco | Gabon | | |
| | Niger | Madagascar | | |
| | Senegal | Tunisia | | |
| | Togo | | | |

***Data collection instrument***

The data collection instrument was initially designed along the three dimensions of capacity: enabling the environment, the organizational level, and the individual level. These dimensions constitute the three primary components of the data collection instrument. However, specific sections are dedicated to explicit issues, with regard to the annual theme: the Section I on Agricultural Transformation and Food Security, the Section J on Natural Resources Management, the section K on regional integration; the section L on domestic resource mobilization the thematic focus of this year's Report. The structure of the questionnaire is presented in figure TN2 below. One single questionnaire was administered in each of the countries covered by the study.

**Figure TN2: Structure of the data collection instrument**



***Training workshop***

As alluded to above, a training workshop was organized on 17–21 October 2014 for all the selected in-country data experts who were to administer the main questionnaire. During the workshop, the data collection instrument was reviewed, revised, and adopted. Also during the workshop, the potential sources of information per country were discussed and agreed upon. However, it was acknowledged and agreed that the list could be adjusted during the field data collection to suit country-specific needs (for example, the Ministry of Finance in country A could be the Ministry of Economic and Finance in country B).

***Period of field data collection***

The field data collection was conducted from 21 October through 30 November 2014 Reporting was done on a weekly basis. At the end of the field data collection, the data experts submitted their completed questionnaires along with their final field report, including the sources of the information they collected..

**Computing the Indices**

***Scoring the answers to questions***

Each question is assigned an associated variable indicator whose nature depends on the type of question asked. The scoring of the variable indicators is in relation with their respective natures. The scores are standardized on a scale ranging from 0-100.

*Qualitative variables*

A value is attributed to each expected answer. Questions with a YES or NO answer are scored 0 or 100. Questions with three possible answers are scored 0, 50, or 100. Questions with four answers are scored 0, 33.3, 66.7, or 100. Questions with 5 answers are scored 0, 25, 50, 75, and 100.

Some examples:

| Question No. | Question | Expected answers | Score |
|---|---|---|---|
| B1 | Does the country have a National Development Strategy (Poverty Reduction Strategy Paper, National Development Plan, Vision Strategy, and so on)? | YES | 100 |
| | | NO | 0 |
| B4 | Is capacity development (CD) integrated in the country's Poverty Reduction Strategy/ National Development Plan? | CD is not mainstreamed in the current PRSP/ National Development Plan | 0 |
| | | CD is mainstreamed, but with no clear objectives and targets | 50 |
| | | Clear objectives and targets set in the PRSP/ National Development Plan | 100 |
| B13b | How effective is the dialog mechanism with development partners? | Very High | 100 |
| | | High | 75 |
| | | Average | 50 |
| | | Low | 25 |
| | | Very Low | 0 |

*Numerical variables*

***a - The answer is a proportion***

The score is the answer (assuming that moving from 0 to 100% is improving, otherwise, one may just read backwards)

***b - Numerical variable in the form of ordinal scales***

The values on the predetermined scale is brought to a scale ranging from 0 to 100.

Example:

| C4: On the scale 1 (Very weak) to 6 (Very strong), assess how support to capacity is being coordinated in the country<br>Very weak = 1 2 3 4 5 6 = Very strong | | | | | | |
|---|---|---|---|---|---|---|
| Answer | 1 | 2 | 3 | 4 | 5 | 6 |
| Score | 0 | 20 | 40 | 60 | 80 | 100 |

***Computation of the Indices***

*The ACI Composite Index*

For the first edition of the ACR, an exploratory approach was used to define the components of the ACI composite index. To this end, the hierarchical cluster analysis was carried out, using the Ward's method applying squared Euclidian distance as the distance or similarity measure. From the findings of the analysis, four groups of factors appeared to be the most relevant.

Cluster 1: Policy environment
Cluster 2: Processes for implementation
Cluster 3: Development results
Cluster 4: Capacity development outcomes.

Four cluster indices are then calculated, each one the arithmetic mean of its cluster variable indicators.
Cluster index j (j = 1, 2, 3, 4) is the arithmetic mean of variable indicators within cluster j.

$$CLj = \frac{1}{n_j}\sum_{i=1}^{i=n_j} V_j$$

$V_j$ = *Score assigned to variable i within Cluster j*

$n_j$ = *Number of variable indicators within Cluster j*

The ACI Composite Index is the harmonic mean of the four cluster indices. The rationale for choosing the harmonic mean formula is that capacity development is an indivisible whole of its dimensions. As such, none of the capacity development factors as given by the four clusters should be neglected. Weakness in one of the four components should be easily captured by the harmonic mean formula, which is sensitive to small values.

$$ACI = \frac{1}{\frac{1}{4}\sum_{j=1}^{j=4}\frac{1}{CLj}}$$

*Sub-indices*

In addition to the cluster indices, a number of sub-indicators are also calculated. They are built around the component and the sections of the questionnaire (see the structure of the questionnaire in figure TN2)

Ten component indices are calculated as follows:
Component Index j (j = 1, 2… 10) is the arithmetic mean of the variable indicators within that component.

$$CI_j = \frac{1}{n_j}\sum_{i=1}^{i=n_j} VI_{ji}$$

$VI_{ij}$ = *Score assigned to question i within Component j*

$n_j$ = *Number of Variable Indicators associated with Component j*

The component indices include:

| No. | Name of the Component |
|---|---|
| 1 | Strategic choices for capacity development |
| 2 | Policy environment/Efficiency of instrument |
| 3 | Dialogue mechanisms for capacity development |
| 4 | Strategic policy choices for improving the capacity of statistical system |
| 5 | Financial commitment for capacity development |
| 6 | Development cooperation effectiveness |
| 7 | Gender equality |
| 8 | Social inclusion |
| 9 | Partnering for capacity development |
| 10 | Capacity profiling and capacity needs assessment |

Five thematic indices are calculated with the same formula as for the component indices.
Section index k (k = 1, 2, …, 5) is the arithmetic mean of Component Indexes within that Section.

$$S_k = \frac{1}{m_k} \sum_{i=1}^{i=m_k} C_k$$

$$m_k = \text{Number of Component indices associated with Section } k.$$

$$m_1 = 5,\ m_3 = 2.$$

The section indices include:

1. Policy choices for capacity development
2. Development cooperation effectiveness
3. Gender equality mainstreaming and social inclusion
4. Partnering for capacity development
5. Capacity profiling and capacity needs assessment

**Ranking the countries**

According to the index values, the countries are ranked in five categories:

| | Index value | Category | Color |
|---|---|---|---|
| 1 | 0 to less than 20 | Very Low | |
| 2 | 20 to less than 40 | Low | |
| 3 | 40 to less than 60 | Medium | |
| 4 | 60 to less than 80 | High | |
| 5 | 80 and above | Very High | |

# Africa Capacity Indicators

**Table A1: ACI composite index by countries (in alphabetical order)**

| No. | Country | ACI 2015 composite value | Level of capacity development | Rank |
|---|---|---|---|---|
| 1 | ALGERIA | 50.6 | Medium | 25 |
| 2 | BENIN | 52.9 | Medium | 22 |
| 3 | BOTSWANA | 44.8 | Medium | 38 |
| 4 | BURKINA FASO | 57.3 | Medium | 12 |
| 5 | BURUNDI | 54.5 | Medium | 17 |
| 6 | CABO VERDE | 70.8 | High | 1 |
| 7 | CAMEROON | 47.0 | Medium | 35 |
| 8 | CAR | 20.7 | Low | 45 |
| 9 | CHAD | 48.3 | Medium | 34 |
| 10 | COMOROS | 41.9 | Medium | 40 |
| 11 | CONGO (DRC) | 50.1 | Medium | 27 |
| 12 | CONGO, REP | 40.4 | Medium | 41 |
| 13 | CÔTE D'IVOIRE | 49.8 | Medium | 30 |
| 14 | DJIBOUTI | 49.6 | Medium | 31 |
| 15 | EGYPT | 54.3 | Medium | 19 |
| 16 | ETHIOPIA | 55.0 | Medium | 15 |
| 17 | GABON | 43.4 | Medium | 39 |
| 18 | GAMBIA | 64.6 | High | 5 |
| 19 | GHANA | 49.9 | Medium | 29 |
| 20 | GUINEA | 48.8 | Medium | 33 |
| 21 | GUINEA BISSAU | 34.7 | Low | 44 |
| 22 | KENYA | 54.4 | Medium | 18 |
| 23 | LESOTHO | 57.3 | Medium | 11 |
| 24 | LIBERIA | 58.4 | Medium | 10 |
| 25 | MADAGASCAR | 50.0 | Medium | 28 |
| 26 | MALAWI | 58.5 | Medium | 9 |
| 27 | MALI | 60.1 | High | 8 |
| 28 | MAURITANIA | 36.1 | Low | 43 |
| 29 | MAURITIUS | 66.4 | High | 4 |
| 30 | MOROCCO | 64.4 | High | 6 |
| 31 | MOZAMBIQUE | 57.0 | Medium | 13 |
| 32 | NAMIBIA | 56.1 | Medium | 14 |
| 33 | NIGER | 52.6 | Medium | 23 |
| 34 | NIGERIA | 46.4 | Medium | 37 |
| 35 | RWANDA | 67.9 | High | 2 |
| 36 | SENEGAL | 50.1 | Medium | 26 |
| 37 | SIERRA LEONE | 54.8 | Medium | 16 |
| 38 | SOUTH SUDAN | 49.2 | Medium | 32 |
| 39 | SWAZILAND | 38.6 | Low | 42 |
| 40 | TANZANIA | 67.4 | High | 3 |
| 41 | TOGO | 52.0 | Medium | 24 |
| 42 | TUNISIA | 60.7 | High | 7 |
| 43 | UGANDA | 53.3 | Medium | 21 |
| 44 | ZAMBIA | 53.8 | Medium | 20 |
| 45 | ZIMBABWE | 46.7 | Medium | 36 |

**Figure A1. Geographical distribution of overall capacity level (ACI)**

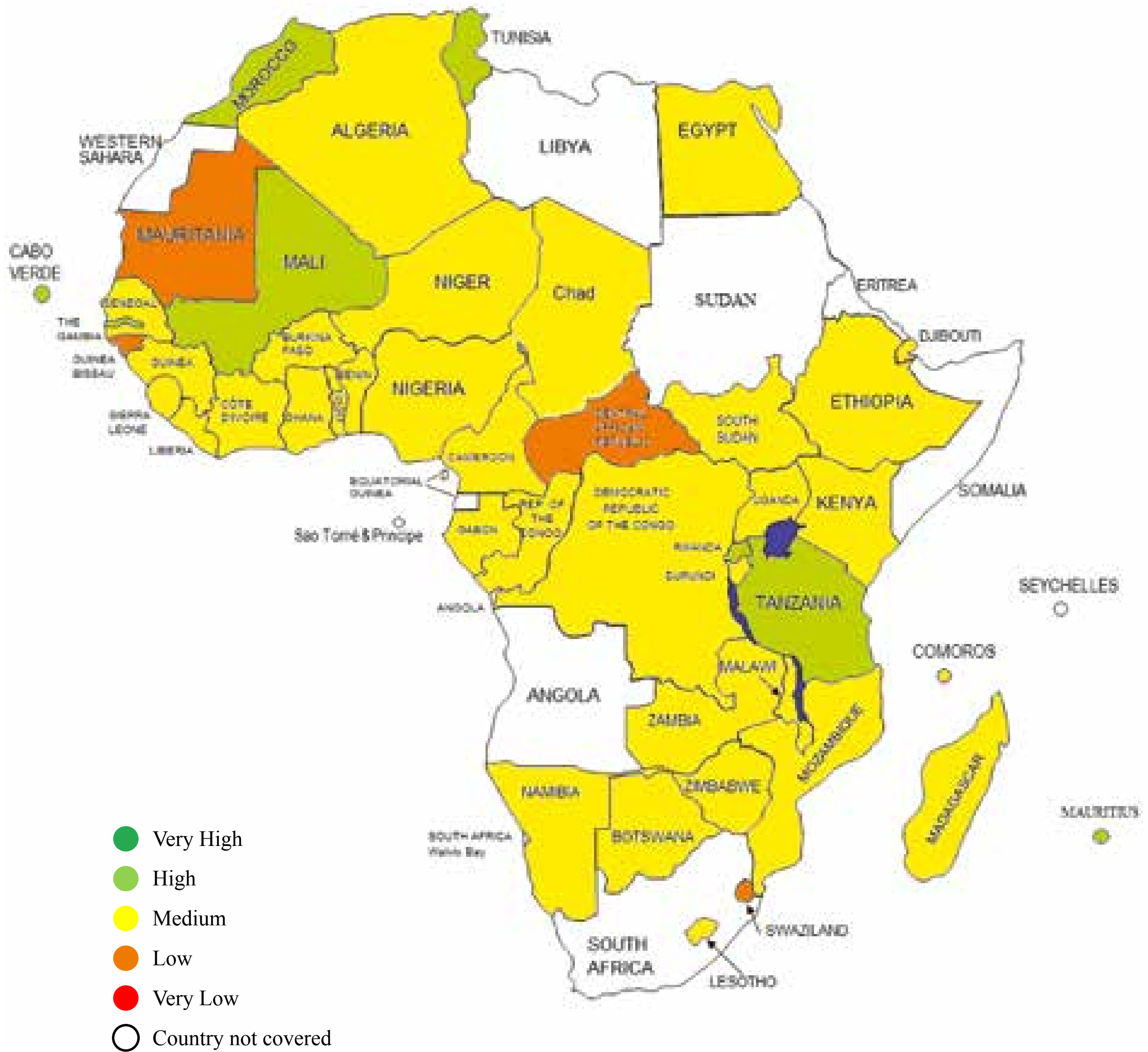


**Figure A2. Average tax effort 1966 - 2013**

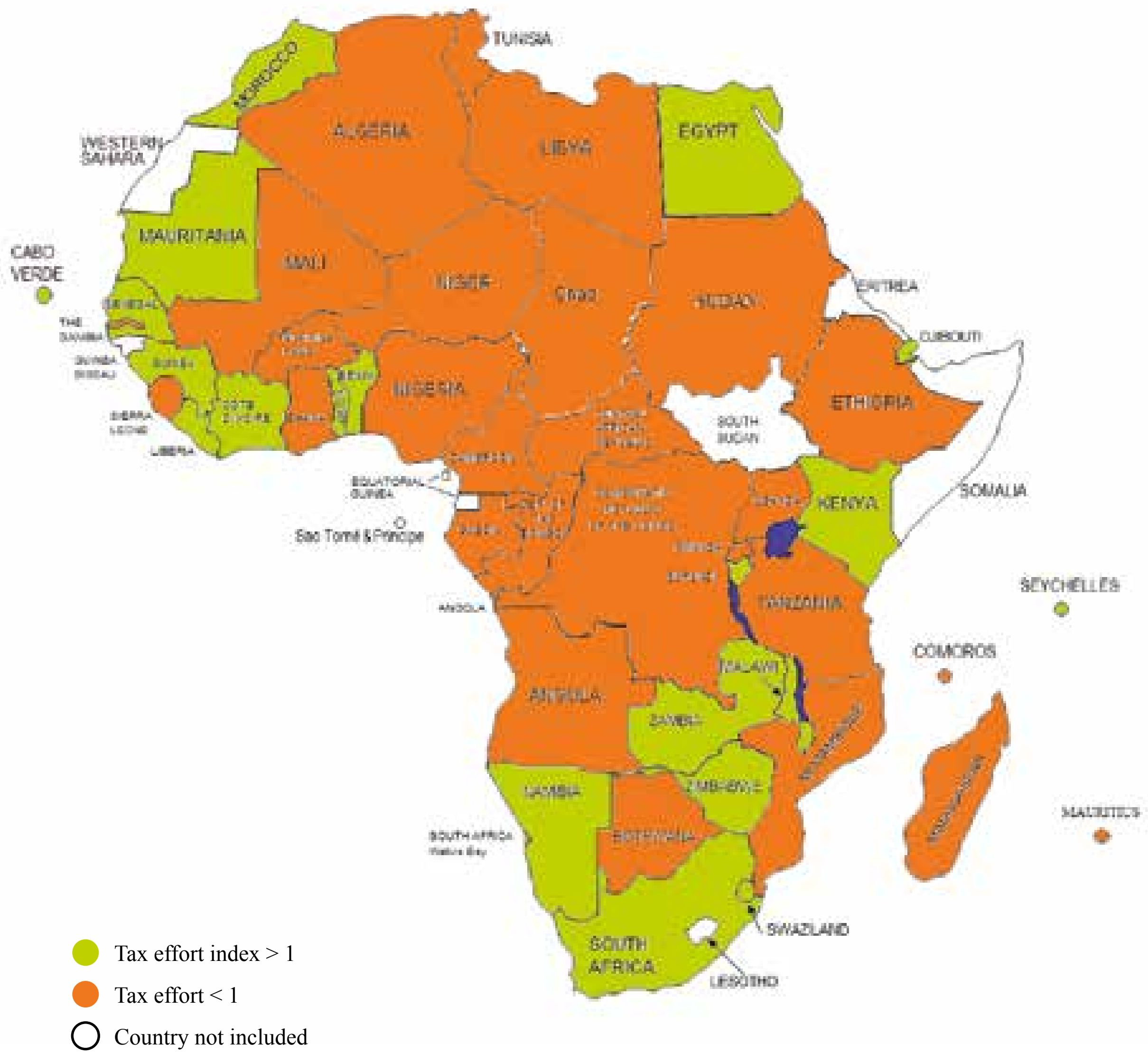


**Table A2. Cluster indices**

| No. | Country | ACI 2015 | Cluster 1 Policy environment | Cluster 2 Processes for implementation | Cluster 3 Development results at country level | Cluster 4 Capacity development outcomes |
|---|---|---|---|---|---|---|
| 1 | ALGERIA | 50.6 | 58.3 | 52.8 | 60.0 | 38.0 |
| 2 | BENIN | 52.9 | 100.0 | 81.5 | 49.0 | 30.3 |
| 3 | BOTSWANA | 44.8 | 66.7 | 64.8 | 32.0 | 36.3 |
| 4 | BURKINA FASO | 57.3 | 95.8 | 87.0 | 71.0 | 29.6 |
| 5 | BURUNDI | 54.5 | 100.0 | 74.1 | 59.0 | 30.4 |
| 6 | CABO VERDE | 70.8 | 95.8 | 82.4 | 68.0 | 52.0 |
| 7 | CAMEROON | 47.0 | 83.3 | 81.5 | 64.0 | 22.1 |
| 8 | CAR | 20.7 | 91.7 | 59.3 | 10.0 | 15.3 |
| 9 | CHAD | 48.3 | 91.7 | 63.0 | 44.0 | 30.0 |
| 10 | COMOROS | 41.9 | 79.2 | 75.9 | 28.0 | 29.5 |
| 11 | CONGO (DRC) | 50.1 | 79.2 | 71.3 | 71.0 | 25.6 |
| 12 | CONGO, REP | 40.4 | 83.3 | 63.0 | 32.0 | 25.0 |
| 13 | COTE D’IVOIRE | 49.8 | 91.7 | 55.6 | 62.0 | 28.4 |
| 14 | DJIBOUTI | 49.6 | 91.7 | 74.1 | 69.0 | 23.9 |
| 15 | EGYPT | 54.3 | 91.7 | 67.6 | 66.0 | 30.5 |
| 16 | ETHIOPIA | 55.0 | 91.7 | 82.4 | 56.0 | 31.4 |
| 17 | GABON | 43.4 | 62.5 | 63.0 | 41.0 | 27.9 |
| 18 | GAMBIA | 64.6 | 100.0 | 82.4 | 68.0 | 39.8 |
| 19 | GHANA | 49.9 | 91.7 | 87.0 | 64.0 | 23.7 |
| 20 | GUINEA | 48.8 | 83.3 | 79.6 | 62.0 | 24.2 |
| 21 | GUINEA BISSAU | 34.7 | 83.3 | 44.4 | 52.0 | 16.3 |
| 22 | KENYA | 54.4 | 83.3 | 66.7 | 47.0 | 39.5 |
| 23 | LESOTHO | 57.3 | 87.5 | 93.5 | 73.0 | 29.5 |
| 24 | LIBERIA | 58.4 | 79.2 | 88.9 | 58.0 | 36.5 |
| 25 | MADAGASCAR | 50.0 | 83.3 | 59.3 | 43.0 | 35.8 |
| 26 | MALAWI | 58.5 | 100.0 | 93.5 | 54.0 | 34.3 |
| 27 | MALI | 60.1 | 83.3 | 70.4 | 66.0 | 39.8 |
| 28 | MAURITANIA | 36.1 | 95.8 | 61.1 | 24.0 | 23.6 |
| 29 | MAURITIUS | 66.4 | 87.5 | 100.0 | 75.0 | 39.2 |
| 30 | MOROCCO | 64.4 | 91.7 | 80.6 | 91.0 | 36.0 |
| 31 | MOZAMBIQUE | 57.0 | 100.0 | 78.7 | 78.0 | 28.9 |
| 32 | NAMIBIA | 56.1 | 100.0 | 88.0 | 59.0 | 30.3 |
| 33 | NIGER | 52.6 | 87.5 | 83.3 | 79.0 | 25.0 |
| 34 | NIGERIA | 46.4 | 87.5 | 70.4 | 48.0 | 25.1 |
| 35 | RWANDA | 67.9 | 100.0 | 90.7 | 73.0 | 41.3 |
| 36 | SENEGAL | 50.1 | 79.2 | 79.6 | 66.0 | 25.3 |
| 37 | SIERRA LEONE | 54.8 | 100.0 | 84.3 | 56.0 | 30.0 |
| 38 | SOUTH SUDAN | 49.2 | 79.2 | 71.3 | 82.0 | 23.6 |
| 39 | SWAZILAND | 38.6 | 95.8 | 51.9 | 34.0 | 22.5 |
| 40 | TANZANIA | 67.4 | 79.2 | 82.4 | 84.0 | 44.1 |
| 41 | TOGO | 52.0 | 100.0 | 65.7 | 69.0 | 26.9 |
| 42 | TUNISIA | 60.7 | 87.5 | 72.2 | 58.0 | 42.9 |
| 43 | UGANDA | 53.3 | 87.5 | 72.2 | 44.0 | 37.0 |
| 44 | ZAMBIA | 53.8 | 95.8 | 60.2 | 62.0 | 32.1 |
| 45 | ZIMBABWE | 46.7 | 100.0 | 66.7 | 46.0 | 25.7 |

**Table A3. Thematic indices**

| No. | Country | Policy choices for capacity development | Development cooperation effectiveness related to capacity development activities | Gender equality mainstreaming & social inclusion | Partnering for capacity development | Capacity profiling & capacity needs assessment |
|---|---|---|---|---|---|---|
| 1 | ALGERIA | 56.1 | 21.4 | 60.0 | 50.0 | 0.0 |
| 2 | BENIN | 59.4 | 84.3 | 75.8 | 75.0 | 100 |
| 3 | BOTSWANA | 44.9 | 52.9 | 60.8 | 100 | 100 |
| 4 | BURKINA FASO | 66.7 | 80.0 | 83.3 | 75.0 | 100 |
| 5 | BURUNDI | 61.6 | 77.1 | 79.2 | 50.0 | 100 |
| 6 | CABO VERDE | 67.2 | 82.9 | 83.3 | 75.0 | 100 |
| 7 | CAMEROON | 62.3 | 55.7 | 92.5 | 75.0 | 100 |
| 8 | CAR | 35.4 | 64.3 | 68.3 | 75.0 | 100 |
| 9 | CHAD | 61.9 | 70.0 | 60.8 | 25.0 | 0.0 |
| 10 | COMOROS | 65.6 | 54.3 | 62.5 | 75.0 | 50.0 |
| 11 | CONGO (DRC) | 68.1 | 37.1 | 62.5 | 75.0 | 100 |
| 12 | CONGO, REP | 56.1 | 17.1 | 75.8 | 25.0 | 50.0 |
| 13 | CÔTE D'IVOIRE | 52.9 | 38.6 | 75.8 | 75.0 | 50.0 |
| 14 | DJIBOUTI | 50.1 | 84.3 | 87.5 | 75.0 | 100.0 |
| 15 | EGYPT | 50.1 | 87.1 | 81.7 | 50.0 | 50.0 |
| 16 | ETHIOPIA | 60.3 | 65.7 | 78.3 | 75.0 | 100 |
| 17 | GABON | 45.0 | 37.1 | 68.3 | 75.0 | 50.0 |
| 18 | GAMBIA | 64.2 | 82.9 | 84.2 | 100 | 100 |
| 19 | GHANA | 70.4 | 70.0 | 67.5 | 100 | 100 |
| 20 | GUINEA | 65.2 | 31.4 | 83.3 | 75.0 | 100 |
| 21 | GUINEA BISSAU | 31.4 | 52.9 | 87.5 | 50.0 | 100 |
| 22 | KENYA | 60.1 | 31.4 | 75.8 | 50.0 | 50.0 |
| 23 | LESOTHO | 71.5 | 75.7 | 86.7 | 100 | 100 |
| 24 | LIBERIA | 71.8 | 82.9 | 54.2 | 100 | 100 |
| 25 | MADAGASCAR | 27.2 | 75.7 | 79.2 | 75.0 | 50.0 |
| 26 | MALAWI | 72.5 | 77.1 | 81.7 | 100 | 100 |
| 27 | MALI | 63.1 | 72.9 | 65.8 | 50.0 | 100 |
| 28 | MAURITANIA | 42.4 | 55.7 | 75.8 | 50.0 | 100 |
| 29 | MAURITIUS | 78.1 | 78.6 | 80.8 | 100 | 100 |
| 30 | MOROCCO | 57.7 | 87.1 | 97.5 | 50.0 | 100 |
| 31 | MOZAMBIQUE | 64.1 | 97.1 | 91.7 | 50.0 | 100 |
| 32 | NAMIBIA | 66.7 | 84.3 | 91.7 | 50.0 | 100 |
| 33 | NIGER | 66.0 | 70.0 | 84.2 | 100 | 100 |
| 34 | NIGERIA | 56.7 | 68.6 | 68.3 | 50.0 | 50.0 |
| 35 | RWANDA | 72.4 | 90.0 | 84.2 | 100 | 100 |
| 36 | SENEGAL | 54.4 | 72.9 | 70.8 | 100 | 100 |
| 37 | SIERRA LEONE | 64.1 | 80.0 | 78.3 | 75.0 | 100 |
| 38 | SOUTH SUDAN | 53.2 | 81.4 | 80.0 | 25.0 | 100 |
| 39 | SWAZILAND | 41.3 | 77.1 | 65.8 | 50.0 | 0.0 |
| 40 | TANZANIA | 67.5 | 70.0 | 87.5 | 50.0 | 100 |
| 41 | TOGO | 61.5 | 84.3 | 80.0 | 75.0 | 0.0 |
| 42 | TUNISIA | 52.8 | 82.9 | 74.2 | 100 | 100 |
| 43 | UGANDA | 54.0 | 55.7 | 80.8 | 75.0 | 50.0 |
| 44 | ZAMBIA | 44.0 | 60.0 | 84.2 | 25.0 | 100 |
| 45 | ZIMBABWE | 54.5 | 72.9 | 86.7 | 0.0 | 0.0 |

**Table A4: Average tax effort, 1996–2013**

| No. | Country | Average tax effort |
|---|---|---|
| 1 | ALGERIA | 0.75 |
| 2 | ANGOLA | 0.44 |
| 3 | BENIN | 1.14 |
| 4 | BOTSWANA | 0.95 |
| 5 | BURKINA FASO | 0.96 |
| 6 | BURUNDI | 1.14 |
| 7 | CAMEROON | 0.85 |
| 8 | CAPE VERDE | 1.21 |
| 9 | CENTRAL AFRICAN REPUBLIC | 0.69 |
| 10 | CHAD | 0.39 |
| 11 | COMOROS | 0.91 |
| 12 | CONGO | 0.55 |
| 13 | CÔTE D'IVOIRE | 1.00 |
| 14 | DEM. REP. OF CONGO | 0.52 |
| 15 | DJIBOUTI | 1.52 |
| 16 | EGYPT | 1.08 |
| 17 | ETHIOPIA | 0.82 |
| 18 | GABON | 0.77 |
| 19 | GAMBIA | 0.95 |
| 20 | GHANA | 0.99 |
| 21 | GUINEA | 1.13 |
| 22 | KENYA | 1.21 |
| 23 | LIBERIA | 1.02 |
| 24 | LIBYA | 0.21 |
| 25 | MADAGASCAR | 0.73 |
| 26 | MALAWI | 1.21 |
| 27 | MALI | 0.92 |
| 28 | MAURITANIA | 1.10 |
| 29 | MAURITIUS | 0.96 |
| 30 | MOROCCO | 1.45 |
| 31 | MOZAMBIQUE | 0.99 |
| 32 | NAMIBIA | 1.68 |
| 33 | NIGER | 0.82 |
| 34 | NIGERIA | 0.47 |
| 35 | RWANDA | 0.94 |
| 36 | SENEGAL | 1.19 |
| 37 | SEYCHELLES | 1.33 |
| 38 | SIERRA LEONE | 0.70 |
| 39 | SOUTH AFRICA | 1.51 |
| 40 | SUDAN | 0.61 |
| 41 | SWAZILAND | 1.81 |
| 42 | TANZANIA | 0.86 |
| 43 | TOGO | 1.08 |
| 44 | TUNISIA | 0.89 |
| 45 | UGANDA | 0.91 |
| 46 | ZAMBIA | 1.33 |
| 47 | ZIMBABWE | 1.59 |

# Country Profiles

# Algeria

## ACI Composite Index

ACI Composite Index value....50.6

Level of capacity development.... Medium

Rank....25

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....56.1

Development cooperation effectiveness....21.4

Gender equality mainstreaming and social inclusion....60.0

Partnering for capacity development....50

Capacity profiling and capacity needs assessment....0.0

Domestic resource mobilization (Tax effort index 1996-2013)....0.75

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).... NA
- State of fragility (World Bank Harmonized list FY15)[1]....Non-fragile state
- Self-country assessment.... NA

[1]Non-fragile or CPIA ratings not disclosed

# Benin

## ACI Composite Index

ACI Composite Index value....52.9

Level of capacity development.... Medium

Rank....22

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....59.4

Development cooperation effectiveness....84.3

Gender equality mainstreaming and social inclusion....75.8

Partnering for capacity development....75.0

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....1.14

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....NA
- State of fragility (World Bank Harmonized list FY15)[2]....Non-fragile state
- Self-country assessment....4.0

[2]Non-fragile or CPIA ratings not disclosed

# Botswana

## ACI Composite Index

ACI Composite Index value....44.8

Level of capacity development.... Medium

Rank....38

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....44.9

Development cooperation effectiveness....52.9

Gender equality mainstreaming and social inclusion....60.8

Partnering for capacity development....100

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....0.95

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).... NA
- State of fragility (World Bank Harmonized list FY15)[3]....Non-fragile state
- Self-country assessment.... NA

[3]Non-fragile or CPIA ratings not disclosed

# Burkina Faso

## ACI Composite Index

ACI Composite Index value....57.3

Level of capacity development....Medium

Rank....12

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....66.7

Development cooperation effectiveness....80.0

Gender equality mainstreaming and social inclusion....83.3

Partnering for capacity development....75.0

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....0.96

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....NA
- State of fragility (World Bank Harmonized list FY15)[4]....Non-fragile state
- Self-country assessment....4.6

[4]Non-fragile or CPIA ratings not disclosed

# Burundi

## ACI Composite Index

ACI Composite Index value........54.5

Level of capacity development........Medium

Rank........17

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development........61.6

Development cooperation effectiveness........77.1

Gender equality mainstreaming and social inclusion........79.2

Partnering for capacity development........50.0

Capacity profiling and capacity needs assessment........100

Domestic resource mobilization (Tax effort index 1996-2013)........1.14

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)........3.3
- State of fragility (World Bank Harmonized list FY15)........Fragile state
- Self-country assessment........3.6

# Cabo verde

## ACI Composite Index

ACI Composite Index value....70.8

Level of capacity development....High

Rank....1

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....67.2

Development cooperation effectiveness....82.9

Gender equality mainstreaming and social inclusion....83.3

Partnering for capacity development....75

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....1.21

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....NA
- State of fragility (World Bank Harmonized list FY15)[5]....Non-fragile state
- Self-country assessment....NA

[5]Non-fragile or CPIA ratings not disclosed

# Cameroon

## ACI Composite Index

ACI Composite Index value....47.0

Level of capacity development.... Medium

Rank....35

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....62.3

Development cooperation effectiveness....55.7

Gender equality mainstreaming and social inclusion....92.5

Partnering for capacity development....75

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....0.85

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).... NA
- State of fragility (World Bank Harmonized list FY15)[6]....Non-fragile state
- Self-country assessment....3.6

[6]Non-fragile or CPIA ratings not disclosed

# Central African Republic

## ACI Composite Index

ACI Composite Index value: 20.7

Level of capacity development: Low

Rank: 45

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development: 35.4

Development cooperation effectiveness: 64.3

Gender equality mainstreaming and social inclusion: 68.3

Partnering for capacity development: 75

Capacity profiling and capacity needs assessment: 100

Domestic resource mobilization (Tax effort index 1996-2013): 0.69

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015): 2.4
- State of fragility (World Bank Harmonized list FY15): Fragile state
- Self-country assessment: NA

# Chad

## ACI Composite Index

ACI Composite Index value......48.3

Level of capacity development...... Medium

Rank......34

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development......61.9

Development cooperation effectiveness......70.0

Gender equality mainstreaming and social inclusion......60.8

Partnering for capacity development......25.0

Capacity profiling and capacity needs assessment......0.0

Domestic resource mobilization (Tax effort index 1996-2013)......0.39

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)......2.9
- State of fragility (World Bank Harmonized list FY15)...... Fragile state
- Self-country assessment...... NA

# Comoros

## ACI Composite Index

ACI Composite Index value....41.9

Level of capacity development.... Medium

Rank....40

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....65.6

Development cooperation effectiveness....54.3

Gender equality mainstreaming and social inclusion....62.5

Partnering for capacity development....75

Capacity profiling and capacity needs assessment....50

Domestic resource mobilization (Tax effort index 1996-2013)....0.91

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....2.6
- State of fragility (World Bank Harmonized list FY15)....Fragile state
- Self-country assessment.... NA

# Congo (DRC)

## ACI Composite Index

ACI Composite Index value..........50.1

Level of capacity development..........Medium

Rank..........27

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development..........68.1

Development cooperation effectiveness..........37.1

Gender equality mainstreaming and social inclusion..........62.5

Partnering for capacity development..........75.0

Capacity profiling and capacity needs assessment..........100

Domestic resource mobilization (Tax effort index 1996-2013)..........0.52

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)..........3.1
- State of fragility (World Bank Harmonized list FY15)..........Fragile state
- Self-country assessment..........NA

# Congo, Rep

## ACI Composite Index

ACI Composite Index value....................................................40.4

Level of capacity development.................................................Medium

Rank....................................................................41

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development.........................................56.1

Development cooperation effectiveness..........................................17.1

Gender equality mainstreaming and social inclusion...............................75.8

Partnering for capacity development............................................25.0

Capacity profiling and capacity needs assessment..................................50.0

Domestic resource mobilization (Tax effort index 1996-2013)........................0.55

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)...................................NA
- State of fragility (World Bank Harmonized list FY15)[7]..........................Non-fragile state
- Self-country assessment...................................................NA

[7]Non-fragile or CPIA ratings not disclosed

# Côte d'Ivoire

## ACI Composite Index

ACI Composite Index value.....49.8

Level of capacity development.....Medium

Rank.....30

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development.....52.9

Development cooperation effectiveness.....38.6

Gender equality mainstreaming and social inclusion.....75.8

Partnering for capacity development.....75.0

Capacity profiling and capacity needs assessment.....50.0

Domestic resource mobilization (Tax effort index 1996-2013).....1.00

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).....3.3
- State of fragility (World Bank Harmonized list FY15).....Fragile state
- Self-country assessment.....4.7

# Djibouti

## ACI Composite Index

ACI Composite Index value....49.6

Level of capacity development.... Medium

Rank....31

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....50.1

Development cooperation effectiveness....84.3

Gender equality mainstreaming and social inclusion....87.5

Partnering for capacity development....75.0

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....1.52

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).... NA
- State of fragility (World Bank Harmonized list FY15)[8]....Non-fragile state
- Self-country assessment.... NA

[8]Non-fragile or CPIA ratings not disclosed

# Egypt

## ACI Composite Index

ACI Composite Index value........54.3

Level of capacity development........Medium

Rank........19

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development........50.1

Development cooperation effectiveness........87.1

Gender equality mainstreaming and social inclusion........81.7

Partnering for capacity development........50.0

Capacity profiling and capacity needs assessment........50.0

Domestic resource mobilization (Tax effort index 1996-2013)........1.08

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)........NA
- State of fragility (World Bank Harmonized list FY15)[9]........Non-fragile state
- Self-country assessment........NA

[9]Non-fragile or CPIA ratings not disclosed

# Ethiopia

## ACI Composite Index

ACI Composite Index value ........ 55.0

Level of capacity development ........ Medium

Rank ........ 15

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development ........ 60.3

Development cooperation effectiveness ........ 65.7

Gender equality mainstreaming and social inclusion ........ 78.3

Partnering for capacity development ........ 75.0

Capacity profiling and capacity needs assessment ........ 100

Domestic resource mobilization (Tax effort index 1996-2013) ........ 0.82

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) ........ NA
- State of fragility (World Bank Harmonized list FY15)[10] ........ Non-fragile state
- Self-country assessment ........ NA

[10]Non-fragile or CPIA ratings not disclosed

# Gabon

## ACI Composite Index

ACI Composite Index value....43.4

Level of capacity development.... Medium

Rank....39

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....45.0

Development cooperation effectiveness....37.1

Gender equality mainstreaming and social inclusion....68.3

Partnering for capacity development....75

Capacity profiling and capacity needs assessment....50

Domestic resource mobilization (Tax effort index 1996-2013)....0.75

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).... NA
- State of fragility (World Bank Harmonized list FY15)[11]....Non-fragile state
- Self-country assessment.... NA

[11]Non-fragile or CPIA ratings not disclosed

# Gambia

## ACI Composite Index

ACI Composite Index value.......64.6

Level of capacity development.......High

Rank.......5

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development.......64.2

Development cooperation effectiveness.......82.9

Gender equality mainstreaming and social inclusion.......84.2

Partnering for capacity development.......100

Capacity profiling and capacity needs assessment.......100

Domestic resource mobilization (Tax effort index 1996-2013).......0.95

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).......NA
- State of fragility (World Bank Harmonized list FY15)[12].......Non-fragile state
- Self-country assessment.......NA

[12]Non-fragile or CPIA ratings not disclosed

# Ghana

## ACI Composite Index

ACI Composite Index value....49.9

Level of capacity development.... Medium

Rank....29

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....70.4

Development cooperation effectiveness....70.0

Gender equality mainstreaming and social inclusion....67.5

Partnering for capacity development....100

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....0.99

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).... NA
- State of fragility (World Bank Harmonized list FY15)[13]....Non-fragile state
- Self-country assessment....3.9

[13]Non-fragile or CPIA ratings not disclosed

# Guinea

## ACI Composite Index

ACI Composite Index value.......48.8

Level of capacity development....... Medium

Rank.......33

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development.......65.2

Development cooperation effectiveness.......31.4

Gender equality mainstreaming and social inclusion.......83.3

Partnering for capacity development.......75.0

Capacity profiling and capacity needs assessment.......100

Domestic resource mobilization (Tax effort index 1996-2013).......1.13

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....... NA
- State of fragility (World Bank Harmonized list FY15)[14].......Non-fragile state
- Self-country assessment....... NA

[14]Non-fragile or CPIA ratings not disclosed

# Guinea Bissau

## ACI Composite Index

ACI Composite Index value.....34.7

Level of capacity development..... Low

Rank.....44

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development.....31.4

Development cooperation effectiveness.....52.9

Gender equality mainstreaming and social inclusion.....87.5

Partnering for capacity development.....50.0

Capacity profiling and capacity needs assessment.....100

Domestic resource mobilization (Tax effort index 1996-2013)..... NA

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)..... 2.6
- State of fragility (World Bank Harmonized list FY15).....Fragile state
- Self-country assessment..... NA

# Kenya

## ACI Composite Index

ACI Composite Index value....54.4

Level of capacity development.... Medium

Rank....18

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....60.1

Development cooperation effectiveness....31.4

Gender equality mainstreaming and social inclusion....75.8

Partnering for capacity development....50.0

Capacity profiling and capacity needs assessment....50.0

Domestic resource mobilization (Tax effort index 1996-2013)....1.21

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).... NA
- State of fragility (World Bank Harmonized list FY15)[15]....Non-fragile state
- Self-country assessment....4.7

[15]Non-fragile or CPIA ratings not disclosed

# Lesotho

## ACI Composite Index

ACI Composite Index value ... 57.3

Level of capacity development ... Medium

Rank ... 11

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development ... 71.5

Development cooperation effectiveness ... 75.7

Gender equality mainstreaming and social inclusion ... 86.7

Partnering for capacity development ... 100

Capacity profiling and capacity needs assessment ... 100

Domestic resource mobilization (Tax effort index 1996-2013) ... NA

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) ... NA
- State of fragility (World Bank Harmonized list FY15)[16] ... Non-fragile state
- Self-country assessment ... NA

[16]Non-fragile or CPIA ratings not disclosed

# Liberia

## ACI Composite Index

ACI Composite Index value ....... 58.4

Level of capacity development ....... Medium

Rank ....... 10

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development ....... 71.8

Development cooperation effectiveness ....... 82.9

Gender equality mainstreaming and social inclusion ....... 54.2

Partnering for capacity development ....... 100

Capacity profiling and capacity needs assessment ....... 100

Domestic resource mobilization (Tax effort index 1996-2013) ....... 1.02

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) ....... 3.3
- State of fragility (World Bank Harmonized list FY15) ....... Fragile state
- Self-country assessment ....... NA

# Madagascar

## ACI Composite Index

ACI Composite Index value....................................................50.0

Level of capacity development.................................................Medium

Rank.........................................................................28

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development.......................................27.2

Development cooperation effectiveness.........................................75.7

Gender equality mainstreaming and social inclusion............................79.2

Partnering for capacity development...........................................75.0

Capacity profiling and capacity needs assessment..............................50

Domestic resource mobilization (Tax effort index 1996-2013)...................0.73

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)...................................3.1
- State of fragility (World Bank Harmonized list FY15)........................Fragile state
- Self-country assessment.....................................................2.9

# Malawi

## ACI Composite Index

ACI Composite Index value ........ 58.5

Level of capacity development ........ Medium

Rank ........ 9

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development ........ 72.5

Development cooperation effectiveness ........ 77.1

Gender equality mainstreaming and social inclusion ........ 81.7

Partnering for capacity development ........ 100

Capacity profiling and capacity needs assessment ........ 100

Domestic resource mobilization (Tax effort index 1996-2013) ........ 1.21

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) ........ NA
- State of fragility (World Bank Harmonized list FY15)[17] ........ Non-fragile state
- Self-country assessment ........ NA

[17]Non-fragile or CPIA ratings not disclosed

# Mali

## ACI Composite Index

ACI Composite Index value....60.1

Level of capacity development....High

Rank....8

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....63.1

Development cooperation effectiveness....72.9

Gender equality mainstreaming and social inclusion....65.8

Partnering for capacity development....50.0

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....0.92

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....3.6
- State of fragility (World Bank Harmonized list FY15)....Fragile state
- Self-country assessment....NA

# Mauritania

## ACI Composite Index

ACI Composite Index value ........ 36.1

Level of capacity development ........ Low

Rank ........ 43

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development ........ 42.4

Development cooperation effectiveness ........ 55.7

Gender equality mainstreaming and social inclusion ........ 75.8

Partnering for capacity development ........ 50.0

Capacity profiling and capacity needs assessment ........ 100

Domestic resource mobilization (Tax effort index 1996-2013) ........ 1.10

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) ........ NA
- State of fragility (World Bank Harmonized list FY15)[18] ........ Non-fragile state
- Self-country assessment ........ NA

[18]Non-fragile or CPIA ratings not disclosed

# Mauritius

## ACI Composite Index

ACI Composite Index value.......66.4

Level of capacity development.......High

Rank.......4

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development.......78.1

Development cooperation effectiveness.......78.6

Gender equality mainstreaming and social inclusion.......80.8

Partnering for capacity development.......100

Capacity profiling and capacity needs assessment.......100

Domestic resource mobilization (Tax effort index 1996-2013).......0.96

## Assessment of the quality of the country’s policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....... NA
- State of fragility (World Bank Harmonized list FY15)[19].......Non-fragile state
- Self-country assessment....... NA

[19]Non-fragile or CPIA ratings not disclosed

# Morocco

## ACI Composite Index

ACI Composite Index value....64.4

Level of capacity development....High

Rank....6

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....57.7

Development cooperation effectiveness....87.1

Gender equality mainstreaming and social inclusion....97.5

Partnering for capacity development....50.0

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....1.45

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....NA
- State of fragility (World Bank Harmonized list FY15)[20]....Non-fragile state
- Self-country assessment....NA

[20]Non-fragile or CPIA ratings not disclosed

# Mozambique

## ACI Composite Index

ACI Composite Index value....57.0

Level of capacity development.... Medium

Rank....13

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....64.1

Development cooperation effectiveness....97.1

Gender equality mainstreaming and social inclusion....91.7

Partnering for capacity development....50.0

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....0.99

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).... NA
- State of fragility (World Bank Harmonized list FY15)[21]....Non-fragile state
- Self-country assessment.... NA

[21]Non-fragile or CPIA ratings not disclosed

# Namibia

## ACI Composite Index

ACI Composite Index value........56.1

Level of capacity development........Medium

Rank........14

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development........66.7

Development cooperation effectiveness........84.3

Gender equality mainstreaming and social inclusion........91.7

Partnering for capacity development........50.0

Capacity profiling and capacity needs assessment........100

Domestic resource mobilization (Tax effort index 1996-2013)........1.68

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)........NA
- State of fragility (World Bank Harmonized list FY15)[22]........Non-fragile state
- Self-country assessment........NA

[22]Non-fragile or CPIA ratings not disclosed

# Niger

## ACI Composite Index

ACI Composite Index value....52.6

Level of capacity development .... Medium

Rank ....23

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....66.0

Development cooperation effectiveness ....70.0

Gender equality mainstreaming and social inclusion ....84.2

Partnering for capacity development ....100

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....0.82

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) .... NA
- State of fragility (World Bank Harmonized list FY15)[23] ....Non-fragile stat
- Self-country assessment .... NA

[23]Non-fragile or CPIA ratings not disclosed

# Nigeria

## ACI Composite Index

ACI Composite Index value....46.4

Level of capacity development.... Medium

Rank....37

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....56.7

Development cooperation effectiveness....68.6

Gender equality mainstreaming and social inclusion....68.3

Partnering for capacity development....50.0

Capacity profiling and capacity needs assessment....50.0

Domestic resource mobilization (Tax effort index 1996-2013)....0.47

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).... NA
- State of fragility (World Bank Harmonized list FY15)[24]....Non-fragile state
- Self-country assessment.... NA

[24]Non-fragile or CPIA ratings not disclosed

# Rwanda

## ACI Composite Index

ACI Composite Index value....67.9

Level of capacity development....High

Rank....2

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....72.4

Development cooperation effectiveness....90.0

Gender equality mainstreaming and social inclusion....84.2

Partnering for capacity development....100

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....0.94

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....NA
- State of fragility (World Bank Harmonized list FY15)[25]....Non-fragile state
- Self-country assessment....NA

[25]Non-fragile or CPIA ratings not disclosed

# Senegal

## ACI Composite Index

ACI Composite Index value.......50.1

Level of capacity development....... Medium

Rank.......26

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development.......54.4

Development cooperation effectiveness.......72.9

Gender equality mainstreaming and social inclusion.......70.8

Partnering for capacity development.......100

Capacity profiling and capacity needs assessment.......100

Domestic resource mobilization (Tax effort index 1996-2013).......1.19

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....... NA
- State of fragility (World Bank Harmonized list FY15)[26].......Non-fragile state
- Self-country assessment....... NA

[26]Non-fragile or CPIA ratings not disclosed

# Sierra Leone

## ACI Composite Index

ACI Composite Index value ........ 54.8

Level of capacity development ........ Medium

Rank ........ 16

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development ........ 64.1

Development cooperation effectiveness ........ 80.0

Gender equality mainstreaming and social inclusion ........ 78.3

Partnering for capacity development ........ 75.0

Capacity profiling and capacity needs assessment ........ 100

Domestic resource mobilization (Tax effort index 1996-2013) ........ 0.70

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) ........ 3.4
- State of fragility (World Bank Harmonized list FY15) ........ Fragile state
- Self-country assessment ........ NA

# South Sudan

## ACI Composite Index

ACI Composite Index value....49.2

Level of capacity development.... Medium

Rank....32

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....53.2

Development cooperation effectiveness....81.4

Gender equality mainstreaming and social inclusion....80.0

Partnering for capacity development....25.0

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013).... NA

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).... 2.2
- State of fragility (World Bank Harmonized list FY15).... Fragile state
- Self-country assessment.... NA

# Swaziland

## ACI Composite Index

ACI Composite Index value....................38.6

Level of capacity development.................... Low

Rank....................42

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....................41.3

Development cooperation effectiveness....................77.1

Gender equality mainstreaming and social inclusion....................65.8

Partnering for capacity development....................50.0

Capacity profiling and capacity needs assessment....................0.0

Domestic resource mobilization (Tax effort index 1996-2013)....................1.81

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015).................... NA
- State of fragility (World Bank Harmonized list FY15)[27]....................Non-fragile state
- Self-country assessment.................... NA

[27]Non-fragile or CPIA ratings not disclosed

# Tanzania

## ACI Composite Index

ACI Composite Index value ........ 67.4

Level of capacity development ........ High

Rank ........ 3

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development ........ 67.5

Development cooperation effectiveness ........ 70.0

Gender equality mainstreaming and social inclusion ........ 87.5

Partnering for capacity development ........ 50.0

Capacity profiling and capacity needs assessment ........ 100

Domestic resource mobilization (Tax effort index 1996-2013) ........ 0.86

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) ........ NA
- State of fragility (World Bank Harmonized list FY15)[28] ........ Non-fragile state
- Self-country assessment ........ 4.1

[28]Non-fragile or CPIA ratings not disclosed

# Togo

## ACI Composite Index

ACI Composite Index value ... 52.0

Level of capacity development ... Medium

Rank ... 24

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development ... 61.5

Development cooperation effectiveness ... 84.3

Gender equality mainstreaming and social inclusion ... 80.0

Partnering for capacity development ... 75.0

Capacity profiling and capacity needs assessment ... 0.0

Domestic resource mobilization (Tax effort index 1996-2013) ... 1.08

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) ... 3.0
- State of fragility (World Bank Harmonized list FY15) ... Fragile state
- Self-country assessment ... 4.3

# Tunisia

| ACI Composite Index | |
|---|---|
| ACI Composite Index value | 60.7 |
| Level of capacity development | High |
| Rank | 7 |

| Assessment of capacity development areas: Component Indexes values | |
|---|---|
| Policy choices for capacity development | 52.8 |
| Development cooperation effectiveness | 82.9 |
| Gender equality mainstreaming and social inclusion | 74.2 |
| Partnering for capacity development | 100 |
| Capacity profiling and capacity needs assessment | 100 |
| Domestic resource mobilization (Tax effort index 1996-2013) | 0.89 |

| Assessment of the quality of the country's policy and institutional framework | |
|---|---|
| • Harmonized average CPIA (World Bank 2015) | NA |
| • State of fragility (World Bank Harmonized list FY15)[29] | Non-fragile state |
| • Self-country assessment | NA |

[29]Non-fragile or CPIA ratings not disclosed

# Uganda

## ACI Composite Index

ACI Composite Index value ........ 53.3

Level of capacity development ........ Medium

Rank ........ 21

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development ........ 54.0

Development cooperation effectiveness ........ 55.7

Gender equality mainstreaming and social inclusion ........ 80.0

Partnering for capacity development ........ 75.0

Capacity profiling and capacity needs assessment ........ 50.0

Domestic resource mobilization (Tax effort index 1996-2013) ........ 0.91

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) ........ NA
- State of fragility (World Bank Harmonized list FY15)[30] ........ Non fragile state
- Self-country assessment ........ NA

[30]Non-fragile or CPIA ratings not disclosed

# Zambia

## ACI Composite Index

ACI Composite Index value....53.8

Level of capacity development .... Medium

Rank ....20

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....44.0

Development cooperation effectiveness ....60.0

Gender equality mainstreaming and social inclusion ....84.2

Partnering for capacity development ....25.0

Capacity profiling and capacity needs assessment....100

Domestic resource mobilization (Tax effort index 1996-2013)....1.33

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015) .... NA
- State of fragility (World Bank Harmonized list FY15)[31] ....Non-fragile state
- Self-country assessment .... NA

[31]Non-fragile or CPIA ratings not disclosed

# Zimbabwe

## ACI Composite Index

ACI Composite Index value....46.7

Level of capacity development.... Medium

Rank....36

## Assessment of capacity development areas: Component Indexes values

Policy choices for capacity development....54.5

Development cooperation effectiveness....72.9

Gender equality mainstreaming and social inclusion....86.7

Partnering for capacity development....0.0

Capacity profiling and capacity needs assessment....0.0

Domestic resource mobilization (Tax effort index 1996-2013)....1.59

## Assessment of the quality of the country's policy and institutional framework

- Harmonized average CPIA (World Bank 2015)....2.2
- State of fragility (World Bank Harmonized list FY15).... Fragile state
- Self-country assessment....4.1

# Compendium of Statistics

Strategic policy choices for capacity development

| | Country | Existence of a National Development Strategy | Number of NDSs since 2002 | Year of adoption of latest version | Integration of capacity development in NDS | Specific national program for CD | Government commitment to MDGs | Number of MDG targets achieved |
|---|---|---|---|---|---|---|---|---|
| 1 | ALGERIA | YES | 3 | 2010 | CD mainstreamed, no clear object | YES | High | 18 |
| 2 | BENIN | YES | 3 | 2011 | CD mainstreamed, clear objective | NO | High | 2 |
| 3 | BOTSWANA | YES | 2 | 2009 | CD mainstreamed, no clear object | NO | Average | 13 |
| 4 | BURKINA FASO | YES | 2 | 2010 | CD mainstreamed, clear objective | YES | Average | 3 |
| 5 | BURUNDI | YES | 4 | 2012 | CD mainstreamed, clear objective | YES | High | 2 |
| 6 | CABO VERDE | YES | 3 | 2013 | CD mainstreamed, clear objective | YES | High | 6 |
| 7 | CAMEROON | YES | | 2013 | CD mainstreamed, clear objective | YES | High | 1 |
| 8 | CAR | YES | | 2014 | CD mainstreamed, no clear object | NO | Low | 0 |
| 9 | CHAD | YES | 3 | 2013 | CD mainstreamed, clear objective | NO | High | 1 |
| 10 | COMOROS | YES | 2 | 2014 | CD mainstreamed, clear objective | YES | Average | 2 |
| 11 | CONGO (DRC) | YES | 2 | 2011 | CD mainstreamed, clear objective | YES | Average | 2 |
| 12 | CONGO, REP | YES | 2 | 2012 | CD mainstreamed, clear objective | NO | High | |
| 13 | CÔTE D'IVOIRE | YES | 2 | 2012 | CD mainstreamed, no clear object | YES | High | 6 |
| 14 | DJIBOUTI | YES | 3 | 2014 | CD mainstreamed, clear objective | YES | High | 5 |
| 15 | EGYPT | YES | 4 | 2013 | CD mainstreamed, clear objective | YES | Average | 8 |
| 16 | ETHIOPIA | YES | 3 | 2011 | CD mainstreamed, no clear object | YES | High | 4 |
| 17 | GABON | YES | 2 | 2011 | CD mainstreamed, clear objective | YES | Average | 10 |
| 18 | GAMBIA | YES | 3 | 2012 | CD mainstreamed, clear objective | YES | High | 5 |
| 19 | GHANA | YES | 3 | 2000 | CD mainstreamed, clear objective | YES | High | 3 |
| 20 | GUINEA | YES | 3 | 2013 | CD mainstreamed, clear objective | YES | High | 3 |
| 21 | GUINEA BISSAU | YES | 2 | 2011 | CD mainstreamed, clear objective | NO | High | 0 |
| 22 | KENYA | YES | 3 | 2013 | CD mainstreamed, clear objective | YES | High | 9 |
| 23 | LESOTHO | YES | 3 | 2012 | CD mainstreamed, clear objective | YES | High | 0 |
| 24 | LIBERIA | YES | 9 | 2012 | CD mainstreamed, clear objective | YES | Average | 0 |
| 25 | MADAGASCAR | YES | 3 | 2014 | CD not mainstreamed | NO | High | 5 |
| 26 | MALAWI | YES | 5 | 2012 | CD mainstreamed, clear objective | YES | High | 8 |
| 27 | MALI | YES | 4 | 2011 | CD mainstreamed, clear objective | YES | High | 10 |
| 28 | MAURITANIA | YES | 3 | 2011 | CD mainstreamed, clear objective | NO | High | 0 |
| 29 | MAURITIUS | YES | 5 | | CD mainstreamed, clear objective | YES | High | 11 |
| 30 | MOROCCO | YES | 6 | 2011 | CD mainstreamed, clear objective | YES | Average | 8 |
| 31 | MOZAMBIQUE | YES | 3 | 2011 | CD mainstreamed, no clear object | YES | High | 1 |
| 32 | NAMIBIA | YES | 3 | 2012 | CD mainstreamed, clear objective | YES | High | 16 |
| 33 | NIGER | YES | 3 | 2012 | CD mainstreamed, clear objective | YES | High | 0 |
| 34 | NIGERIA | YES | 4 | 2010 | CD mainstreamed, clear objective | YES | High | 7 |
| 35 | RWANDA | YES | 3 | 2013 | CD mainstreamed, clear objective | YES | High | 17 |
| 36 | SENEGAL | YES | 4 | 2013 | CD mainstreamed, no clear object | YES | Low | |
| 37 | SIERRA LEONE | YES | 3 | 2005 | CD mainstreamed, clear objective | YES | High | 0 |
| 38 | SOUTH SUDAN | YES | 2 | 2011 | CD mainstreamed, clear objective | YES | Average | 2 |
| 39 | SWAZILAND | YES | 1 | | CD mainstreamed, no clear object | YES | High | |
| 40 | TANZANIA | YES | 5 | 2013 | CD mainstreamed, clear objective | YES | Average | 14 |
| 41 | TOGO | YES | 3 | 2013 | CD mainstreamed, clear objective | YES | High | 1 |
| 42 | TUNISIA | YES | 3 | 2010 | CD mainstreamed, no clear object | YES | High | 16 |
| 43 | UGANDA | YES | 2 | 2013 | CD mainstreamed, no clear object | NO | Average | 10 |
| 44 | ZAMBIA | YES | 5 | 2014 | CD not mainstreamed | YES | High | 4 |
| 45 | ZIMBABWE | YES | 9 | 2013 | CD mainstreamed, no clear object | NO | High | 4 |

Empty cells indicate that information was not available or not applicable.
NDS = National development strategy/national development plan.
CD = Capacity development.
MDGs = Millennium Development Goals.

Policy environment/efficiency of instrument

| | Country | Legitimacy of the National Development Strategy (NDS) | Incentives for compliance provided by the NDS | Flexibility of the NDS |
|---|---|---|---|---|
| 1 | ALGERIA | High | Average | Average |
| 2 | BENIN | High | High | Low |
| 3 | BOTSWANA | High | Average | Average |
| 4 | BURKINA FASO | High | High | High |
| 5 | BURUNDI | High | High | High |
| 6 | CABO VERDE | Average | Average | High |
| 7 | CAMEROON | High | High | High |
| 8 | CAR | High | High | Average |
| 9 | CHAD | High | High | High |
| 10 | COMOROS | High | High | Average |
| 11 | CONGO (DRC) | High | High | High |
| 12 | CONGO, REP | High | High | High |
| 13 | CÔTE D'IVOIRE | High | High | High |
| 14 | DJIBOUTI | Average | Average | Average |
| 15 | EGYPT | Average | Average | Average |
| 16 | ETHIOPIA | High | Average | Average |
| 17 | GABON | Average | Average | Average |
| 18 | GAMBIA | High | High | High |
| 19 | GHANA | High | High | Average |
| 20 | GUINEA | High | Average | High |
| 21 | GUINEA BISSAU | High | Low | Average |
| 22 | KENYA | High | High | High |
| 23 | LESOTHO | High | High | High |
| 24 | LIBERIA | High | High | High |
| 25 | MADAGASCAR | Low | Low | Low |
| 26 | MALAWI | High | High | High |
| 27 | MALI | High | High | High |
| 28 | MAURITANIA | High | High | Average |
| 29 | MAURITIUS | High | High | High |
| 30 | MOROCCO | Average | Average | Average |
| 31 | MOZAMBIQUE | High | Average | High |
| 32 | NAMIBIA | High | High | Average |
| 33 | NIGER | High | High | High |
| 34 | NIGERIA | Average | Average | High |
| 35 | RWANDA | High | High | High |
| 36 | SENEGAL | Average | Average | Average |
| 37 | SIERRA LEONE | High | High | High |
| 38 | SOUTH SUDAN | Average | Average | Low |
| 39 | SWAZILAND | High | Average | Average |
| 40 | TANZANIA | Average | Average | High |
| 41 | TOGO | High | High | High |
| 42 | TUNISIA | Average | Average | Average |
| 43 | UGANDA | High | High | Average |
| 44 | ZAMBIA | Average | Average | Average |
| 45 | ZIMBABWE | High | Average | Average |

Dialog mechanisms for capacity development

| | Country | Effective dialog mechanism (and other links as appropriate) among domestic institutions (civil society, private sector) engaged in CD | Effectiveness | Effective dialogue mechanism established by government with development partners relating specifically to CD | Effectiveness |
|---|---|---|---|---|---|
| 1 | ALGERIA | Institutionalized dialog | High | No institutionalized mechanism | |
| 2 | BENIN | Institutionalized dialog | High | CD discussed within broader dialog | Low |
| 3 | BOTSWANA | Institutionalized dialog | Average | Institutionalized dialog | |
| 4 | BURKINA FASO | Institutionalized dialog | High | Institutionalized dialog | High |
| 5 | BURUNDI | Institutionalized dialog | Average | Institutionalized dialog | Average |
| 6 | CABO VERDE | Informal dialog | Average | Institutionalized dialog | High |
| 7 | CAMEROON | Institutionalized dialog | Average | CD discussed within broader dialog | |
| 8 | CAR | Institutionalized dialog | Average | CD discussed within broader dialog | Average |
| 9 | CHAD | Institutionalized dialog | High | CD discussed within broader dialog | High |
| 10 | COMOROS | Institutionalized dialog | High | Institutionalized dialog | High |
| 11 | CONGO (DRC) | Institutionalized dialog | Average | Institutionalized dialog | High |
| 12 | CONGO, REP | Institutionalized dialog | Average | Institutionalized dialog | Average |
| 13 | CÔTE D'IVOIRE | Institutionalized dialog | Average | CD discussed within broader dialog | |
| 14 | DJIBOUTI | Institutionalized dialog | Average | CD discussed within broader dialog | Average |
| 15 | EGYPT | Institutionalized dialog | Average | Institutionalized dialog | High |
| 16 | ETHIOPIA | Informal dialog | Average | CD discussed within broader dialog | High |
| 17 | GABON | Institutionalized dialog | Average | CD discussed within broader dialog | Average |
| 18 | GAMBIA | Institutionalized dialog | High | CD discussed within broader dialog | Average |
| 19 | GHANA | Institutionalized dialog | Average | Institutionalized dialog | Average |
| 20 | GUINEA | Institutionalized dialog | High | Institutionalized dialog | High |
| 21 | GUINEA BISSAU | No institutionalized mechanism | | No institutionalized mechanism | |
| 22 | KENYA | Institutionalized dialog | Average | Institutionalized dialog | Average |
| 23 | LESOTHO | Institutionalized dialog | High | Institutionalized dialog | Very hgh |
| 24 | LIBERIA | Institutionalized dialog | High | Institutionalized dialog | High |
| 25 | MADAGASCAR | No institutionalized mechanism | | No institutionalized mechanism | |
| 26 | MALAWI | Institutionalized dialog | Average | Institutionalized dialog | High |
| 27 | MALI | Institutionalized dialog | Average | CD discussed within broader dialog | Very low |
| 28 | MAURITANIA | No institutionalized mechanism | | No institutionalized mechanism | |
| 29 | MAURITIUS | Institutionalized dialog | Very high | Institutionalized dialog | Very high |
| 30 | MOROCCO | Institutionalized dialog | High | Institutionalized dialog | |
| 31 | MOZAMBIQUE | Institutionalized dialog | Very high | CD discussed within broader dialog | High |
| 32 | NAMIBIA | Institutionalized dialog | Average | Institutionalized dialog | High |
| 33 | NIGER | Informal dialog | High | CD discussed within broader dialog | High |
| 34 | NIGERIA | Informal dialog | Average | Institutionalized dialog | Average |
| 35 | RWANDA | Institutionalized dialog | Very high | Institutionalized dialog | Very high |
| 36 | SENEGAL | Institutionalized dialog | Average | Institutionalized dialog | Average |
| 37 | SIERRA LEONE | Informal dialog | High | Institutionalized dialog | Very high |
| 38 | SOUTH SUDAN | Institutionalized dialog | Very high | Institutionalized dialog | High |
| 39 | SWAZILAND | Institutionalized dialog | High | Institutionalized dialog | High |
| 40 | TANZANIA | Informal dialog | Very high | Institutionalized dialog | High |
| 41 | TOGO | Informal dialog | Low | Institutionalized dialog | Average |
| 42 | TUNISIA | Institutionalized dialog | High | CD discussed within broader dialog | High |
| 43 | UGANDA | Informal dialog | Average | CD discussed within broader dialog | Average |
| 44 | ZAMBIA | No institutionalized mechanism | | CD discussed within broader dialog | High |
| 45 | ZIMBABWE | Institutionalized dialog | Average | Institutionalized dialog | Very high |

Empty cells indicate that information was not available or not applicable.
CD = Capacity development.

Dialog mechanisms for capacity development 2

| | Country | During 2013 calendar year, how frequently did the Head of State, the Head of Government and/or other high officials speak publicly and favorably about capacity development efforts? | Civil society participation in priority setting related to capacity development agenda | Transparency of information to civil society about the capacity development agenda |
|---|---|---|---|---|
| 1 | ALGERIA | Once or twice | Average | Average |
| 2 | BENIN | At least 3 times | Average | Low |
| 3 | BOTSWANA | | | |
| 4 | BURKINA FASO | At least 3 times | Average | Average |
| 5 | BURUNDI | At least 3 times | | |
| 6 | CABO VERDE | At least 3 times | Low | Average |
| 7 | CAMEROON | Once or twice | Average | Average |
| 8 | CAR | Once or twice | Low | Low |
| 9 | CHAD | At least 3 times | High | Average |
| 10 | COMOROS | At least 3 times | Average | Low |
| 11 | CONGO (DRC) | Once or twice | Average | Average |
| 12 | CONGO, REP | At least 3 times | Low | Low |
| 13 | CÔTE D'IVOIRE | | | |
| 14 | DJIBOUTI | | | |
| 15 | EGYPT | At least 3 times | Average | High |
| 16 | ETHIOPIA | At least 3 times | Average | Average |
| 17 | GABON | | | |
| 18 | GAMBIA | At least 3 times | Average | Average |
| 19 | GHANA | At least 3 times | High | High |
| 20 | GUINEA | At least 3 times | Average | Average |
| 21 | GUINEA BISSAU | Once or twice | Low | Low |
| 22 | KENYA | At least 3 times | Average | Average |
| 23 | LESOTHO | At least 3 times | High | High |
| 24 | LIBERIA | At least 3 times | High | High |
| 25 | MADAGASCAR | At least 3 times | Average | Average |
| 26 | MALAWI | At least 3 times | Average | Average |
| 27 | MALI | At least 3 times | Average | Average |
| 28 | MAURITANIA | Once or twice | Low | Low |
| 29 | MAURITIUS | At least 3 times | High | High |
| 30 | MOROCCO | Once or twice | High | Low |
| 31 | MOZAMBIQUE | | | |
| 32 | NAMIBIA | At least 3 times | | High |
| 33 | NIGER | At least 3 times | Low | Low |
| 34 | NIGERIA | At least 3 times | Low | Low |
| 35 | RWANDA | At least 3 times | Average | Average |
| 36 | SENEGAL | At least 3 times | Average | Average |
| 37 | SIERRA LEONE | At least 3 times | Low | Low |
| 38 | SOUTH SUDAN | Once or twice | Low | Low |
| 39 | SWAZILAND | | | |
| 40 | TANZANIA | At least 3 times | Average | Average |
| 41 | TOGO | Once or twice | Average | Low |
| 42 | TUNISIA | Once or twice | Average | Average |
| 43 | UGANDA | At least 3 times | Average | Average |
| 44 | ZAMBIA | At least 3 times | Average | Average |
| 45 | ZIMBABWE | At least 3 times | Average | Low |

Empty cells indicate that information was not available or not applicable.

Strategic policy choices for improving the statistical system

| | Country | Existence of a National Strategy for the Development of Statistics (NSDS) | Year of adoption of NSDS | NSDS is fully operational | Statistics taught at any of the higher training institutions | National statistics office operates an in-service training center | Signing of the African Charter on Statistics (adopted on 3 February 2009) |
|---|---|---|---|---|---|---|---|
| 1 | ALGERIA | YES | 2009 | YES | YES | NO | YES |
| 2 | BENIN | YES | 2008 | YES | YES | YES | YES |
| 3 | BOTSWANA | YES | 2012 | YES | YES | NO | NO |
| 4 | BURKINA FASO | YES | 2003 | YES | NO | YES | YES |
| 5 | BURUNDI | YES | 2011 | YES | NO | NO | YES |
| 6 | CABO VERDE | YES | 2006 | YES | YES | NO | YES |
| 7 | CAMEROON | YES | 2009 | YES | YES | YES | NO |
| 8 | CAR | NO | | | YES | NO | NO |
| 9 | CHAD | YES | 2011 | YES | NO | NO | YES |
| 10 | COMOROS | YES | 2009 | YES | YES | NO | YES |
| 11 | CONGO (DRC) | YES | 2012 | YES | YES | YES | YES |
| 12 | CONGO, REP | YES | | NO | YES | NO | YES |
| 13 | CÔTE D'IVOIRE | YES | 2012 | YES | NO | NO | YES |
| 14 | DJIBOUTI | YES | 2010 | YES | YES | YES | NO |
| 15 | EGYPT | NO | | | YES | YES | NO |
| 16 | ETHIOPIA | YES | 2009 | YES | YES | YES | YES |
| 17 | GABON | YES | 2010 | NO | YES | NO | YES |
| 18 | GAMBIA | YES | 2007 | YES | | NO | YES |
| 19 | GHANA | YES | 2008 | YES | YES | YES | YES |
| 20 | GUINEA | YES | 2008 | YES | NO | YES | YES |
| 21 | GUINEA BISSAU | NO | | | NO | YES | YES |
| 22 | KENYA | NO | | | NO | YES | YES |
| 23 | LESOTHO | YES | 2011 | YES | YES | NO | YES |
| 24 | LIBERIA | YES | 2008 | YES | NO | YES | YES |
| 25 | MADAGASCAR | YES | 2008 | NO | YES | YES | NO |
| 26 | MALAWI | YES | 2013 | YES | YES | YES | YES |
| 27 | MALI | YES | 2006 | YES | NO | NO | YES |
| 28 | MAURITANIA | YES | 2011 | YES | YES | NO | NO |
| 29 | MAURITIUS | YES | 2007 | YES | YES | YES | YES |
| 30 | MOROCCO | YES | 2004 | YES | YES | YES | YES |
| 31 | MOZAMBIQUE | YES | 2012 | YES | YES | YES | YES |
| 32 | NAMIBIA | YES | 2011 | YES | YES | YES | NO |
| 33 | NIGER | YES | 2008 | YES | YES | YES | YES |
| 34 | NIGERIA | YES | 2010 | YES | YES | YES | NO |
| 35 | RWANDA | YES | 2014 | YES | YES | NO | YES |
| 36 | SENEGAL | YES | 2007 | YES | YES | YES | YES |
| 37 | SIERRA LEONE | YES | 2008 | YES | YES | NO | YES |
| 38 | SOUTH SUDAN | YES | 2012 | YES | YES | YES | YES |
| 39 | SWAZILAND | NO | | | YES | NO | NO |
| 40 | TANZANIA | YES | 2012 | YES | YES | YES | YES |
| 41 | TOGO | YES | 2009 | YES | YES | NO | YES |
| 42 | TUNISIA | NO | | | YES | YES | YES |
| 43 | UGANDA | YES | 2006 | YES | NO | YES | YES |
| 44 | ZAMBIA | YES | 2014 | NO | YES | NO | YES |
| 45 | ZIMBABWE | YES | 2011 | YES | YES | YES | NO |

Empty cells indicate that information was not available or not applicable.

Development cooperation effectiveness related to capacity development activities 1

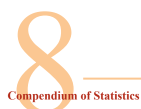
| | Country | Endorsement of the Busan Global Partnership | Country has an aid policy | Existence of an aid coordination mechanism | Mutual accountability framework in place | Assessment of coordination of support to capacity in the country<br>Scale 1 = Very weak to 6 = Very strong |
|---|---|---|---|---|---|---|
| 1 | ALGERIA | NO | NO | NO | NO | 1 |
| 2 | BENIN | YES | YES | YES | YES | 3 |
| 3 | BOTSWANA | NO | YES | YES | | 2 |
| 4 | BURKINA FASO | YES | YES | YES | YES | 4 |
| 5 | BURUNDI | YES | YES | YES | YES | 3 |
| 6 | CABO VERDE | YES | YES | YES | YES | 5 |
| 7 | CAMEROON | YES | NO | NO | NO | 3 |
| 8 | CAR | YES | YES | YES | NO | 1 |
| 9 | CHAD | YES | NO | YES | YES | 3 |
| 10 | COMOROS | YES | NO | YES | NO | 5 |
| 11 | CONGO (DRC) | YES | NO | NO | YES | 4 |
| 12 | CONGO, REP | YES | NO | NO | NO | 2 |
| 13 | CÔTE D'IVOIRE | YES | NO | YES | YES | 2 |
| 14 | DJIBOUTI | YES | YES | YES | YES | 3 |
| 15 | EGYPT | YES | YES | YES | YES | 4 |
| 16 | ETHIOPIA | YES | NO | YES | YES | 4 |
| 17 | GABON | NO | NO | NO | NO | 4 |
| 18 | GAMBIA | YES | YES | YES | YES | 5 |
| 19 | GHANA | YES | YES | YES | YES | 3 |
| 20 | GUINEA | YES | NO | NO | NO | 2 |
| 21 | GUINEA BISSAU | YES | YES | NO | NO | 2 |
| 22 | KENYA | YES | NO | NO | NO | 2 |
| 23 | LESOTHO | YES | NO | YES | NO | 5 |
| 24 | LIBERIA | YES | YES | YES | YES | 5 |
| 25 | MADAGASCAR | YES | NO | YES | YES | 5 |
| 26 | MALAWI | YES | YES | YES | YES | 3 |
| 27 | MALI | YES | NO | YES | YES | 4 |
| 28 | MAURITANIA | YES | YES | YES | NO | 3 |
| 29 | MAURITIUS | NO | YES | YES | YES | 6 |
| 30 | MOROCCO | YES | YES | YES | YES | 4 |
| 31 | MOZAMBIQUE | YES | YES | YES | YES | 5 |
| 32 | NAMIBIA | YES | YES | YES | NO | 3 |
| 33 | NIGER | YES | NO | YES | YES | 3 |
| 34 | NIGERIA | YES | YES | YES | YES | 5 |
| 35 | RWANDA | YES | YES | YES | YES | 5 |
| 36 | SENEGAL | YES | NO | YES | YES | 4 |
| 37 | SIERRA LEONE | YES | YES | YES | YES | 4 |
| 38 | SOUTH SUDAN | YES | YES | YES | YES | 2 |
| 39 | SWAZILAND | YES | YES | YES | YES | 3 |
| 40 | TANZANIA | YES | NO | YES | YES | 3 |
| 41 | TOGO | YES | YES | YES | YES | 3 |
| 42 | TUNISIA | YES | YES | YES | NO | 5 |
| 43 | UGANDA | YES | NO | YES | NO | 3 |
| 44 | ZAMBIA | YES | YES | YES | YES | 2 |
| 45 | ZIMBABWE | YES | YES | YES | NO | 4 |

Empty cells indicate that information was not available or not applicable.

Development cooperation effectiveness related to capacity development activities 2

| | Country | M&E framework to assess progress against NDS developed | Mutual assessment of progress in implementing agreed commitments between the government and the community of donors conducted | Tracking system on CD allocations for gender equality and women's empowerment | Transparency of information on bilateral cooperation on capacity development |
|---|---|---|---|---|---|
| 1 | ALGERIA | M&E tools, but not adequate | YES | YES | NO |
| 2 | BENIN | Adequate M&E | YES | NO | NO |
| 3 | BOTSWANA | M&E tools, but not adequate | YES | | |
| 4 | BURKINA FASO | M&E tools, but not adequate | YES | YES | YES |
| 5 | BURUNDI | M&E tools, but not adequate | YES | NO | NO |
| 6 | CABO VERDE | Adequate M&E | YES | YES | YES |
| 7 | CAMEROON | M&E tools, but not adequate | YES | NO | NO |
| 8 | CAR | M&E tools, but not adequate | NO | NO | NO |
| 9 | CHAD | M&E tools, but not adequate | YES | NO | YES |
| 10 | COMOROS | Adequate M&E | | NO | YES |
| 11 | CONGO (DRC) | M&E tools, but not adequate | NO | YES | YES |
| 12 | CONGO, REP | No M&E mechanism in place | NO | NO | YES |
| 13 | CÔTE D'IVOIRE | M&E tools, but not adequate | NO | NO | YES |
| 14 | DJIBOUTI | Adequate M&E | YES | YES | |
| 15 | EGYPT | M&E tools, but not adequate | YES | YES | YES |
| 16 | ETHIOPIA | Adequate M&E | YES | YES | YES |
| 17 | GABON | M&E tools, but not adequate | YES | NO | NO |
| 18 | GAMBIA | Adequate M&E | YES | NO | YES |
| 19 | GHANA | M&E tools, but not adequate | NO | NO | YES |
| 20 | GUINEA | No M&E mechanism in place | NO | YES | NO |
| 21 | GUINEA BISSAU | M&E tools, but not adequate | NO | NO | NO |
| 22 | KENYA | M&E tools, but not adequate | NO | NO | NO |
| 23 | LESOTHO | Adequate M&E | YES | NO | YES |
| 24 | LIBERIA | Adequate M&E | YES | NO | NO |
| 25 | MADAGASCAR | Adequate M&E | YES | YES | YES |
| 26 | MALAWI | Adequate M&E | YES | YES | YES |
| 27 | MALI | M&E tools, but not adequate | YES | NO | YES |
| 28 | MAURITANIA | M&E tools, but not adequate | | | YES |
| 29 | MAURITIUS | Adequate M&E | YES | YES | YES |
| 30 | MOROCCO | Adequate M&E | YES | YES | YES |
| 31 | MOZAMBIQUE | Adequate M&E | YES | YES | YES |
| 32 | NAMIBIA | Adequate M&E | YES | NO | YES |
| 33 | NIGER | Adequate M&E | YES | NO | NO |
| 34 | NIGERIA | Adequate M&E | NO | NO | YES |
| 35 | RWANDA | Adequate M&E | YES | YES | YES |
| 36 | SENEGAL | M&E tools, but not adequate | YES | NO | YES |
| 37 | SIERRA LEONE | Adequate M&E | YES | NO | YES |
| 38 | SOUTH SUDAN | M&E tools, but not adequate | YES | NO | NO |
| 39 | SWAZILAND | Adequate M&E | YES | | |
| 40 | TANZANIA | M&E tools, but not adequate | YES | YES | NO |
| 41 | TOGO | Adequate M&E | YES | NO | NO |
| 42 | TUNISIA | Adequate M&E | YES | NO | YES |
| 43 | UGANDA | M&E tools, but not adequate | YES | YES | YES |
| 44 | ZAMBIA | Adequate M&E | NO | | YES |
| 45 | ZIMBABWE | M&E tools, but not adequate | | YES | NO |

Empty cells indicate that information was not available or not applicable.




Gender equality mainstreaming 1

| | Country | Ratification of CEDAW | Year of ratification | Report to the Committee | Institutional mechanisms to implement CEDAW |
|---|---|---|---|---|---|
| 1 | ALGERIA | CEDAW ratified with reservations | 1996 | Reporting is up to date | Focal point at appropriate level |
| 2 | BENIN | CEDAW ratified without reservations | 1992 | Reporting is up to date | Focal person without special mandate |
| 3 | BOTSWANA | CEDAW ratified with reservations | 1996 | Some reporting done | Focal person without special mandate |
| 4 | BURKINA FASO | CEDAW ratified without reservations | 1984 | Reporting is up to date | Focal point at appropriate level |
| 5 | BURUNDI | CEDAW ratified without reservations | 1991 | Reporting is up to date | Focal point at appropriate level |
| 6 | CABO VERDE | CEDAW ratified without reservations | | Reporting is up to date | Focal point at appropriate level |
| 7 | CAMEROON | CEDAW ratified without reservations | 1994 | Reporting is up to date | Focal point at appropriate level |
| 8 | CAR | CEDAW ratified without reservations | 1991 | Some reporting done | Focal point at appropriate level |
| 9 | CHAD | CEDAW ratified without reservations | 1993 | Reporting is up to date | Focal person without special mandate |
| 10 | COMOROS | CEDAW ratified without reservations | 1994 | Reporting is up to date | Focal point at appropriate level |
| 11 | CONGO (DRC) | CEDAW ratified without reservations | 1986 | Reporting is up to date | Focal person without special mandate |
| 12 | CONGO, REP | CEDAW ratified without reservations | 1982 | Some reporting done | Focal point at appropriate level |
| 13 | CÔTE D'IVOIRE | CEDAW ratified without reservations | 1995 | Some reporting done | Focal point at appropriate level |
| 14 | DJIBOUTI | CEDAW ratified with reservations | 1998 | Some reporting done | Focal point at appropriate level |
| 15 | EGYPT | CEDAW ratified without reservations | 1996 | Some reporting done | Focal point at appropriate level |
| 16 | ETHIOPIA | CEDAW ratified without reservations | 1981 | Reporting is up to date | Focal point at appropriate level |
| 17 | GABON | CEDAW ratified without reservations | 1983 | Reporting is up to date | Focal point at appropriate level |
| 18 | GAMBIA | CEDAW ratified without reservations | 1992 | Reporting is up to date | Focal person without special mandate |
| 19 | GHANA | CEDAW ratified without reservations | 1986 | Reporting is up to date | Focal point at appropriate level |
| 20 | GUINEA | CEDAW ratified without reservations | 1982 | Reporting is up to date | Focal point at appropriate level |
| 21 | GUINEA BISSAU | CEDAW ratified without reservations | 2008 | Some reporting done | Focal point at appropriate level |
| 22 | KENYA | CEDAW ratified without reservations | 1984 | Reporting is up to date | Focal point at appropriate level |
| 23 | LESOTHO | CEDAW ratified with reservations | 1995 | Reporting is up to date | Focal person without special mandate |
| 24 | LIBERIA | CEDAW ratified without reservations | 2009 | Reporting is up to date | Focal person without special mandate |
| 25 | MADAGASCAR | CEDAW ratified without reservations | 1998 | Reporting is up to date | Focal point at appropriate level |
| 26 | MALAWI | CEDAW ratified without reservations | 2000 | Reporting is up to date | Focal point at appropriate level |
| 27 | MALI | CEDAW ratified with reservations | 1985 | Reporting is up to date | Focal person without special mandate |
| 28 | MAURITANIA | CEDAW ratified with reservations | 2000 | Reporting is up to date | Focal point at appropriate level |
| 29 | MAURITIUS | CEDAW ratified without reservations | 1984 | Reporting is up to date | Focal point at appropriate level |
| 30 | MOROCCO | CEDAW ratified without reservations | 2012 | Some reporting done | Focal point at appropriate level |
| 31 | MOZAMBIQUE | CEDAW ratified without reservations | 1993 | Reporting is up to date | Focal point at appropriate level |
| 32 | NAMIBIA | CEDAW ratified without reservations | 1995 | Reporting is up to date | Focal point at appropriate level |
| 33 | NIGER | CEDAW ratified with reservations | 1999 | Some reporting done | Focal point at appropriate level |
| 34 | NIGERIA | CEDAW ratified without reservations | 1985 | Reporting is up to date | Focal point at appropriate level |
| 35 | RWANDA | CEDAW ratified without reservations | 1981 | Reporting is up to date | Focal person without special mandate |
| 36 | SENEGAL | CEDAW ratified without reservations | 1985 | Some reporting done | Focal person without special mandate |
| 37 | SIERRA LEONE | CEDAW ratified without reservations | 1988 | Reporting is up to date | Focal point at appropriate level |
| 38 | SOUTH SUDAN | CEDAW not ratified | | No reporting | Focal point at appropriate level |
| 39 | SWAZILAND | CEDAW ratified without reservations | 2004 | Reporting is up to date | Focal person without special mandate |
| 40 | TANZANIA | CEDAW ratified without reservations | 2004 | Reporting is up to date | Focal person without special mandate |
| 41 | TOGO | CEDAW ratified without reservations | 1983 | Some reporting done | Focal point at appropriate level |
| 42 | TUNISIA | CEDAW ratified without reservations | 1985 | Reporting is up to date | Focal person without special mandate |
| 43 | UGANDA | CEDAW ratified without reservations | 1985 | Reporting is up to date | Focal point at appropriate level |
| 44 | ZAMBIA | CEDAW ratified without reservations | 1985 | Reporting is up to date | Focal point at appropriate level |
| 45 | ZIMBABWE | CEDAW ratified without reservations | 1991 | Reporting is up to date | Focal point at appropriate level |

Empty cells indicate that information was not available or not applicable.

Gender equality mainstreaming 2

| | Country | Ratification of the Optional Protocol | Embodiment of the principle of equality of men and women in national constitution or other appropriate legislation | Consistency of family laws with the principles of equality between the sexes as under provision of Article 16 of the CEDAW | The country has put in place (enacted) a gender policy |
|---|---|---|---|---|---|
| 1 | ALGERIA | YES | Law approved by Parliament | Law approved by Parliament | NO |
| 2 | BENIN | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 3 | BOTSWANA | YES | Draft law in place | Draft law in place | YES |
| 4 | BURKINA FASO | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 5 | BURUNDI | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 6 | CABO VERDE | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 7 | CAMEROON | YES | Law approved by Parliament | Draft law in place | YES |
| 8 | CAR | NO | Law approved by Parliament | Draft law in place | YES |
| 9 | CHAD | NO | Law approved by Parliament | Draft law in place | NO |
| 10 | COMOROS | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 11 | CONGO (DRC) | NO | Law approved by Parliament | Draft law in place | YES |
| 12 | CONGO, REP | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 13 | CÔTE D'IVOIRE | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 14 | DJIBOUTI | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 15 | EGYPT | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 16 | ETHIOPIA | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 17 | GABON | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 18 | GAMBIA | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 19 | GHANA | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 20 | GUINEA | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 21 | GUINEA BISSAU | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 22 | KENYA | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 23 | LESOTHO | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 24 | LIBERIA | NO | No law or legal measure | Law approved by Parliament | YES |
| 25 | MADAGASCAR | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 26 | MALAWI | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 27 | MALI | YES | Law approved by Parliament | Draft law in place | YES |
| 28 | MAURITANIA | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 29 | MAURITIUS | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 30 | MOROCCO | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 31 | MOZAMBIQUE | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 32 | NAMIBIA | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 33 | NIGER | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 34 | NIGERIA | YES | Draft law in place | Draft law in place | YES |
| 35 | RWANDA | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 36 | SENEGAL | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 37 | SIERRA LEONE | NO | Law approved by Parliament | Law approved by Parliament | YES |
| 38 | SOUTH SUDAN | NO | Draft law in place | Draft law in place | YES |
| 39 | SWAZILAND | NO | Draft law in place | Draft law in place | YES |
| 40 | TANZANIA | YES | Law approved by Parliament | Law approved by Parliament | YES |
| 41 | TOGO | NO | Law approved by Parliament | Law approved by Parliament | NO |
| 42 | TUNISIA | YES | Draft law in place | Draft law in place | YES |
| 43 | UGANDA | YES | Law approved by Parliament | Draft law in place | YES |
| 44 | ZAMBIA | NO | Law approved by Parliament | Draft law in place | YES |
| 45 | ZIMBABWE | NO | Law approved by Parliament | Law approved by Parliament | YES |

Empty cells indicate that information was not available or not applicable.

Gender equality mainstreaming 3

| | Country | Gender equality policy is integrated in the country's Poverty Reduction Strategy | Government allocated financial resources to gender related activities | Mainstreaming gender in statistics |
|---|---|---|---|---|
| 1 | ALGERIA | Gender mainstreamed, no clear objectives | No budget line allocated | Clear guide |
| 2 | BENIN | Clear objectives and targets set | Sufficient budget allocated | No clear guide |
| 3 | BOTSWANA | Gender mainstreamed, no clear objectives | Unclear kind of budget allocated | No clear guide |
| 4 | BURKINA FASO | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 5 | BURUNDI | Clear objectives and targets set | Unclear kind of budget allocated | No clear guide |
| 6 | CABO VERDE | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 7 | CAMEROON | Clear objectives and targets set | Sufficient budget allocated | No clear guide |
| 8 | CAR | Clear objectives and targets set | Sufficient budget allocated | No clear guide |
| 9 | CHAD | Clear objectives and targets set | Unclear kind of budget allocated | No clear guide |
| 10 | COMOROS | Clear objectives and targets set | Unclear kind of budget allocated | No clear guide |
| 11 | CONGO (DRC) | Clear objectives and targets set | Unclear kind of budget allocated | Clear guide |
| 12 | CONGO, REP | Clear objectives and targets set | Sufficient budget allocated | No clear guide |
| 13 | CÔTE D'IVOIRE | Clear objectives and targets set | Sufficient budget allocated | No clear guide |
| 14 | DJIBOUTI | Clear objectives and targets set | Unclear kind of budget allocated | Clear guide |
| 15 | EGYPT | Clear objectives and targets set | Unclear kind of budget allocated | Clear guide |
| 16 | ETHIOPIA | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 17 | GABON | Gender mainstreamed, no clear objectives | Unclear kind of budget allocated | No clear guide |
| 18 | GAMBIA | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 19 | GHANA | Clear objectives and targets set | Unclear kind of budget allocated | No clear guide |
| 20 | GUINEA | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 21 | GUINEA BISSAU | Clear objectives and targets set | No budget line allocated | No clear guide |
| 22 | KENYA | Clear objectives and targets set | Unclear kind of budget allocated | Clear guide |
| 23 | LESOTHO | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 24 | LIBERIA | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 25 | MADAGASCAR | Clear objectives and targets set | Unclear kind of budget allocated | No clear guide |
| 26 | MALAWI | Clear objectives and targets set | Sufficient budget allocated | No clear guide |
| 27 | MALI | Gender mainstreamed, no clear objectives | Unclear kind of budget allocated | No clear guide |
| 28 | MAURITANIA | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 29 | MAURITIUS | Gender mainstreamed, no clear objectives | Sufficient budget allocated | Clear guide |
| 30 | MOROCCO | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 31 | MOZAMBIQUE | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 32 | NAMIBIA | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 33 | NIGER | Clear objectives and targets set | Unclear kind of budget allocated | Clear guide |
| 34 | NIGERIA | Gender mainstreamed, no clear objectives | Unclear kind of budget allocated | No clear guide |
| 35 | RWANDA | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 36 | SENEGAL | Clear objectives and targets set | Unclear kind of budget allocated | No clear guide |
| 37 | SIERRA LEONE | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 38 | SOUTH SUDAN | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 39 | SWAZILAND | Clear objectives and targets set | Sufficient budget allocated | No clear guide |
| 40 | TANZANIA | Gender mainstreamed, no clear objectives | Unclear kind of budget allocated | No clear guide |
| 41 | TOGO | Clear objectives and targets set | Unclear kind of budget allocated | No clear guide |
| 42 | TUNISIA | Gender mainstreamed, no clear objectives | Unclear kind of budget allocated | No clear guide |
| 43 | UGANDA | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 44 | ZAMBIA | Clear objectives and targets set | Sufficient budget allocated | Clear guide |
| 45 | ZIMBABWE | Clear objectives and targets set | Sufficient budget allocated | Clear guide |

Empty cells indicate that information was not available or not applicable.

Social inclusion

| | Country | Provisions in the country's Constitution allowing the President / Head of State to appoint some representatives to Parliament in addition to the elected representatives | Instances where some nationals in the country require special permission / qualification to enjoy certain privileges | Social services accessible to nationals in the country on equal terms | Equal employment opportunities for all nationals | Policy or law that provides equal opportunity for all | Policy or law that protects the vulnerable in the society |
|---|---|---|---|---|---|---|---|
| 1 | ALGERIA | YES | NO | YES | NO | NO | YES |
| 2 | BENIN | NO | NO | YES | YES | YES | YES |
| 3 | BOTSWANA | YES | NO | YES | YES | NO | YES |
| 4 | BURKINA FASO | NO | NO | YES | YES | YES | YES |
| 5 | BURUNDI | NO | YES | YES | YES | YES | YES |
| 6 | CABO VERDE | NO | NO | YES | YES | YES | YES |
| 7 | CAMEROON | YES | YES | YES | YES | YES | YES |
| 8 | CAR | NO | NO | YES | YES | YES | YES |
| 9 | CHAD | NO | NO | YES | YES | YES | YES |
| 10 | COMOROS | NO | NO | YES | YES | YES | NO |
| 11 | CONGO (DRC) | YES | NO | NO | NO | YES | YES |
| 12 | CONGO, REP | NO | NO | YES | YES | YES | YES |
| 13 | CÔTE D'IVOIRE | NO | YES | YES | NO | YES | YES |
| 14 | DJIBOUTI | YES | YES | YES | YES | YES | YES |
| 15 | EGYPT | YES | YES | YES | NO | YES | YES |
| 16 | ETHIOPIA | NO | NO | YES | YES | YES | YES |
| 17 | GABON | NO | NO | YES | YES | YES | YES |
| 18 | GAMBIA | YES | NO | YES | YES | YES | YES |
| 19 | GHANA | NO | NO | YES | YES | YES | NO |
| 20 | GUINEA | NO | NO | YES | YES | YES | YES |
| 21 | GUINEA BISSAU | YES | YES | YES | YES | YES | YES |
| 22 | KENYA | NO | NO | YES | YES | YES | YES |
| 23 | LESOTHO | YES | NO | YES | YES | YES | YES |
| 24 | LIBERIA | NO | NO | NO | YES | YES | NO |
| 25 | MADAGASCAR | YES | NO | YES | YES | YES | YES |
| 26 | MALAWI | YES | NO | YES | YES | YES | YES |
| 27 | MALI | NO | NO | YES | YES | YES | YES |
| 28 | MAURITANIA | NO | NO | YES | YES | YES | YES |
| 29 | MAURITIUS | NO | NO | YES | YES | YES | YES |
| 30 | MOROCCO | YES | YES | YES | YES | YES | YES |
| 31 | MOZAMBIQUE | NO | YES | YES | YES | YES | YES |
| 32 | NAMIBIA | YES | NO | YES | YES | YES | YES |
| 33 | NIGER | NO | YES | YES | YES | YES | YES |
| 34 | NIGERIA | NO | NO | YES | YES | YES | YES |
| 35 | RWANDA | YES | NO | YES | YES | YES | YES |
| 36 | SENEGAL | NO | NO | YES | YES | YES | YES |
| 37 | SIERRA LEONE | NO | NO | YES | YES | YES | YES |
| 38 | SOUTH SUDAN | YES | YES | YES | YES | YES | YES |
| 39 | SWAZILAND | YES | | | YES | YES | YES |
| 40 | TANZANIA | YES | YES | YES | YES | YES | YES |
| 41 | TOGO | YES | YES | YES | YES | YES | YES |
| 42 | TUNISIA | NO | YES | YES | YES | YES | YES |
| 43 | UGANDA | NO | NO | YES | YES | YES | YES |
| 44 | ZAMBIA | YES | NO | YES | YES | YES | YES |
| 45 | ZIMBABWE | YES | NO | YES | YES | YES | YES |

Empty cells indicate that information was not available or not applicable.

Partnering for capacity development

| | Country | Establishment of a National Assistance Coordinating Unit for CD by the government | Main partners from multi-lateral cooperation have developed a country assistance strategy/program relating to the country |
|---|---|---|---|
| 1 | ALGERIA | Coordination, not formally instituted | Not all |
| 2 | BENIN | Clear unit established | Not all |
| 3 | BOTSWANA | Clear unit established | All |
| 4 | BURKINA FASO | Clear unit established | Not all |
| 5 | BURUNDI | Coordination, not formally instituted | Not all |
| 6 | CABO VERDE | Clear unit established | Not all |
| 7 | CAMEROON | Coordination, not formally instituted | All |
| 8 | CAR | Clear unit established | Not all |
| 9 | CHAD | No institutional Unit | Not all |
| 10 | COMOROS | Clear unit established | Not all |
| 11 | CONGO (DRC) | Clear unit established | Not all |
| 12 | CONGO, REP | No institutional Unit | Not all |
| 13 | CÔTE D'IVOIRE | Clear unit established | Not all |
| 14 | DJIBOUTI | Clear unit established | Not all |
| 15 | EGYPT | Coordination, not formally instituted | Not all |
| 16 | ETHIOPIA | Clear unit established | Not all |
| 17 | GABON | Clear unit established | Not all |
| 18 | GAMBIA | Clear unit established | All |
| 19 | GHANA | Clear unit established | All |
| 20 | GUINEA | Clear unit established | Not all |
| 21 | GUINEA BISSAU | Clear unit established | None |
| 22 | KENYA | Coordination, not formally instituted | Not all |
| 23 | LESOTHO | Clear unit established | All |
| 24 | LIBERIA | Clear unit established | All |
| 25 | MADAGASCAR | Clear unit established | Not all |
| 26 | MALAWI | Clear unit established | All |
| 27 | MALI | Coordination, not formally instituted | Not all |
| 28 | MAURITANIA | Coordination, not formally instituted | Not all |
| 29 | MAURITIUS | Clear unit established | All |
| 30 | MOROCCO | Coordination, not formally instituted | Not all |
| 31 | MOZAMBIQUE | Coordination, not formally instituted | Not all |
| 32 | NAMIBIA | Coordination, not formally instituted | Not all |
| 33 | NIGER | Clear unit established | All |
| 34 | NIGERIA | Coordination, not formally instituted | Not all |
| 35 | RWANDA | Clear unit established | All |
| 36 | SENEGAL | Clear unit established | All |
| 37 | SIERRA LEONE | Clear unit established | Not all |
| 38 | SOUTH SUDAN | Coordination, not formally instituted | |
| 39 | SWAZILAND | Coordination, not formally instituted | Not all |
| 40 | TANZANIA | Coordination, not formally instituted | Not all |
| 41 | TOGO | Clear unit established | Not all |
| 42 | TUNISIA | Clear unit established | All |
| 43 | UGANDA | Coordination, not formally instituted | All |
| 44 | ZAMBIA | Coordination, not formally instituted | |
| 45 | ZIMBABWE | No institutional unit | |

Empty cells indicate that information was not available or not applicable.

Capacity profiling and assessments of needs

| | Country | Capacity profile conducted in the country since 2008 | Date last capacity profile conducted | Who commissioned the capacity profiling | Capacity needs assessment conducted in the country since 2008 | Who commissioned the capacity needs assessment |
|---|---|---|---|---|---|---|
| 1 | ALGERIA | NO | | | NO | |
| 2 | BENIN | YES | 2011 | Government body | YES | Government body |
| 3 | BOTSWANA | YES | 2010 | Government body | YES | Government body |
| 4 | BURKINA FASO | YES | 2008 | Government body | YES | Government body |
| 5 | BURUNDI | YES | 2012 | Development partner | YES | Government body |
| 6 | CABO VERDE | YES | 2009 | Development partner | YES | Development partner |
| 7 | CAMEROON | YES | 2008 | Government body | YES | Government body |
| 8 | CAR | YES | 2008 | Government body | YES | Development partner |
| 9 | CHAD | NO | | | NO | |
| 10 | COMOROS | NO | | | YES | Development partner |
| 11 | CONGO (DRC) | YES | 2014 | Government body | YES | Government body |
| 12 | CONGO, REP | NO | | | YES | Government body |
| 13 | CÔTE D'IVOIRE | NO | | | YES | Government body |
| 14 | DJIBOUTI | YES | 2012 | | YES | |
| 15 | EGYPT | Don't know | | | YES | |
| 16 | ETHIOPIA | YES | | | YES | |
| 17 | GABON | Don't know | | | YES | |
| 18 | GAMBIA | YES | 2009 | Government body | YES | Government body |
| 19 | GHANA | YES | 2011 | Development partner | YES | Dev. partner & other |
| 20 | GUINEA | YES | 2010 | Development partner | YES | Development partner |
| 21 | GUINEA BISSAU | YES | 2007 | Government body | YES | Development partner |
| 22 | KENYA | YES | 2011 | Government body | NO | |
| 23 | LESOTHO | YES | 2012 | Gvnt & dev. partner | YES | Development partner |
| 24 | LIBERIA | YES | 2012 | Development partner | YES | Gvnt & Dev. partner |
| 25 | MADAGASCAR | NO | | | YES | Government body |
| 26 | MALAWI | YES | 2013 | | YES | |
| 27 | MALI | YES | 2011 | Development partner | YES | Government body |
| 28 | MAURITANIA | YES | 2009 | Government body | YES | Government body |
| 29 | MAURITIUS | YES | 2010 | Government body | YES | |
| 30 | MOROCCO | YES | 2011 | Development partner | YES | Development partner |
| 31 | MOZAMBIQUE | YES | 2011 | Government body | YES | Government body |
| 32 | NAMIBIA | YES | 2012 | | YES | Government body |
| 33 | NIGER | YES | 2013 | Government body | YES | Government body |
| 34 | NIGERIA | NO | 1 | | YES | Development partner |
| 35 | RWANDA | YES | 2014 | Government body | YES | Government body |
| 36 | SENEGAL | YES | | | YES | Government body |
| 37 | SIERRA LEONE | YES | 2013 | | YES | |
| 38 | SOUTH SUDAN | YES | 2013 | Gvnt & dev. partner | YES | Gvnt & dev. partner |
| 39 | SWAZILAND | NO | | | NO | |
| 40 | TANZANIA | YES | 2010 | | YES | Gvnt & dev. partner |
| 41 | TOGO | NO | | | NO | |
| 42 | TUNISIA | YES | 2010 | Government body | YES | Government body |
| 43 | UGANDA | NO | | | YES | Gvnt & dev. partner |
| 44 | ZAMBIA | YES | 2009 | | YES | Government body |
| 45 | ZIMBABWE | Don't know | | | Don't know | |

Empty cells indicate that information was not available or not applicable.
Gvnt & dev. = partner-government and development partner.

Regional integration: Geography and membership

| | Country | Number of border countries | Country landlocked | Country membership to: | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | APPA | OPEC | Commonwealth | OIF | ICO |
| 1 | ALGERIA | 6 | NO | YES | YES | NO | NO | YES |
| 2 | BENIN | 4 | NO | YES | NO | NO | YES | YES |
| 3 | BOTSWANA | 4 | YES | NO | | YES | NO | NO |
| 5 | BURKINA FASO | 6 | YES | NO | NO | NO | YES | NO |
| 4 | BURUNDI | 3 | YES | NO | NO | NO | YES | NO |
| 6 | CABO VERDE | 0 | NO | NO | NO | NO | YES | NO |
| 7 | CAMEROON | 6 | NO | YES | NO | YES | YES | YES |
| 8 | CAR | 6 | YES | NO | NO | NO | YES | YES |
| 9 | CHAD | 6 | YES | YES | NO | NO | YES | YES |
| 10 | COMOROS | 0 | NO | NO | NO | NO | YES | YES |
| 11 | CONGO (DRC) | 9 | YES | NO | NO | NO | YES | NO |
| 12 | CONGO, REP | 5 | NO | YES | NO | NO | YES | NO |
| 13 | CÔTE D'IVOIRE | 5 | NO | YES | YES | NO | YES | YES |
| 14 | DJIBOUTI | 3 | NO | NO | NO | NO | YES | YES |
| 15 | EGYPT | 4 | NO | YES | YES | NO | YES | YES |
| 16 | ETHIOPIA | 6 | YES | NO | NO | NO | NO | NO |
| 17 | GABON | 3 | NO | YES | NO | NO | YES | YES |
| 18 | GAMBIA | 1 | NO | NO | NO | NO | NO | YES |
| 19 | GHANA | 3 | NO | YES | NO | YES | YES | NO |
| 20 | GUINEA | 6 | NO | NO | NO | NO | YES | YES |
| 21 | GUINEA BISSAU | 2 | NO | NO | NO | NO | YES | YES |
| 22 | KENYA | 5 | NO | NO | NO | YES | NO | NO |
| 23 | LESOTHO | 1 | YES | NO | NO | YES | NO | NO |
| 24 | LIBERIA | 3 | NO | NO | NO | NO | NO | NO |
| 25 | MADAGASCAR | 0 | NO | NO | NO | NO | YES | NO |
| 26 | MALAWI | 3 | YES | NO | NO | YES | NO | NO |
| 27 | MALI | 7 | YES | NO | NO | NO | YES | YES |
| 28 | MAURITANIA | 4 | NO | NO | NO | NO | YES | YES |
| 29 | MAURITIUS | | | NO | NO | YES | YES | NO |
| 30 | MOROCCO | 2 | NO | NO | NO | NO | YES | YES |
| 31 | MOZAMBIQUE | 6 | NO | NO | NO | YES | NO | YES |
| 32 | NAMIBIA | 5 | NO | YES | YES | YES | NO | NO |
| 33 | NIGER | 7 | YES | YES | YES | NO | YES | YES |
| 34 | NIGERIA | 4 | NO | YES | YES | YES | NO | NO |
| 35 | RWANDA | 4 | YES | NO | NO | YES | YES | NO |
| 36 | SENEGAL | 5 | NO | NO | NO | NO | YES | YES |
| 37 | SIERRA LEONE | 2 | NO | YES | NO | YES | NO | YES |
| 38 | SOUTH SUDAN | 6 | YES | NO | NO | NO | NO | NO |
| 39 | SWAZILAND | 2 | YES | NO | NO | YES | NO | NO |
| 40 | TANZANIA | 8 | NO | NO | NO | YES | NO | NO |
| 41 | TOGO | 3 | NO | NO | NO | NO | YES | YES |
| 42 | TUNISIA | 2 | NO | NO | NO | NO | YES | YES |
| 43 | UGANDA | 5 | YES | NO | YES | YES | NO | YES |
| 44 | ZAMBIA | 8 | YES | NO | NO | YES | NO | NO |
| 45 | ZIMBABWE | 5 | YES | NO | NO | NO | NO | NO |

ICO = Islamic Conference Organization.
APPA = African Petroleum Association.
OIF = Francophonie.

Regional integration: Membership in AU-recognized RECs

| | Country | CEN-SAD | EAC | ECCAS | ECOWAS | COMESA | IGAD | SADC | UMA |
|---|---|---|---|---|---|---|---|---|---|
| 1 | ALGERIA | NO | NO | NO | NO | NO | NO | NO | YES |
| 2 | BENIN | YES | NO | NO | YES | NO | NO | NO | NO |
| 3 | BOTSWANA | NO | NO | NO | NO | NO | NO | YES | NO |
| 5 | BURKINA FASO | YES | NO | NO | YES | NO | NO | NO | NO |
| 4 | BURUNDI | NO | YES | YES | NO | YES | NO | NO | NO |
| 6 | CABO VERDE | NO | NO | NO | YES | NO | NO | NO | NO |
| 7 | CAMEROON | NO | NO | YES | NO | NO | NO | NO | NO |
| 8 | CAR | YES | NO | YES | NO | NO | NO | NO | NO |
| 9 | CHAD | YES | NO | YES | NO | NO | NO | NO | NO |
| 10 | COMOROS | YES | NO | NO | NO | YES | NO | NO | NO |
| 11 | CONGO (DRC) | NO | NO | YES | NO | YES | NO | YES | NO |
| 12 | CONGO, REP | NO | NO | YES | NO | NO | NO | NO | NO |
| 13 | CÔTE D'IVOIRE | YES | NO | NO | YES | NO | NO | NO | NO |
| 14 | DJIBOUTI | YES | NO | NO | NO | YES | YES | NO | NO |
| 15 | EGYPT | YES | NO | NO | NO | YES | NO | NO | NO |
| 16 | ETHIOPIA | NO | NO | NO | NO | YES | YES | NO | NO |
| 17 | GABON | NO | NO | YES | NO | NO | NO | NO | NO |
| 18 | GAMBIA | YES | NO | NO | YES | NO | NO | NO | NO |
| 19 | GHANA | YES | NO | NO | YES | NO | NO | NO | NO |
| 20 | GUINEA | YES | NO | NO | YES | NO | NO | NO | NO |
| 21 | GUINEA-BISSAU | YES | NO | NO | YES | NO | NO | NO | NO |
| 22 | KENYA | YES | YES | NO | NO | YES | YES | NO | NO |
| 23 | LESOTHO | NO | NO | NO | NO | NO | NO | YES | NO |
| 24 | LIBERIA | YES | NO | NO | YES | NO | NO | NO | NO |
| 25 | MADAGASCAR | NO | NO | NO | NO | YES | NO | YES | NO |
| 26 | MALAWI | NO | NO | NO | NO | YES | NO | YES | NO |
| 27 | MALI | YES | NO | NO | YES | NO | NO | NO | NO |
| 28 | MAURITANIA | YES | NO | NO | NO | NO | NO | NO | YES |
| 29 | MAURITIUS | NO | NO | NO | NO | YES | NO | YES | NO |
| 30 | MOROCCO | YES | NO | NO | NO | NO | NO | NO | YES |
| 31 | MOZAMBIQUE | NO | NO | NO | NO | NO | NO | YES | NO |
| 32 | NAMIBIA | NO | NO | NO | NO | NO | NO | YES | NO |
| 33 | NIGER | YES | NO | NO | YES | NO | NO | NO | NO |
| 34 | NIGERIA | YES | NO | NO | YES | NO | NO | NO | NO |
| 35 | RWANDA | NO | YES | NO | NO | YES | NO | NO | NO |
| 36 | SENEGAL | YES | NO | NO | YES | NO | NO | NO | NO |
| 37 | SIERRA LEONE | YES | NO | NO | YES | NO | NO | NO | NO |
| 38 | SOUTH SUDAN | NO | NO | NO | NO | NO | YES | NO | NO |
| 39 | SWAZILAND | NO | NO | NO | NO | YES | NO | YES | NO |
| 40 | TANZANIA | NO | YES | NO | NO | NO | NO | YES | NO |
| 41 | TOGO | YES | NO | NO | YES | NO | NO | NO | NO |
| 42 | TUNISIA | YES | NO | NO | NO | NO | NO | NO | YES |
| 43 | UGANDA | NO | YES | NO | NO | YES | YES | NO | NO |
| 44 | ZAMBIA | NO | NO | NO | NO | YES | NO | YES | NO |
| 45 | ZIMBABWE | NO | NO | NO | NO | YES | NO | YES | NO |

16
Compendium of Statistics

Regional integration: Membership in other RECs

| | Country | CEMAC | CEPGL | IOC | MRU | UEMOA | SACU |
|---|---|---|---|---|---|---|---|
| 1 | ALGERIA | NO | NO | NO | NO | NO | NO |
| 2 | BENIN | NO | NO | NO | NO | YES | NO |
| 3 | BOTSWANA | NO | NO | NO | NO | NO | YES |
| 5 | BURKINA FASO | NO | NO | NO | NO | YES | NO |
| 4 | BURUNDI | NO | YES | NO | NO | NO | NO |
| 6 | CABO VERDE | NO | NO | NO | NO | NO | NO |
| 7 | CAMEROON | YES | NO | NO | NO | NO | NO |
| 8 | CAR | YES | NO | NO | NO | NO | NO |
| 9 | CHAD | YES | NO | NO | NO | NO | NO |
| 10 | COMOROS | NO | NO | YES | NO | NO | NO |
| 11 | CONGO (DRC) | NO | YES | NO | NO | NO | NO |
| 12 | CONGO, REP | YES | NO | NO | NO | NO | NO |
| 13 | CÔTE D'IVOIRE | NO | NO | NO | YES | YES | NO |
| 14 | DJIBOUTI | NO | NO | NO | NO | NO | NO |
| 15 | EGYPT | NO | NO | NO | NO | NO | NO |
| 16 | ETHIOPIA | NO | NO | NO | NO | NO | NO |
| 17 | GABON | YES | NO | NO | NO | NO | NO |
| 18 | GAMBIA | NO | NO | NO | NO | NO | NO |
| 19 | GHANA | NO | NO | NO | NO | NO | NO |
| 20 | GUINEA | NO | NO | NO | YES | NO | NO |
| 21 | GUINEA-BISSAU | NO | NO | NO | NO | YES | NO |
| 22 | KENYA | NO | NO | NO | NO | NO | NO |
| 23 | LESOTHO | NO | NO | NO | NO | NO | YES |
| 24 | LIBERIA | NO | NO | NO | YES | NO | NO |
| 25 | MADAGASCAR | NO | NO | YES | NO | NO | NO |
| 26 | MALAWI | NO | NO | NO | NO | NO | NO |
| 27 | MALI | NO | NO | NO | NO | YES | NO |
| 28 | MAURITANIA | NO | NO | NO | NO | NO | NO |
| 29 | MAURITIUS | NO | NO | YES | NO | NO | NO |
| 30 | MOROCCO | NO | NO | NO | NO | NO | NO |
| 31 | MOZAMBIQUE | NO | NO | NO | NO | NO | NO |
| 32 | NAMIBIA | NO | NO | NO | NO | NO | YES |
| 33 | NIGER | NO | NO | NO | NO | YES | NO |
| 34 | NIGERIA | NO | NO | NO | NO | NO | NO |
| 35 | RWANDA | NO | YES | NO | NO | NO | NO |
| 36 | SENEGAL | NO | NO | NO | NO | YES | NO |
| 37 | SIERRA LEONE | NO | NO | NO | YES | NO | NO |
| 38 | SOUTH SUDAN | NO | NO | NO | NO | NO | NO |
| 39 | SWAZILAND | NO | NO | NO | NO | NO | YES |
| 40 | TANZANIA | NO | NO | NO | NO | NO | NO |
| 41 | TOGO | NO | NO | NO | NO | YES | NO |
| 42 | TUNISIA | NO | NO | NO | NO | NO | NO |
| 43 | UGANDA | NO | NO | NO | NO | NO | NO |
| 44 | ZAMBIA | NO | NO | NO | NO | NO | NO |
| 45 | ZIMBABWE | NO | NO | NO | NO | NO | NO |

Regional integration: Main treaties/protocols relating to regional integration signed/ratified

| | Country | Abuja Treaty | | Constitutive Act of the African Union | | Constitution of the Association of African Trade Promotion Organizations | |
|---|---|---|---|---|---|---|---|
| | | Signed | Ratified | Signed | Ratified | Signed | Ratified |
| 1 | ALGERIA | NO | NO | YES | NO | YES | NO |
| 2 | BENIN | YES | YES | YES | YES | YES | YES |
| 3 | BOTSWANA | YES | YES | YES | YES | NO | NO |
| 5 | BURKINA FASO | YES | YES | YES | YES | YES | NO |
| 4 | BURUNDI | YES | YES | YES | YES | YES | NO |
| 6 | CABO VERDE | NO | NO | YES | YES | NO | NO |
| 7 | CAMEROON | YES | YES | YES | YES | YES | NO |
| 8 | CAR | YES | YES | YES | YES | YES | NO |
| 9 | CHAD | YES | YES | YES | YES | YES | NO |
| 10 | COMOROS | YES | YES | YES | YES | YES | NO |
| 11 | CONGO (DRC) | YES | YES | YES | YES | YES | NO |
| 12 | CONGO, REP | YES | YES | YES | YES | YES | YES |
| 13 | CÔTE D’IVOIRE | YES | YES | YES | YES | YES | |
| 14 | DJIBOUTI | YES | NO | YES | NO | NO | NO |
| 15 | EGYPT | YES | YES | NO | NO | YES | YES |
| 16 | ETHIOPIA | YES | YES | YES | YES | YES | YES |
| 17 | GABON | YES | YES | YES | YES | YES | NO |
| 18 | GAMBIA | YES | YES | YES | YES | NO | NO |
| 19 | GHANA | YES | YES | YES | YES | YES | YES |
| 20 | GUINEA | YES | YES | YES | YES | YES | YES |
| 21 | GUINEA BISSAU | YES | YES | YES | YES | NO | NO |
| 22 | KENYA | YES | NO | YES | YES | NO | NO |
| 23 | LESOTHO | YES | YES | YES | YES | NO | NO |
| 24 | LIBERIA | YES | YES | YES | YES | YES | YES |
| 25 | MADAGASCAR | YES | NO | YES | YES | YES | NO |
| 26 | MALAWI | YES | YES | YES | YES | NO | NO |
| 27 | MALI | YES | YES | YES | YES | YES | YES |
| 28 | MAURITANIA | YES | YES | YES | YES | YES | NO |
| 29 | MAURITIUS | YES | YES | YES | YES | NO | NO |
| 30 | MOROCCO | NO | NO | NO | NO | NO | NO |
| 31 | MOZAMBIQUE | YES | YES | YES | YES | NO | NO |
| 32 | NAMIBIA | YES | YES | YES | YES | YES | YES |
| 33 | NIGER | YES | YES | YES | YES | YES | YES |
| 34 | NIGERIA | YES | YES | YES | YES | YES | YES |
| 35 | RWANDA | YES | YES | YES | NO | YES | YES |
| 36 | SENEGAL | YES | YES | YES | YES | YES | NO |
| 37 | SIERRA LEONE | YES | YES | YES | YES | YES | YES |
| 38 | SOUTH SUDAN | NO | NO | YES | NO | YES | NO |
| 39 | SWAZILAND | | | YES | YES | | |
| 40 | TANZANIA | YES | YES | YES | YES | YES | YES |
| 41 | TOGO | YES | YES | YES | YES | YES | YES |
| 42 | TUNISIA | NO | NO | YES | YES | NO | NO |
| 43 | UGANDA | YES | YES | YES | YES | YES | NO |
| 44 | ZAMBIA | YES | YES | YES | YES | | |
| 45 | ZIMBABWE | YES | YES | YES | YES | NO | NO |

Empty cells indicate that information was not available or not applicable.

Regional integration: Main treaties/protocols relating to regional integration signed/ratified

| | Country | Protocol to the Treaty establishing the African Economic Community relating to the Pan-African Parliament | | Protocol on the African Investment Bank | |
|---|---|---|---|---|---|
| | | Signed | Ratified | Signed | Ratified |
| 1 | ALGERIA | YES | NO | YES | NO |
| 2 | BENIN | YES | YES | YES | YES |
| 3 | BOTSWANA | NO | YES | NO | NO |
| 5 | BURKINA FASO | YES | YES | YES | NO |
| 4 | BURUNDI | YES | YES | NO | NO |
| 6 | CABO VERDE | NO | NO | NO | NO |
| 7 | CAMEROON | YES | YES | NO | NO |
| 8 | CAR | YES | NO | YES | NO |
| 9 | CHAD | YES | YES | NO | NO |
| 10 | COMOROS | YES | YES | YES | NO |
| 11 | CONGO (DRC) | YES | NO | YES | YES |
| 12 | CONGO, REP | YES | YES | YES | YES |
| 13 | CÔTE D'IVOIRE | YES | YES | YES | YES |
| 14 | DJIBOUTI | YES | YES | YES | NO |
| 15 | EGYPT | YES | YES | NO | NO |
| 16 | ETHIOPIA | YES | YES | NO | NO |
| 17 | GABON | YES | YES | NO | NO |
| 18 | GAMBIA | YES | YES | YES | YES |
| 19 | GHANA | YES | YES | YES | YES |
| 20 | GUINEA | YES | YES | YES | YES |
| 21 | GUINEA BISSAU | YES | YES | YES | YES |
| 22 | KENYA | YES | YES | NO | NO |
| 23 | LESOTHO | YES | YES | NO | NO |
| 24 | LIBERIA | YES | YES | NO | NO |
| 25 | MADAGASCAR | YES | YES | NO | NO |
| 26 | MALAWI | YES | YES | NO | NO |
| 27 | MALI | YES | YES | NO | NO |
| 28 | MAURITANIA | YES | YES | YES | YES |
| 29 | MAURITIUS | YES | YES | NO | NO |
| 30 | MOROCCO | NO | NO | NO | NO |
| 31 | MOZAMBIQUE | YES | YES | NO | NO |
| 32 | NAMIBIA | YES | YES | NO | NO |
| 33 | NIGER | YES | YES | YES | YES |
| 34 | NIGERIA | YES | YES | NO | NO |
| 35 | RWANDA | YES | YES | NO | NO |
| 36 | SENEGAL | YES | YES | YES | NO |
| 37 | SIERRA LEONE | YES | YES | YES | YES |
| 38 | SOUTH SUDAN | YES | NO | NO | NO |
| 39 | SWAZILAND | YES | | | |
| 40 | TANZANIA | YES | YES | YES | YES |
| 41 | TOGO | YES | YES | YES | YES |
| 42 | TUNISIA | YES | YES | NO | NO |
| 43 | UGANDA | YES | YES | NO | NO |
| 44 | ZAMBIA | YES | YES | YES | NO |
| 45 | ZIMBABWE | YES | YES | NO | NO |

Empty cells indicate that information was not available or not applicable.

19
Compendium of Statistics

Policies, strategies and initiatives for domestic resource mobilization 1

| | Country | Existence of a National Development Strategy | Country is member of the African Tax Administration Forum (ATAF) | Country is member of the Collaborative African Budget Reform Initiatives (CABRI) | Yaoundé Declaration on Combatting Illicit Financial Flows from Africa (7th June 2014) signed | Country has put in place an Agency to fight illicit financial flows | The Yaoundé Declaration on Tax and Development (9th September 2010) signed |
|---|---|---|---|---|---|---|---|
| 1 | ALGERIA | YES | NO | NO | NO | YES | NO |
| 2 | BENIN | YES | YES | NO | NO | YES | NO |
| 3 | BOTSWANA | NO | YES | YES | YES | YES | NO |
| 5 | BURKINA FASO | YES | YES | YES | NO | NO | |
| 4 | BURUNDI | YES | YES | NO | NO | NO | NO |
| 6 | CABO VERDE | NO | NO | NO | NO | YES | NO |
| 7 | CAMEROON | NO | YES | NO | YES | YES | YES |
| 8 | CAR | IN PROCESS | NO | YES | YES | YES | YES |
| 9 | CHAD | YES | YES | NO | NO | YES | |
| 10 | COMOROS | YES | YES | NO | NO | YES | NO |
| 11 | CONGO (DRC) | YES | NO | NO | NO | YES | YES |
| 12 | CONGO, REP | YES | NO | NO | YES | YES | YES |
| 13 | CÔTE D'IVOIRE | IN PROCESS | YES | NO | | | NO |
| 14 | DJIBOUTI | NO | | | | YES | |
| 15 | EGYPT | YES | YES | NO | NO | YES | NO |
| 16 | ETHIOPIA | IN PROCESS | NO | NO | NO | YES | NO |
| 17 | GABON | NO | YES | NO | NO | YES | NO |
| 18 | GAMBIA | YES | YES | YES | NO | YES | NO |
| 19 | GHANA | YES | YES | YES | YES | YES | YES |
| 20 | GUINEA | IN PROCESS | NO | NO | YES | NO | NO |
| 21 | GUINEA BISSAU | NO | YES | NO | NO | YES | NO |
| 22 | KENYA | YES | YES | YES | NO | YES | NO |
| 23 | LESOTHO | YES | YES | NO | NO | YES | NO |
| 24 | LIBERIA | YES | YES | YES | YES | YES | YES |
| 25 | MADAGASCAR | YES | YES | NO | NO | YES | NO |
| 26 | MALAWI | YES | YES | NO | NO | NO | NO |
| 27 | MALI | YES | NO | YES | NO | YES | NO |
| 28 | MAURITANIA | NO | YES | YES | YES | YES | YES |
| 29 | MAURITIUS | YES | YES | YES | NO | YES | NO |
| 30 | MOROCCO | YES | YES | NO | NO | NO | NO |
| 31 | MOZAMBIQUE | YES | YES | NO | | NO | |
| 32 | NAMIBIA | YES | YES | NO | | YES | NO |
| 33 | NIGER | YES | YES | NO | NO | YES | NO |
| 34 | NIGERIA | YES | YES | NO | | YES | |
| 35 | RWANDA | NO | YES | YES | NO | NO | |
| 36 | SENEGAL | YES | YES | YES | YES | YES | NO |
| 37 | SIERRA LEONE | YES | YES | NO | YES | YES | NO |
| 38 | SOUTH SUDAN | YES | NO | NO | NO | NO | NO |
| 39 | SWAZILAND | YES | YES | NO | NO | YES | NO |
| 40 | TANZANIA | NO | YES | NO | YES | YES | YES |
| 41 | TOGO | NO | YES | NO | YES | YES | NO |
| 42 | TUNISIA | IN PROCESS | NO | NO | NO | NO | NO |
| 43 | UGANDA | YES | YES | NO | NO | YES | NO |
| 44 | ZAMBIA | NO | YES | NO | YES | YES | |
| 45 | ZIMBABWE | YES | YES | YES | NO | YES | NO |

Empty cells indicate that information was not available or not applicable.

20 Compendium of Statistics

Policies, strategies and initiatives for domestic resource mobilization 2

| | Country | The AU Convention on Preventing and Combating Corruption (Maputo, 11 July 2003) | Country has tax exemptions dedicated to investors | Country has developed a specific policy to/ strategic to collect taxes from natural resources | Country has put in place strategies to collect taxes from the informal sector | Country has a public training institution dedicated to public revenue collection | Country has a microfinance policy |
|---|---|---|---|---|---|---|---|
| 1 | ALGERIA | YES | YES | YES | YES | YES | YES |
| 2 | BENIN | YES | YES | NO | YES | YES | YES |
| 3 | BOTSWANA | NO | YES | YES | NO | NO | YES |
| 5 | BURKINA FASO | YES | YES | YES | YES | YES | YES |
| 4 | BURUNDI | NO | YES | NO | YES | YES | YES |
| 6 | CABO VERDE | NO | YES | NO | YES | YES | YES |
| 7 | CAMEROON | YES | YES | | NO | YES | YES |
| 8 | CAR | YES | YES | YES | YES | NO | YES |
| 9 | CHAD | YES | YES | YES | YES | YES | YES |
| 10 | COMOROS | YES | YES | | YES | NO | YES |
| 11 | CONGO (DRC) | YES | YES | YES | YES | YES | YES |
| 12 | CONGO, REP | YES | YES | YES | YES | YES | YES |
| 13 | CÔTE D'IVOIRE | YES | YES | YES | YES | YES | YES |
| 14 | DJIBOUTI | YES | YES | NO | YES | YES | YES |
| 15 | EGYPT | NO | YES | | YES | | YES |
| 16 | ETHIOPIA | YES | YES | NO | YES | YES | NO |
| 17 | GABON | YES | YES | | YES | YES | YES |
| 18 | GAMBIA | YES | YES | | YES | NO | YES |
| 19 | GHANA | YES | YES | YES | YES | YES | YES |
| 20 | GUINEA | YES | YES | NO | NO | NO | YES |
| 21 | GUINEA BISSAU | NO | YES | NO | YES | NO | YES |
| 22 | KENYA | YES | YES | NO | YES | NO | YES |
| 23 | LESOTHO | YES | NO | YES | NO | NO | NO |
| 24 | LIBERIA | YES | YES | YES | NO | NO | YES |
| 25 | MADAGASCAR | YES | YES | NO | YES | YES | YES |
| 26 | MALAWI | YES | YES | NO | NO | YES | YES |
| 27 | MALI | | YES | YES | YES | YES | YES |
| 28 | MAURITANIA | YES | YES | YES | YES | YES | YES |
| 29 | MAURITIUS | YES | YES | | YES | YES | YES |
| 30 | MOROCCO | NO | YES | YES | NO | YES | YES |
| 31 | MOZAMBIQUE | YES | YES | YES | YES | YES | NO |
| 32 | NAMIBIA | YES | YES | YES | NO | NO | YES |
| 33 | NIGER | YES | YES | YES | YES | YES | YES |
| 34 | NIGERIA | YES | YES | YES | NO | NO | YES |
| 35 | RWANDA | YES | YES | YES | YES | YES | YES |
| 36 | SENEGAL | YES | YES | NO | YES | YES | YES |
| 37 | SIERRA LEONE | YES | YES | YES | YES | NO | YES |
| 38 | SOUTH SUDAN | NO | YES | NO | YES | NO | NO |
| 39 | SWAZILAND | YES | YES | NO | NO | NO | YES |
| 40 | TANZANIA | YES | YES | YES | YES | YES | YES |
| 41 | TOGO | YES | YES | NO | YES | YES | YES |
| 42 | TUNISIA | YES | YES | | YES | YES | YES |
| 43 | UGANDA | YES | YES | YES | YES | YES | YES |
| 44 | ZAMBIA | | YES | YES | YES | NO | |
| 45 | ZIMBABWE | YES | YES | YES | YES | NO | YES |

Empty cells indicate that information was not available or not applicable.

Policies, strategies and initiatives for domestic resource mobilization 3

| | Country | Country hosts a stock exchange | Country is a member of a regional stock exchange | Country provides incentives related to the remittances from the diaspora | Country has conducted a tax reform over the past 10 years | Country have a one-stop shop office that deals with all business registrations |
|---|---|---|---|---|---|---|
| 1 | ALGERIA | YES | NO | NO | YES | YES |
| 2 | BENIN | NO | YES | NO | YES | YES |
| 3 | BOTSWANA | YES | YES | YES | YES | YES |
| 5 | BURKINA FASO | NO | YES | NO | YES | YES |
| 4 | BURUNDI | NO | NO | NO | YES | YES |
| 6 | CABO VERDE | YES | NO | YES | YES | YES |
| 7 | CAMEROON | YES | YES | NO | YES | YES |
| 8 | CAR | NO | NO | NO | YES | YES |
| 9 | CHAD | NO | YES | NO | YES | YES |
| 10 | COMOROS | NO | NO | | YES | YES |
| 11 | CONGO (DRC) | NO | NO | NO | YES | YES |
| 12 | CONGO, REP | NO | YES | NO | YES | YES |
| 13 | CÔTE D'IVOIRE | YES | YES | | YES | YES |
| 14 | DJIBOUTI | NO | NO | NO | YES | YES |
| 15 | EGYPT | YES | YES | NO | YES | YES |
| 16 | ETHIOPIA | NO | NO | YES | YES | NO |
| 17 | GABON | YES | YES | NO | YES | YES |
| 18 | GAMBIA | NO | NO | NO | YES | YES |
| 19 | GHANA | YES | YES | YES | NO | YES |
| 20 | GUINEA | NO | NO | NO | YES | YES |
| 21 | GUINEA BISSAU | NO | YES | NO | YES | YES |
| 22 | KENYA | YES | YES | YES | YES | YES |
| 23 | LESOTHO | NO | NO | NO | YES | YES |
| 24 | LIBERIA | NO | NO | NO | YES | YES |
| 25 | MADAGASCAR | NO | NO | NO | YES | YES |
| 26 | MALAWI | YES | NO | NO | YES | YES |
| 27 | MALI | NO | YES | YES | YES | YES |
| 28 | MAURITANIA | NO | NO | YES | YES | YES |
| 29 | MAURITIUS | YES | NO | NO | YES | YES |
| 30 | MOROCCO | YES | YES | YES | YES | YES |
| 31 | MOZAMBIQUE | YES | YES | YES | YES | YES |
| 32 | NAMIBIA | YES | YES | NO | YES | NO |
| 33 | NIGER | NO | YES | NO | YES | NO |
| 34 | NIGERIA | YES | NO | YES | YES | YES |
| 35 | RWANDA | YES | YES | YES | YES | YES |
| 36 | SENEGAL | YES | YES | NO | YES | YES |
| 37 | SIERRA LEONE | YES | NO | NO | YES | YES |
| 38 | SOUTH SUDAN | NO | NO | NO | YES | NO |
| 39 | SWAZILAND | YES | NO | NO | YES | NO |
| 40 | TANZANIA | YES | YES | YES | YES | YES |
| 41 | TOGO | NO | YES | NO | YES | YES |
| 42 | TUNISIA | YES | NO | YES | YES | YES |
| 43 | UGANDA | YES | NO | NO | YES | NO |
| 44 | ZAMBIA | YES | YES | NO | YES | YES |
| 45 | ZIMBABWE | YES | NO | NO | YES | YES |

Empty cells indicate that information was not available or not applicable.

Challenges in raising tax revenues

| | Country | There has been information / education / communication campaign related to the payments tax during past three years | Country has published the regulations law during the latest fiscal year | Existence of a body to fight against tax evasion and avoidance | Special services offered to bring small business into the tax net |
|---|---|---|---|---|---|
| 1 | ALGERIA | NO | YES | YES | NO |
| 2 | BENIN | YES | YES | NO | YES |
| 3 | BOTSWANA | YES | YES | YES | NO |
| 5 | BURKINA FASO | YES | YES | YES | YES |
| 4 | BURUNDI | YES | YES | YES | YES |
| 6 | CABO VERDE | YES | YES | YES | NO |
| 7 | CAMEROON | YES | YES | NO | YES |
| 8 | CAR | YES | NO | YES | NO |
| 9 | CHAD | YES | NO | YES | YES |
| 10 | COMOROS | YES | YES | YES | YES |
| 11 | CONGO (DRC) | YES | YES | NO | NO |
| 12 | CONGO, REP | YES | YES | YES | YES |
| 13 | CÔTE D'IVOIRE | YES | YES | YES | YES |
| 14 | DJIBOUTI | YES | YES | NO | YES |
| 15 | EGYPT | YES | YES | YES | YES |
| 16 | ETHIOPIA | YES | NO | YES | YES |
| 17 | GABON | YES | YES | NO | NO |
| 18 | GAMBIA | YES | YES | YES | YES |
| 19 | GHANA | YES | YES | YES | NO |
| 20 | GUINEA | NO | YES | YES | NO |
| 21 | GUINEA BISSAU | YES | NO | NO | NO |
| 22 | KENYA | YES | YES | YES | YES |
| 23 | LESOTHO | YES | NO | YES | YES |
| 24 | LIBERIA | YES | YES | YES | NO |
| 25 | MADAGASCAR | YES | NO | YES | YES |
| 26 | MALAWI | YES | YES | YES | NO |
| 27 | MALI | YES | YES | YES | YES |
| 28 | MAURITANIA | NO | NO | NO | NO |
| 29 | MAURITIUS | YES | YES | YES | YES |
| 30 | MOROCCO | YES | YES | YES | YES |
| 31 | MOZAMBIQUE | YES | YES | YES | YES |
| 32 | NAMIBIA | YES | NO | YES | NO |
| 33 | NIGER | YES | NO | YES | NO |
| 34 | NIGERIA | YES | NO | NO | YES |
| 35 | RWANDA | YES | YES | YES | YES |
| 36 | SENEGAL | YES | YES | YES | YES |
| 37 | SIERRA LEONE | YES | YES | YES | YES |
| 38 | SOUTH SUDAN | YES | NO | YES | NO |
| 39 | SWAZILAND | YES | YES | YES | YES |
| 40 | TANZANIA | YES | YES | NO | YES |
| 41 | TOGO | YES | NO | YES | NO |
| 42 | TUNISIA | YES | YES | YES | NO |
| 43 | UGANDA | YES | YES | YES | YES |
| 44 | ZAMBIA | YES | YES | YES | YES |
| 45 | ZIMBABWE | YES | YES | YES | YES |

Capacity Building relating to domestic resource mobilization

| | Country | Over the past 3 years, there has been a capacity building program in the following areas | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Fighting corruption** | **Illicit financial flows** | **Fiscal sustainability** | **Social security and safety nets** | **Financial sector strengthening** | **Revenue collection** |
| 1 | ALGERIA | YES | YES | YES | YES | YES | YES |
| 2 | BENIN | NO | YES | NO | NO | NO | YES |
| 3 | BOTSWANA | YES | NO | YES | YES | YES | YES |
| 5 | BURKINA FASO | YES | NO | YES | YES | NO | YES |
| 4 | BURUNDI | YES | NO | NO | NO | YES | YES |
| 6 | CABO VERDE | NO | NO | NO | NO | NO | NO |
| 7 | CAMEROON | NO | YES | NO | NO | NO | YES |
| 8 | CAR | YES | YES | YES | YES | YES | YES |
| 9 | CHAD | YES | YES | YES | YES | YES | YES |
| 10 | COMOROS | YES | YES | YES | YES | YES | YES |
| 11 | CONGO (DRC) | YES | NO | YES | NO | YES | YES |
| 12 | CONGO, REP | YES | YES | YES | YES | YES | YES |
| 13 | CÔTE D'IVOIRE | NO | NO | NO | NO | NO | NO |
| 14 | DJIBOUTI | YES | YES | YES | YES | YES | YES |
| 15 | EGYPT | YES | YES | YES | YES | YES | YES |
| 16 | ETHIOPIA | YES | YES | YES | YES | YES | YES |
| 17 | GABON | YES | YES | YES | YES | YES | YES |
| 18 | GAMBIA | NO | NO | YES | NO | YES | YES |
| 19 | GHANA | YES | YES | YES | YES | NO | YES |
| 20 | GUINEA | YES | NO | YES | YES | YES | YES |
| 21 | GUINEA BISSAU | YES | YES | NO | NO | YES | YES |
| 22 | KENYA | YES | YES | YES | YES | YES | YES |
| 23 | LESOTHO | YES | YES | YES | YES | YES | YES |
| 24 | LIBERIA | YES | NO | YES | NO | YES | YES |
| 25 | MADAGASCAR | YES | NO | YES | YES | NO | YES |
| 26 | MALAWI | YES | YES | YES | NO | YES | YES |
| 27 | MALI | YES | YES | YES | YES | YES | YES |
| 28 | MAURITANIA | YES | NO | NO | YES | YES | YES |
| 29 | MAURITIUS | YES | YES | YES | YES | YES | YES |
| 30 | MOROCCO | YES | YES | NO | YES | YES | YES |
| 31 | MOZAMBIQUE | YES | YES | YES | YES | YES | YES |
| 32 | NAMIBIA | YES | YES | YES | YES | YES | YES |
| 33 | NIGER | YES | YES | YES | YES | YES | YES |
| 34 | NIGERIA | YES | YES | YES | NO | YES | YES |
| 35 | RWANDA | YES | YES | YES | NO | YES | YES |
| 36 | SENEGAL | YES | YES | NO | NO | YES | YES |
| 37 | SIERRA LEONE | YES | YES | YES | YES | YES | YES |
| 38 | SOUTH SUDAN | YES | NO | YES | YES | YES | YES |
| 39 | SWAZILAND | YES | YES | YES | | | YES |
| 40 | TANZANIA | YES | YES | YES | YES | YES | YES |
| 41 | TOGO | YES | YES | YES | YES | YES | YES |
| 42 | TUNISIA | YES | YES | NO | YES | YES | YES |
| 43 | UGANDA | YES | YES | YES | YES | YES | YES |
| 44 | ZAMBIA | YES | | YES | | YES | YES |
| 45 | ZIMBABWE | YES | YES | YES | YES | YES | YES |

Empty cells indicate that information was not available or not applicable.