

Revenue Statistics in Africa 2021



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Revenue Statistics in Africa

Revenue Statistics in Africa is an annual publication providing accurate, complete and reliable statistics on public revenues for tax policy development. It includes harmonised and internationally comparable data that can be accessed online for free.

The publication is produced jointly by the African Tax Administration Forum (ATAF), the African Union Commission (AUC), the Centre for Tax Policy and Administration of the Organisation for Economic Co-operation and Development (OECD) and the OECD Development Centre, with the technical support of the African Development Bank (AfDB) and the Cercle de réflexion et d'échange des dirigeants des administrations fiscales (CREDAF) and with the financial support of the European Union, and in collaboration with African countries. It is a key contribution to the pan-African goal of improving domestic resource mobilisation, which is set out in the African Union's Agenda 2063, the regional economic communities' strategic priorities, and the Sustainable Development Goals (SDGs). It also contributes to the implementation of the second phase of the Pan-African Statistics Programme, a joint initiative between the European Union and the African Union that aims to improve measurement of progress in the process of African Integration by promoting the use of statistical data of quality in the decision making process and policy monitoring.



Revenue Statistics in Africa 2021 provides data on 30 countries: Botswana, Burkina Faso, Cabo Verde, Cameroon, Chad, the Republic of the Congo, the Democratic Republic of the Congo, Côte d'Ivoire, Equatorial Guinea, Egypt, Eswatini, Ghana, Lesotho, Kenya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Namibia, Niger, Nigeria, Rwanda, Senegal, the Seychelles, South Africa, Togo, Tunisia and Uganda. It includes a special feature highlighting the impact of COVID-19 on African debt vulnerabilities and recommendations to improve debt management.

Definitions and classifications

Revenue Statistics in Africa follows the OECD tax classification where taxes are defined as compulsory, unrequited payments to general government. Taxes are unrequited in the sense that benefits provided by government are not normally in proportion to their payments. Compulsory social security contributions paid to general government are classified as taxes.

Taxes are classified according to their base. The six main categories are: taxes on income and profits; social security contributions; payroll and workforce taxes; property taxes; goods and services taxes and other taxes.

Non-tax revenues are all other revenues received by general government, not classified as taxes. They include: grants (foreign aid); property income (rents and royalties (e.g. oil and mining royalties), interest and dividends and other property income); sales of goods and services (including administrative fees); fines, penalties and forfeits; and miscellaneous and unidentified revenue.

Further information on definitions and classifications is available in the Interpretative Guide:

www.oecd.org/tax/tax-policy/oecd-classification-taxes-interpretative-guide.pdf

The publication is available at **oe.cd/revstatsafrica**

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.



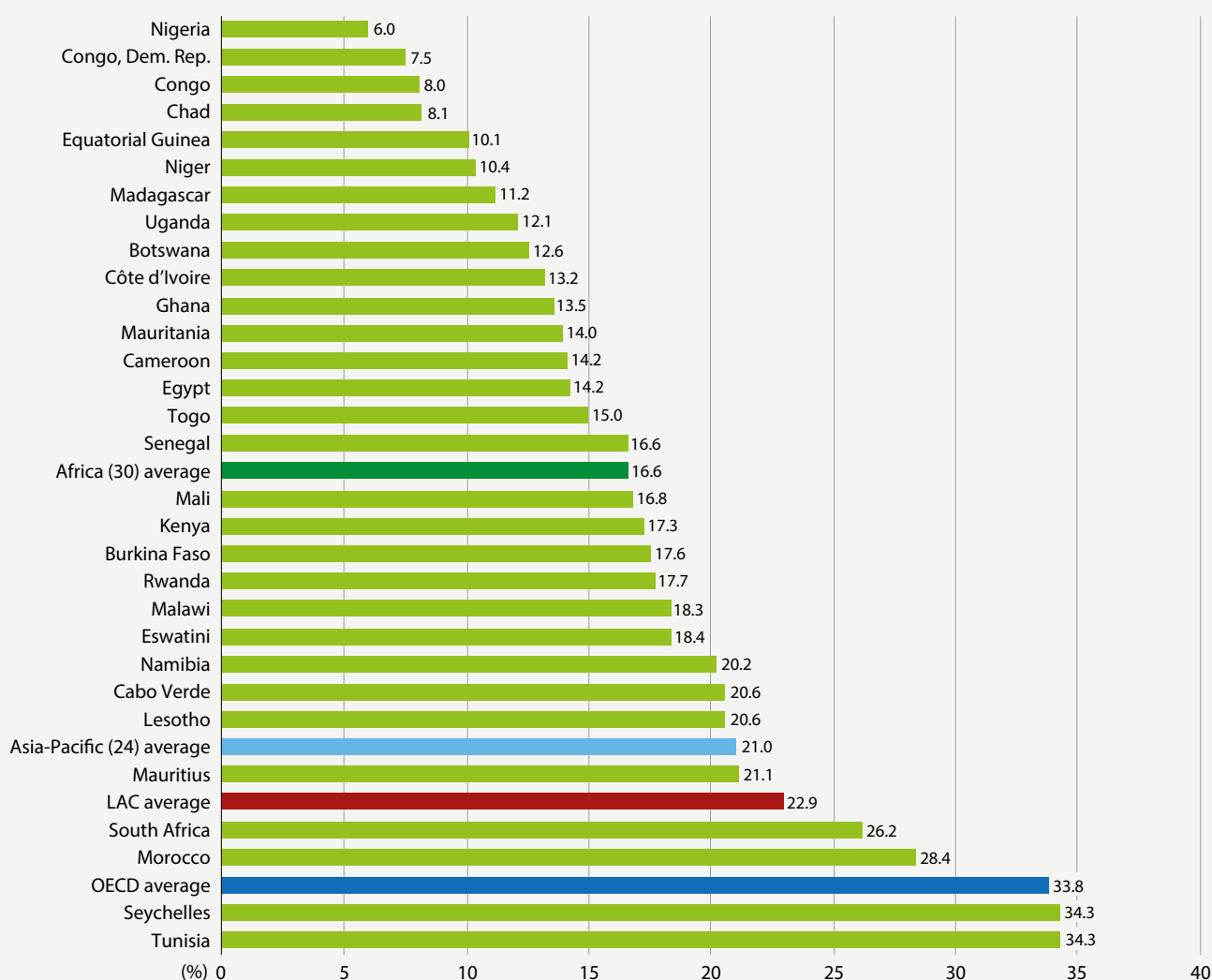
Key results

Achieving the SDGs and implementing the Addis Ababa Action Agenda and the African Union's Agenda 2063 requires mobilising additional finance, in particular domestic resources, to fund public goods and services. This report presents internationally comparable indicators on tax and non-tax revenues that can be used to track progress on domestic resource mobilisation and to inform tax policy reform.

TAX RATIOS FOR 2019

In 2019, the unweighted average tax-to-GDP ratio for the 30 countries in this publication (the “Africa (30) average”) was 16.6%. The tax-to-GDP ratio refers to total tax revenues, including compulsory social security contributions, as a percentage of gross domestic product (GDP). The Africa (30) average in 2019 was below the averages of 24 Asian and Pacific economies (21.0%), Latin America and the Caribbean (LAC) (22.9%), and the OECD (33.8%). Tax-to-GDP ratios in Africa in 2019 ranged from 6.0% in Nigeria to 34.3% in the Seychelles and Tunisia, exceeding 28% in four countries (Morocco, the Seychelles, South Africa and Tunisia). All nine resource-rich countries in this publication had tax-to-GDP levels below 15% in 2019, whereas most non resource-rich countries had ratios above this level. Resource revenues are mainly generated through rents and royalties, which are not classified as taxes in the report.

Figure 1. **Tax-to-GDP ratios (total tax revenue as % of GDP), 2019**

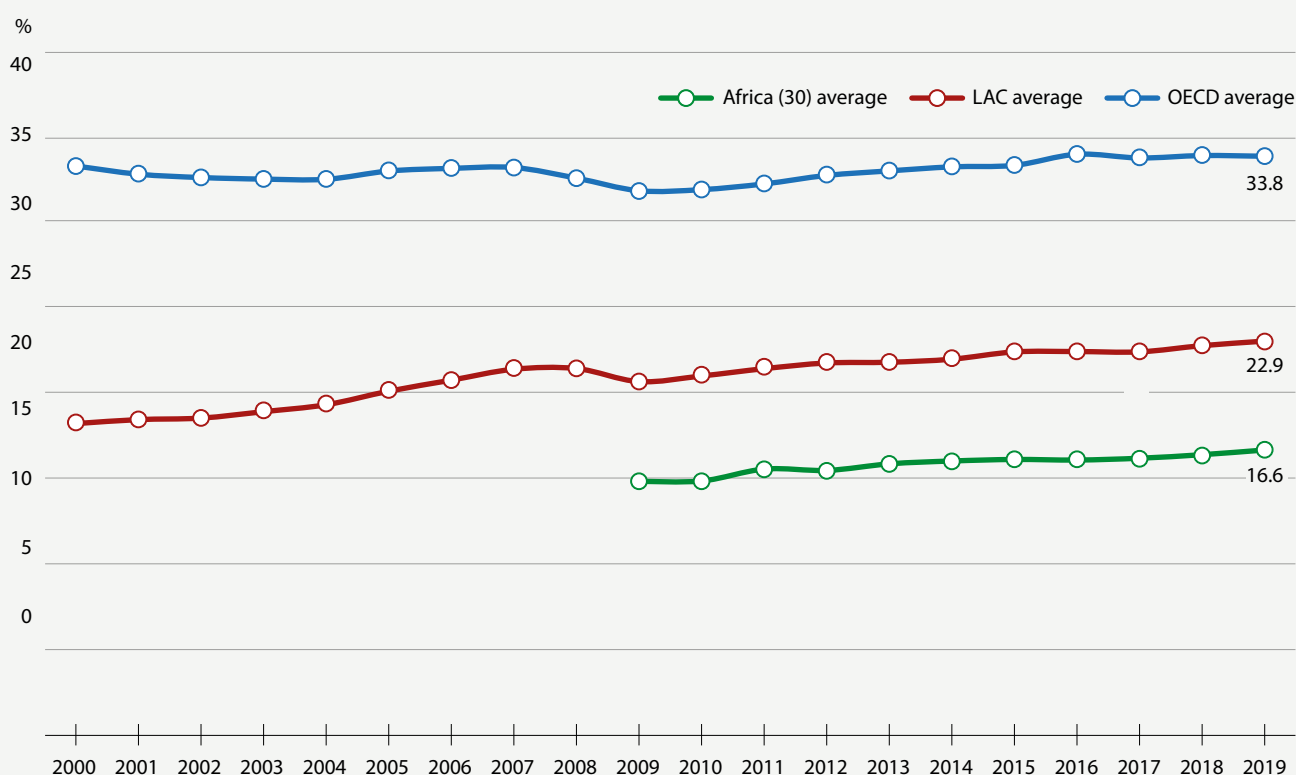


Source: OECD/ATAF/AUC(2021), *Revenue Statistics in Africa 2021*, [oe.cd/revstatsafrica](https://www.oecd.org/revstatsafrica/).

TAX-TO-GDP RATIOS SINCE 2010

The Africa (30) average tax-to-GDP ratio increased by 1.8 percentage points (p.p.) of GDP between 2010 and 2019. This increase was lower than the increases in the LAC and the OECD averages over the same period (1.9 p.p. and 2.0 p.p. respectively). The main increases in the Africa (30) average tax-to-GDP ratio between 2010 and 2019 were generated by value-added taxes (VAT) and personal income taxes (PIT), which rose by 1.0 p.p. and 0.8 p.p., respectively.

Figure 2. Tax-to-GDP ratios, 2000-2019



Source: OECD/ATAF/AUC(2021), *Revenue Statistics in Africa 2021*, oe.cd/revstatsafrica.

Special feature: Public debt in Africa and the impact of the COVID-19 pandemic

This year's special feature examines the public debt burden in Africa over the last decade, including the impact of the COVID-19 pandemic. Since 2010, African annual debt service payments – the sum of principal repayments and interest payments, expressed as a percentage of GDP – increased by 1.1 p.p. which has offset two-thirds of the increase in tax revenues (1.8 p.p.) over the same period. This increase has been driven in part by a shift from concessional lending to commercial lending on international capital markets (often at higher interest rates). Increasing private financing at market rates has allowed African governments to borrow more funds at the cost of increasing exposure to foreign-exchange risk and debt-service payments. Between 2010 and 2019, the ratio of debt-service payments to debt stock increased for 24 out of the 26 countries for which these data are available.

The COVID-19 pandemic has severely affected public revenues and has further exacerbated debt levels in Africa, increasing the likelihood of debt distress for some African countries. Debt service payments are expected to increase further in the coming years as a consequence of the ongoing pandemic. At the onset of the COVID-19 pandemic, the African Union appointed a group of Special Envoys that consulted African governments, bilateral and multilateral partners, and international financial institutions, to mobilise the necessary resources to finance the African response to the pandemic. Consultations of the African Union Special Envoys concluded that fiscal reforms were an important way to ensure the debt sustainability of African countries and informed several recommendations by the African Union to minimise the debt burden in African countries, to avoid future debt distress and to support a sustainable debt recovery.

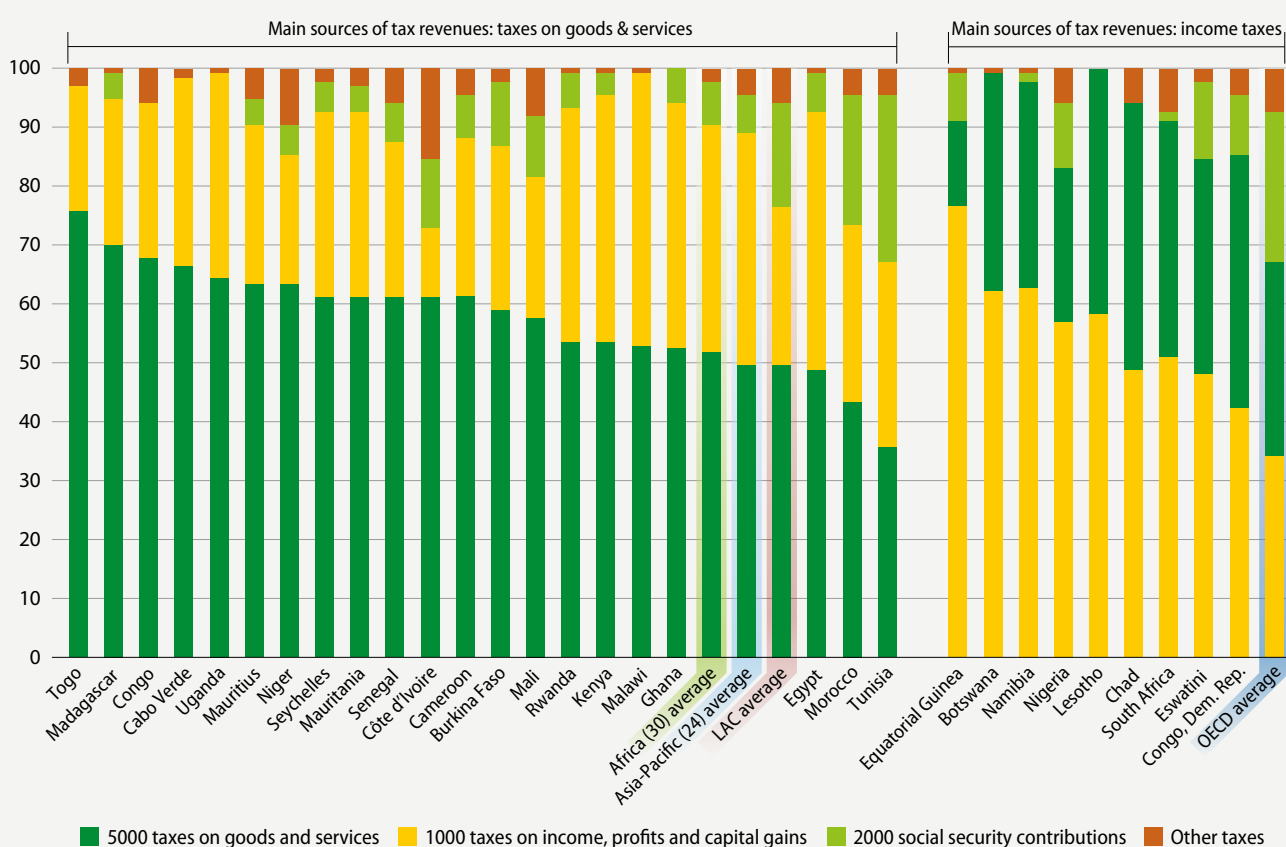
TAX STRUCTURES

In 2019, taxes on goods and services were the main source of tax revenues in Africa, accounting for an average of 51.9% of total tax revenue, with VAT accounting for 29.3%. Taxes on income and profits accounted for 38.4% of tax revenues. Labour taxes and property taxes remain low compared to the OECD average: PIT and social security contributions amounted to 24.8% of total tax revenues for the Africa (30) average in 2019, compared to 49.2% on average in the OECD (2018 figure) whereas property taxes represented 1.9% of total tax revenues for the Africa (30) average, about one-third the OECD level.

Taxes on goods and services were the principal source of tax revenues for 22 African countries included in this report in 2019. For the eight other countries, taxes on income and profits accounted for the principal share of total tax revenues. Five of these countries are in the Southern African Customs Union (SACU) (Botswana, Eswatini, Lesotho, Namibia and South Africa) and three are oil-rich (Chad, Equatorial Guinea and Nigeria). The SACU provides a revenue-sharing agreement whereby net customs and excise revenues received from the SACU Common Revenue Pool are included in non-tax revenues in this report.

Environmentally-related taxes are a key tool for countries wanting to decarbonise their economies and raise revenues. In Africa, revenues from these taxes amounted to 1.1% of GDP in 2019, on average, the same level as the averages for LAC and the Asian and Pacific economies and lower than the OECD average of 2.2% of GDP. In 2019, energy taxes generated 70% of these revenues in Africa on average, followed by motor vehicle and transport taxes.

Figure 3. Tax structures (% of total tax revenue), 2019



Source: OECD/ATAF/AUC(2021), *Revenue Statistics in Africa 2021*, oe.cd/revstatsafrica.

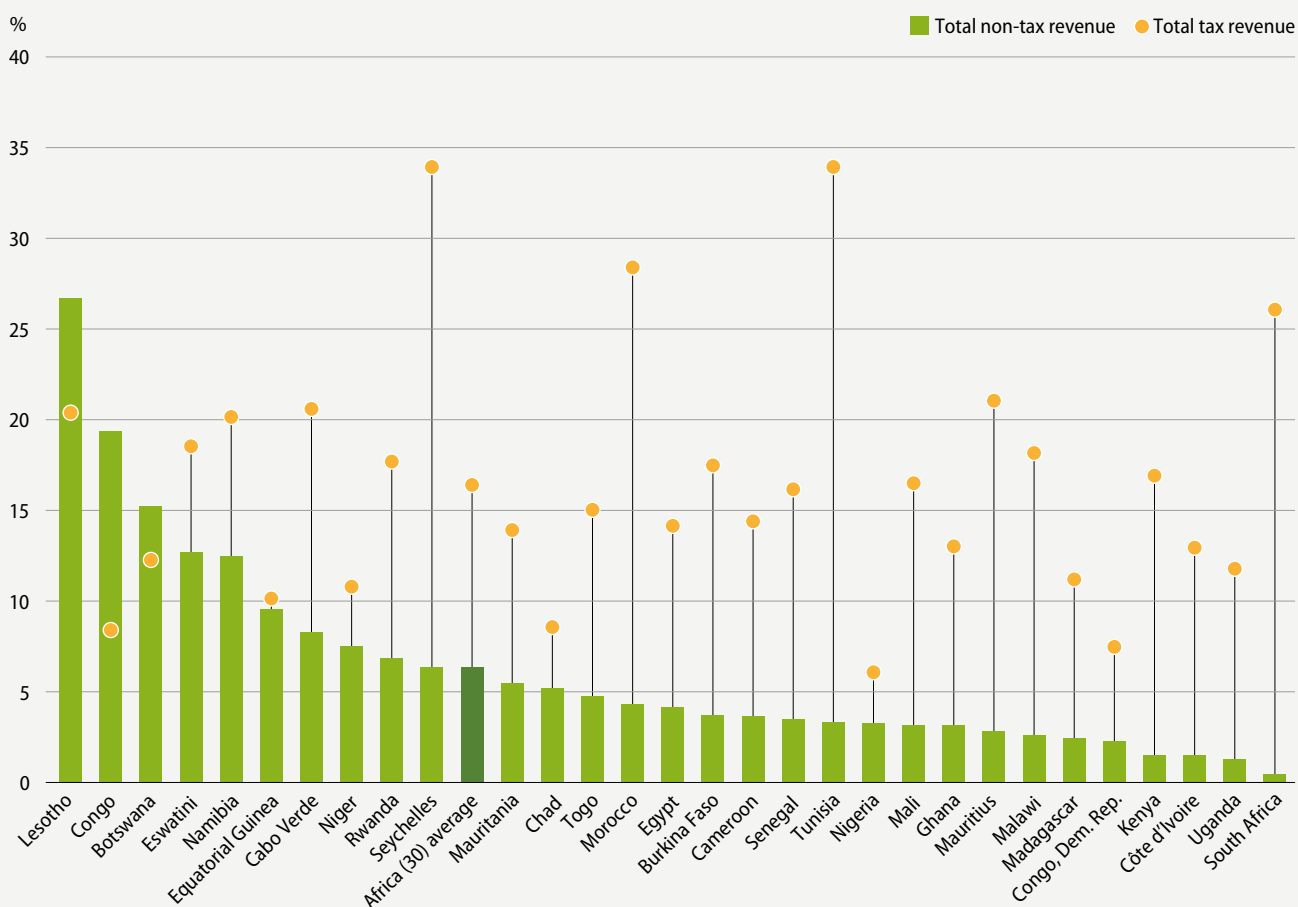
NON-TAX REVENUES

In 2019, average non-tax revenues were equivalent to 6.3% of GDP in Africa, ranging from 0.5% of GDP in South Africa to 26.7% of GDP in Lesotho. Non-tax revenues were below 5% of GDP in 18 of the 30 African countries and above 10% in five. Four of these countries (Botswana, Eswatini, Lesotho, and Namibia) were net recipients of funds from the SACU Common Revenue Pool. Non-tax revenues were lower than tax revenues in all countries except Botswana, the Republic of the Congo and Lesotho.

In contrast with tax revenues, average non-tax revenues fell from 8.1% of GDP in 2010 to 6.3% in 2019, with a sharp drop of 2.7 p.p. between 2012 and 2016 that was driven by declines in rents and royalties and in grant revenues.

Sources of non-tax revenues vary by country. For nine countries, grants were a majority of non-tax revenues in 2019. Six countries (Cameroon, Chad, the Republic of the Congo, Equatorial Guinea, Mauritania, and Nigeria) received most of their non-tax revenues from rents and royalties, in particular oil royalties. The 11 remaining countries, excluding the four net recipient SACU countries, relied more on other sources of non-tax revenues, such as interest and dividends and fees for goods and services.

Figure 4. Total tax and non-tax revenue as a percentage of GDP, 2019



Source: OECD/ATAF/AUC(2021), Revenue Statistics in Africa 2021, oe.cd/revstatsafrica.

Towards harmonised regional statistics

- **Revenue Statistics in Africa** provides tools that have been developed by tax policy makers and adapted for tax policy analysis, such as:
 - An annual publication, available in hard copy and online, that allows for cross country comparison.
 - A highly-detailed dataset freely accessible online.
 - **Compare your country**, a free online interactive tool, and other tools for data presentation and analysis.
 - **Country notes**, one page overview of key figures: tax-to-GDP ratios, tax structure and non-tax revenues for each country.
- **Participation is free of charge:** there is no payment required, and participation involves approximately 1-2 weeks of work a year for national officials. Most data compilation tasks are carried out by the OECD.
- **Comparability and trustworthiness:** a common method for collecting, analysing, aggregating and presenting data across over 110 countries around the world, with data validated by national authorities. These data are accessible through the Global Revenue Statistics Database.
- **Continuous dialogue:** bilateral exchanges and seminars on tax policy and statistics with experts in African countries to share experiences and best practices.

Partners



The OECD is an intergovernmental organisation that has helped develop global standards, international conventions, agreements and recommendations since 1961 to promote better policies in areas such as governance and the fight against bribery and corruption and, to support corporate responsibility, development assistance, global investment and international taxation.

ATAF is an international organisation founded in 2008. Currently representing 38 member countries, it provides a platform for co-operation among African tax authorities.

The African Union is a continental organisation representing 55 African States. Founded in 1963 as the Organization of African Unity, it became the African Union in 2002. The organisation is made up of both political and administrative bodies to promote unity and solidarity among African States and to co-ordinate and intensify co-operation for development.

In collaboration with:



Contacts

For more information on the publication, or to participate in future editions, please see <http://oe.cd/revstatsafrica> or contact RevenueStatistics@oecd.org

Useful links

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ATAF www.ataftax.org/

AUC <https://au.int/en/commission> or www.austat.org

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A global initiative

Revenue Statistics in Africa is part of a global series that includes four annual publications for different regions and the *Global Revenue Statistics Database*. Launched in 2018, the Global Revenue Statistics Database draws on the publications to provide detailed, comparable tax revenue data for over 110 countries from all regions of the world.

<http://oe.cd/globalrevstats>

