



TaxDev Event – Revenue challenges and opportunities in Africa following the COVID-19 pandemic

Wednesday 7th July 2021

Date: Wednesday 7th July 2021

Time: 14.00 British Summer Time (GMT+1)

Location: Online (details to follow)

Chair: Hazel Granger, ODI

Information

The uneven roll-out of vaccines around the world means that the health and economic effects of the COVID-19 pandemic are likely to be particularly challenging for low-and middle-income countries, including those in Africa, over the next 18 months.

A number of these countries were already facing increasing debt prior to the pandemic, and high borrowing and debt servicing costs has limited their ability to borrow in order to tackle the pandemic and support their economies. Despite modest fiscal responses to the crisis compared to the rest of the world, weaker growth and the additional borrowing that goes with that is forecast to push debt servicing costs in sub-Saharan Africa higher still – to 23% of revenues, on average, in 2026, and in some cases, much more. These costs risk becoming unsustainable, constraining the ability of governments to support vulnerable people, invest in human capital and infrastructure, and potentially putting the Sustainable Development Goals (SDGs) further out of reach.

This difficult fiscal context means it is more important than ever to consider both the challenges and opportunities in relation to tax policy. This will involve balancing raising revenue with other objectives, such as supporting economic recovery and protecting the environment. For example, reform of motoring taxes could both tackle the social and environmental harms caused by driving, and raise more revenues. Property tax revenues are notoriously low, but addressing this raises questions as to how much to focus on increasing tax rates or tightening tax enforcement. And reform of the global corporate tax system could lessen the pressures from tax avoidance and tax competition, but may require careful reconsideration of existing investment promotion schemes.

At this event, researchers from the Centre for Tax Analysis in Developing Countries (TaxDev) will present work which considers the fiscal and tax policy challenges and opportunities facing countries in sub-Saharan Africa. There will be four short presentations focusing on:

- The scale of the fiscal adjustments that may be needed, and the broad issues and options in designing and implementing such adjustments.
- The principles and practice of motoring taxation, including the opportunities to better meet environmental and resource-mobilisation objectives.
- The potential opportunities and challenges from proposed changes to the global corporate income tax system.
- The lessons that can be learned from reforms to property taxes in Mexico that affected both tax rates and enforcement.

The event will conclude with a panel discussion where policymakers and experts from TaxDev's partner countries give their views on the issues raised in the presentations and the other revenue challenges and opportunities they face. There will also be time for questions to the presenters and panel.



Event Programme

14.00-14.05	Welcome from the Chair
14.05-14.45	<p>Presentations:</p> <ul style="list-style-type: none">• Will fiscal consolidation be needed post-pandemic in sub-Saharan Africa, and if so, what are the issues and options? (Ross Warwick, IFS)• Motoring taxes in sub-Saharan Africa: an opportunity for a double dividend? (Vedanth Nair, IFS)• Global corporate tax reform: what are the opportunities and challenges for Africa? (Iain Steel, ODI)• Property taxes – are there lessons from Latin America? (Anne Brockmeyer, IFS)
14:45-15:00	Questions to the presenters
15.00-15.30	<p>Panel discussion: Challenges and opportunities for taxation following the pandemic</p> <p>Policymakers and experts from TaxDev partner countries will give their views on the issues raised in the presentations and other revenue challenges and opportunities they will face in the coming years.</p> <p>Panellists:</p> <ul style="list-style-type: none">• Daniel Nuer, Head of the Tax Policy Unit - Ministry of Finance, Ghana• Denis Mukama, Acting Deputy Commissioner of Research and Planning - Rwanda Revenue Authority, Rwanda• Wollela Yesegat, Assistant Professor of Taxation - College of Business and Economics, Addis Ababa University