A Fiscal Profile of the African HIPCS Since 2010

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This document compiles revenue and expenditure statistics from the IMF's Government Finance Statistics database for the Central Governments of HIPC (Heavily Indebted Poor Countries Initiative) countries in Sub-Saharan Africa starting in 2010. The countries in the sample are Burundi, Benin, Burkina Faso, Central African Republic, Côte d'Ivoire, Cameroon, Democratic Republic of the Congo, Republic of Congo, Comoros, Eritrea, Ethiopia, Ghana, Guinea, The Gambia, Guinea-Bissau, Liberia, Madagascar, Mali, Mozambique, Mauritania, Malawi, Niger, Rwanda, Sudan, Senegal, Sierra Leone, Somalia, São Tomé and Príncipe, Chad, Togo, Tanzania, Uganda, and Zambia.

1 Revenue

1.1 Decadal averages of revenue, 2010-2019

Table 1 shows decadal averages of central government revenue and its components for 2010-2019, for all HIPCs in Sub-Saharan Africa that (1) have at least 7 available annual observations and (2) satisfy adding-up identities to a high degree of approximation. The footnote to the table lists the approximation criterion used and the countries included. Flows are measured both as shares of GDP and as percentages of tax revenues. The table shows unweighted cross-country averages; averages that ignore country borders and therefore place greater weight on the larger countries are shown in the Appendix.

Table 1: Central Government Revenue, 2010s, Sub-Saharan African HIPCs

	Unweighted	Aggregated
Revenue	163.90	148.35
Taxes	100.00	100.00
Taxes on income, profits, & capital gains	32.33	30.10
Taxes on income, profits, & capital gains: individuals	17.40	11.99
Taxes on income, profits, & capital gains: corporations	15.80	13.23
Taxes on income, profits, & capital gains: other	1.19	1.40
Taxes on payroll & workforce	0.36	0.42
Taxes on property	0.49	0.67
Taxes on goods & services	46.35	48.23
General taxes on goods & services	32.60	28.86
Excise taxes	10.57	9.94
Taxes on int trade & transactions	17.98	17.81
Other taxes n.e.c.	2.49	2.39
Social contributions	0.63	0.55
Social security contributions	0.01	0.01
Other social contributions	0.55	0.43
Grants	35.45	20.44
Grants from foreign govts	14.71	7.28
Grants from int orgs	24.57	9.81
Grants from other gen govt	0.10	0.09
Grants from other gen govt: current	0.09	0.07
Grants from other gen govt: capital	0.01	0.02
Other revenue	27.83	26.48
Property income	18.73	13.56
Sales of goods & services	5.98	4.22
Fines, penalties & forfeits	0.49	0.41
Other transfers	1.97	1.58
NI & SGS: premiums, fees & claims	0.10	0.14

Source: IMF Government Finance Statistics, Detailed Revenue Breakdown. Only include country-year observations where subcategories of Expenditures sums within 0.01% margin, only include country observations with at least 7 years of data.

The unweighted column include 18 countries (Burkina Faso, Burundi, Cameroon, Central African Republic, Côte d'Ivoire, Democratic Republic of the Congo, Madagascar, Mali, Malawi, Mozambique, Rwanda, Republic of Congo, Sao Tome and Principe, Senegal, Sierra Leone, Sudan, Tanzania, and Togo).

The aggregated column includes 17 countries (Burkina Faso, Burundi, Cameroon, Central African Republic, Côte d'Ivoire, Democratic Republic of the Congo, Madagascar, Mali, Malawi, Mozambique, Rwanda, Republic of Congo, Senegal, Sierra Leone, Sudan, Tanzania, and Togo).
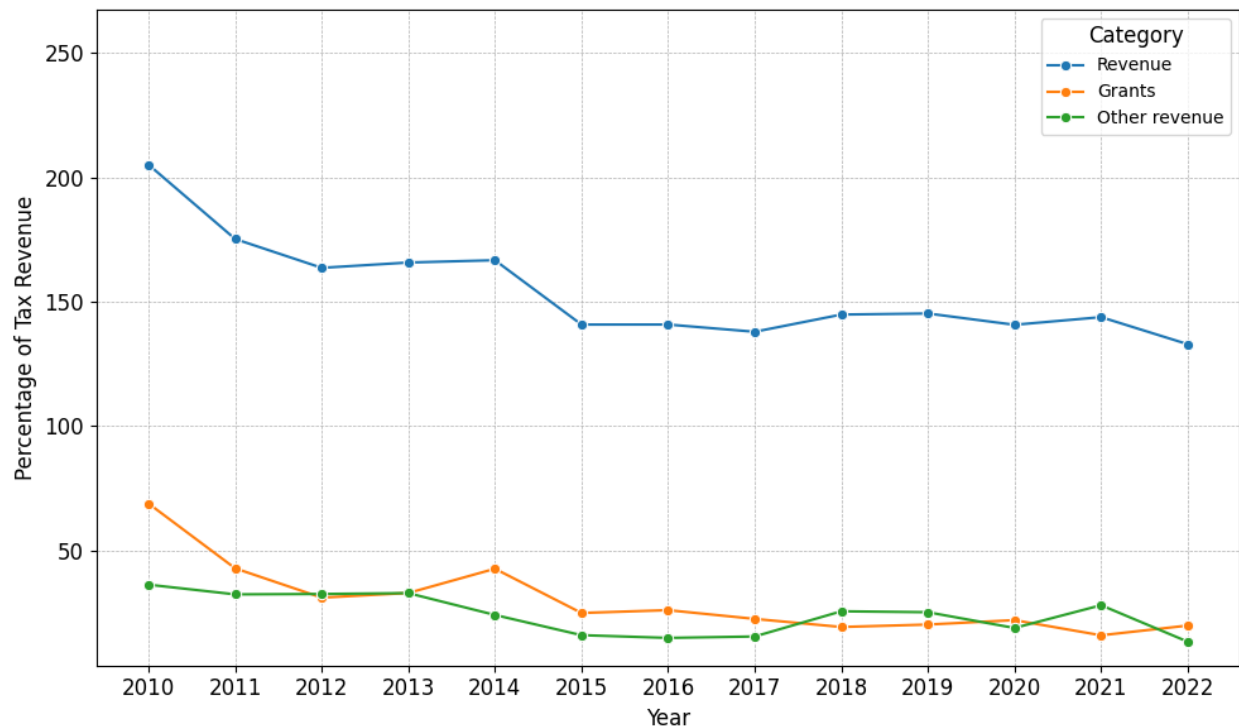
1.2 Revenue by year, 2010-2022

Figures 1-4 show annual unweighted averages for various breakdowns of central government revenue, all measured as percentages of tax revenue. By contrast with Table **??**, we include the pandemic years 2020-2022, which constitute the latest available annual data.

Figure 1 shows a substantial decline in non-tax revenues relative to tax revenues, concentrated in 2011-2012 and 2015, with little apparent change during the initial pandemic years 2020-2022. Grants show a modest tendency to move countercyclically with 'other non-tax revenue' but both contribute to the overall trend decline.

Figure 2 shows a gradual movement away from taxes on trade and 'other taxes', in favor of taxes on incomes and, especially, on goods and services. Disaggregating the latter two sources, the most dramatic cumulative change is an increase in income-related taxes on corporatoins (Figure 3).
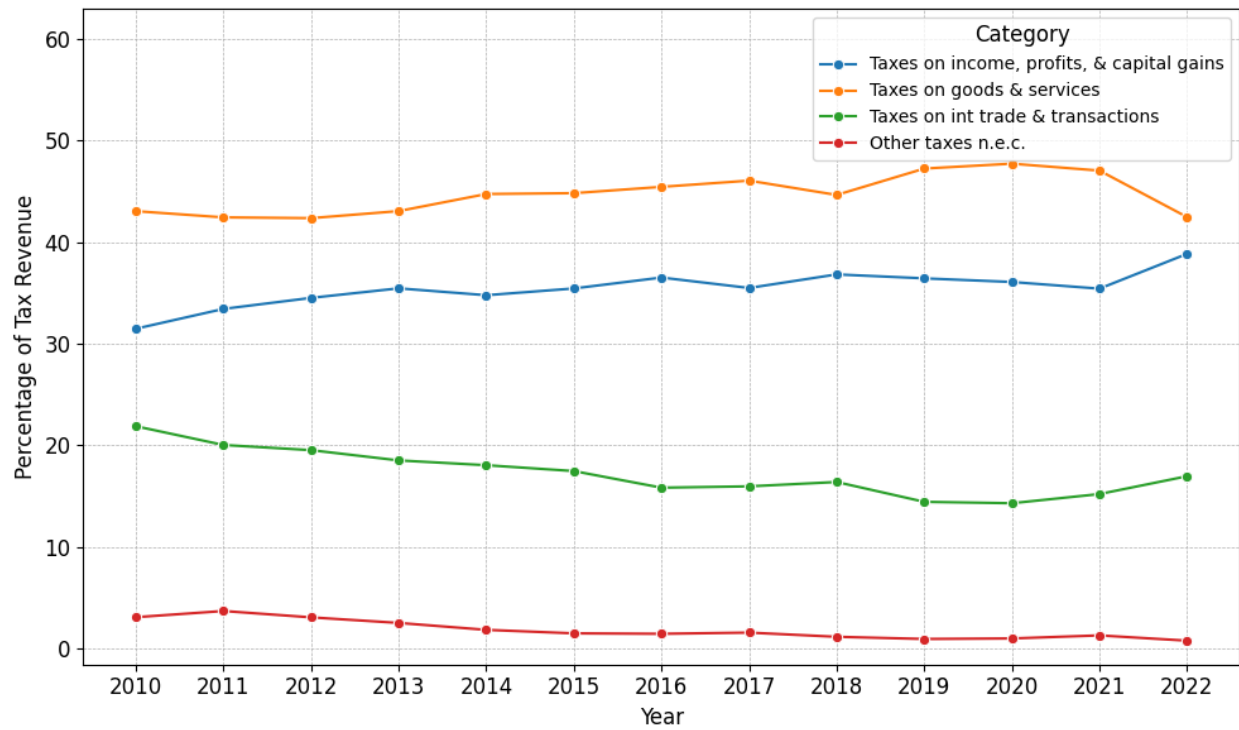
In Figure 4, property revenue dominates the category of non-grant, non-tax revenue. The large cyclical movements of property revenye suggest that this category is largely driven by revenues related to primary commodity exports.

Figure 1: Unweighted Non-Tax Revenue as Percentage of Tax Revenue, Sub-Saharan African HIPCs
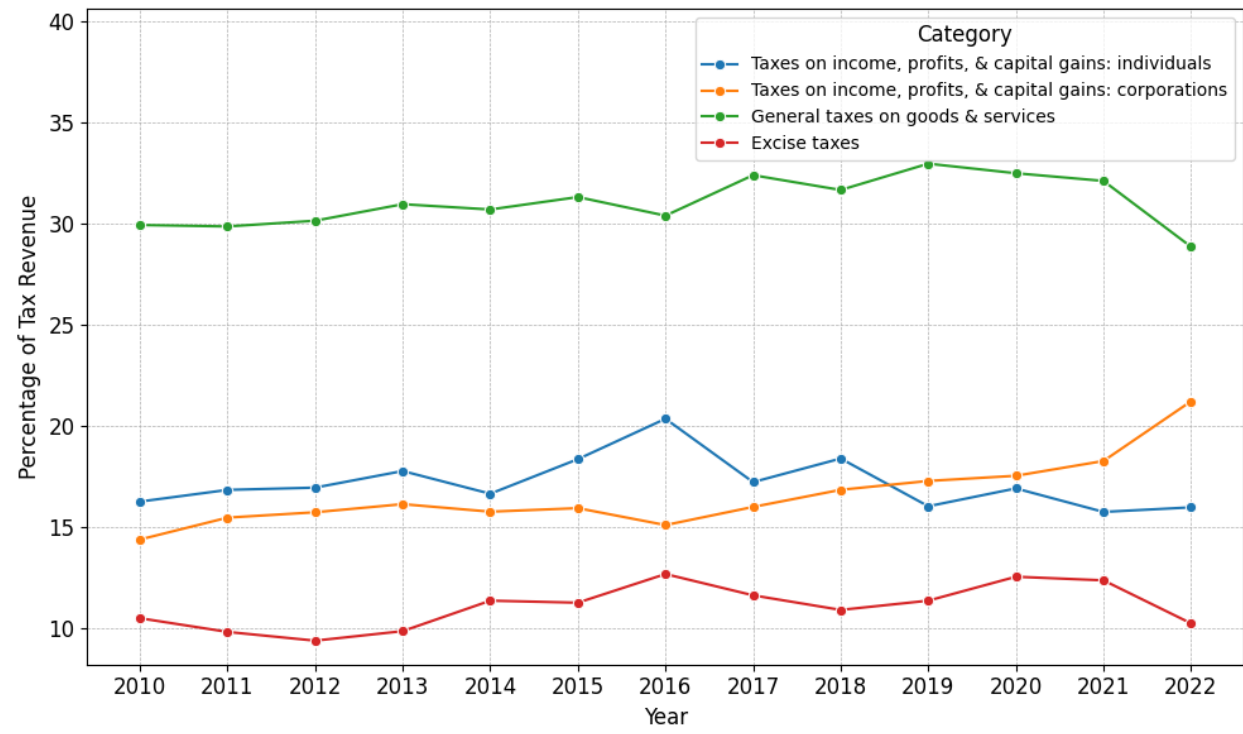

Unweighted averages for 18 countries. "Revenue" here denotes non-tax revenue, which is the sum of 'Grants' and 'Other revenue.'

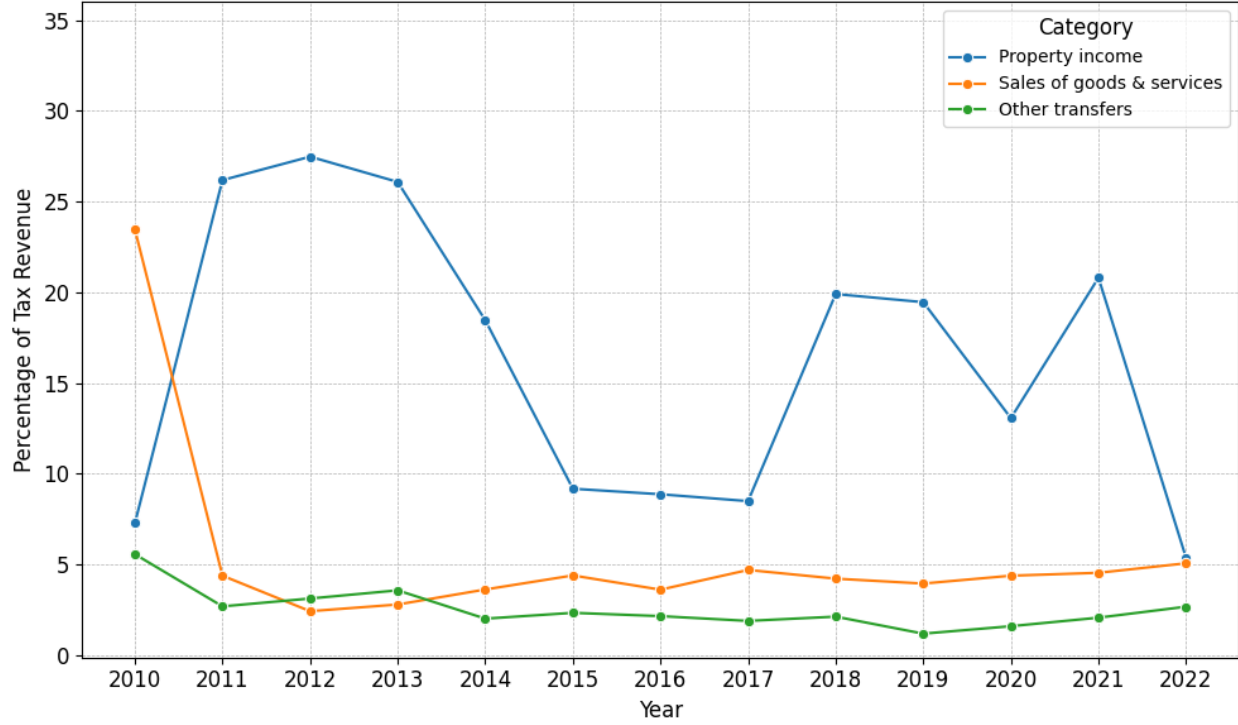Figure 2: Unweighted Tax Category as Percentage of Tax Revenue, Sub-Saharan African HIPCs

Unweighted averages for 18 countries. The series shown sum to 100 percent of tax revenue. ¡MP: Tax revenue also includes 'Taxes on payroll and workforce' and 'Taxes on property.' It would be useful to aggregate these into an "Other" category that includes and replaces 'Other taxes n.e.c.,' so that the figure is exhaustive of all tax revenues.¿

Figure 3: Unweighted Tax Subcategory as Percentage of Tax Revenue, Sub-Saharan African HIPCs

Unweighted averages for 18 countries.

Figure 4: Other Revenue as Percentage of Tax Revenue, SSA African HIPCs

Unweighted averages for 18 countries. The figure excludes small entries for 'Fines, penalties and forfeits' and 'NI & SGS: premiums, fees & claims.'

2 Expenditures

2.1 Decadal averages of expenditure, 2010-2019

Table 2 shows an expenditure-side breakdown parallel to the revenue breakdown in Table 1. We show central government expenditures for all SSA HIPCs with available data for at least 7 years over the period 2010-19, with country-years included only if the first-level expenditure identity holds to a high degree of approximation. 'Expense' corresponds to current spending, and 'Net/Gross Investment in Non-Financial Assets' corresponds to capital spending. As before, Table 2 shows unweighted cross-country averages; averages that ignore country borders appear in the Appendix.

Table 2: Central Government Expenditures, 2010s, Sub-Saharan African HIPCs

	Unweighted	Aggregated
Expenditure	100.00	100.00
Expense	71.65	76.60
Compensation of Employees	25.51	24.31
Use of Goods and Services	15.94	15.00
Consumption of Fixed Capital	0.00	0.00
Interest	6.39	7.40
Subsidies	3.01	2.84
Grants	14.57	18.87
Social Benefits	1.74	1.61
Other Expenses	4.37	4.68
Net/Gross Investment in Non-Financial Assets	28.35	24.00

Source: IMF Government Finance Statistics, Statement of Operations (Revenue, Expenditures, Net Lending/Borrowing and Financing). The table includes all countries with at least 7 years of data, including only country-years in which the subcategories of expenditure sum to within 0.01% of Expenditure.

The unweighted averages include 22 countries: Senegal, Côte d'Ivoire, Burkina Faso, Burundi, Cameroon, Central African Republic, Democratic Republic of the Congo, Ethiopia, Ghana, Madagascar, Mali, Malawi, Mozambique, Rwanda, Republic of Congo, Sierra Leone, Sudan, Togo, Sao Tome and Principe, Tanzania, Uganda, and Zambia.

The aggregated averages include 20 countries: included are Burkina Faso, Burundi, Cameroon, Central African Republic, Côte d'Ivoire, Democratic Republic of the Congo, Ethiopia, Ghana, Madagascar, Mali, Malawi, Mozambique, Rwanda, Republic of Congo, Sudan, Togo, Senegal, Sierra Leone, Tanzania, and Uganda.

Table 3: Central Government Expenditures as Percentage of GDP, 2010s, Sub-Saharan African HIPCs

	Unweighted
Expenditure	20.33
Expense	14.15
Compensation of Employees	5.13
Use of Goods and Services	3.12
Consumption of Fixed Capital	0.00
Interest	1.26
Subsidies	0.53
Grants	2.95
Social Benefits	0.33
Other Expenses	0.83
Net/Gross Investment in Non-Financial Assets	6.20

Source and notes: See Table 2.

2.2 Expenditures by year, 2010-2022

Figure 5 shows the evolving composition of expenditures since 2010. A move out of capital spending - which falls by roughly 3 percent of GDP over the period, as indicated in Figure 6 - makes way for substantial increases in the shares of spending devoted to compensation of employees, subsidies, and interest payments, all of which rise by at least 1.5 percent of GDP over the period.

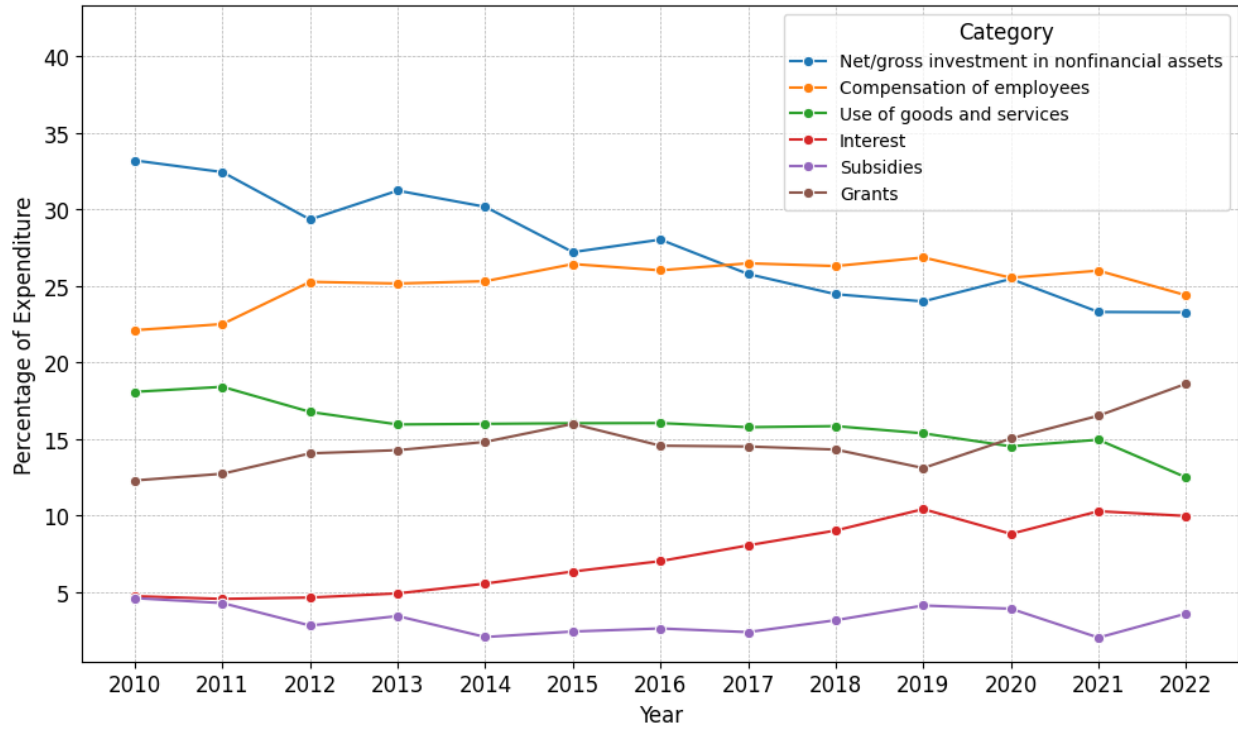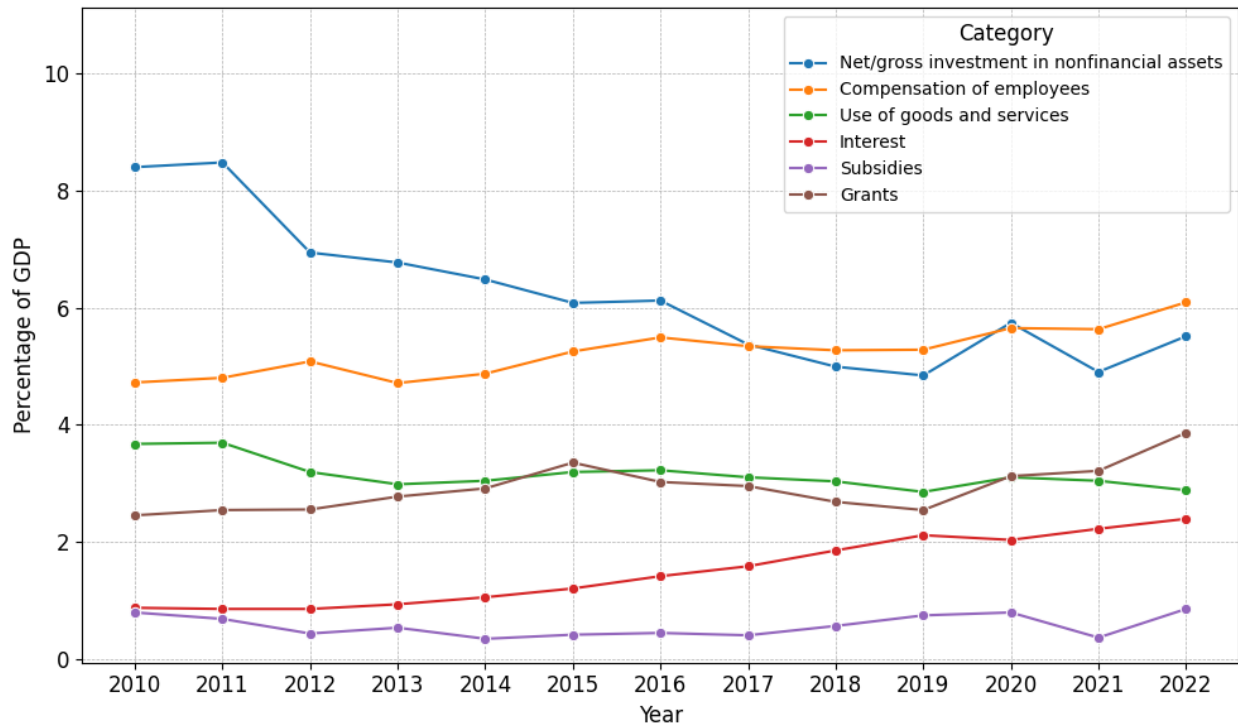Figure 5: Spending Categories as Percentage of Expenditures, SSA HIPCs

Figure 6: Spending Categories as Percentage of GDP, SSA HIPCs

2.3 Fiscal deficits and financing

Figure XX (to be added) shows the identity that relates the fiscal deficit excluding grants to total expenditures and total revenues excluding grants, all measured as shares of GDP.

$$\text{Fiscal Deficit excluding Grants} = \text{Expenditures} - \text{Revenue excluding Grants.} \tag{1}$$
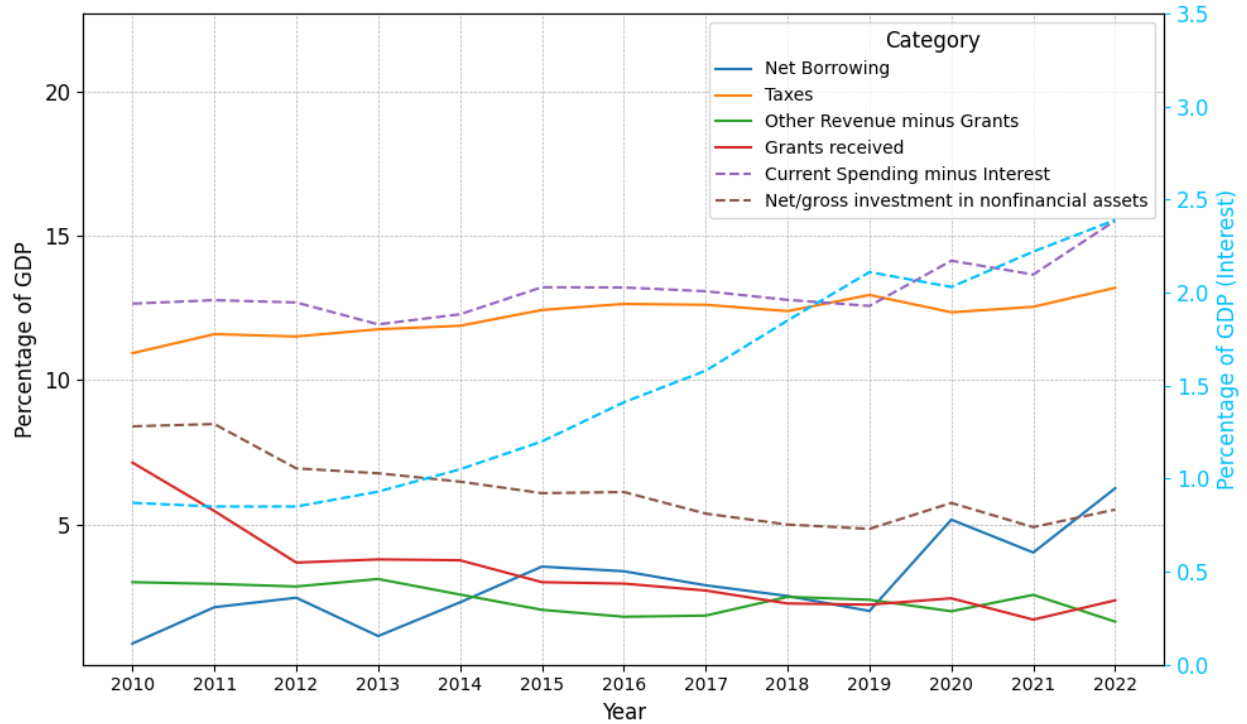
Figure YY (to be added) separates the fiscal deficit excluding grants into the primary deficit excluding grants and net interest payments, and shows the financing of these two items via net borrowing and grants. Figure ZZ shows the primary deficit excluding grants as financed by the net resource transfer from creditors (defined as the difference between net borrowing and net interest payments) and grants. The relevant identities for Figures YY and ZZ are

$$\text{Primary Deficit excluding Grants} + \text{Net Interest Payments} = \text{Net Borrowing} + \text{Grants.} \tag{2}$$

$$\text{Primary Deficit excluding Grants} = \text{Net Resource Transfer on Debt} + \text{Grants.} \tag{3}$$

Finally, Figure 7 shows the full central government flow budget constraint disaggregated into the seven main revenue, expenditure and financing categories.

Figure 7: Unweighted Capital and Interest as Percentage of GDP, Sub-Saharan African HIPCs

3 Appendix

3.1 Data Availability

Table 4: Country availability based on different sentences

Country	Revenue Unw.	Revenue Agg.	Expenditures Unw.	Expenditures Agg.	Expenditures Unw. (GDP)
Burundi	X	X	X	X	X
Benin					
Burkina Faso	X	X	X	X	X
Central African Republic	X	X	X	X	X
Côte d'Ivoire	X	X	X	X	X
Cameroon	X	X	X	X	X
Dem. Republic of the Congo	X	X	X	X	X
Republic of Congo	X	X	X	X	X
Comoros					
Eritrea					
Ethiopia			X	X	X
Ghana			X	X	X
Guinea					
The Gambia					
Guinea-Bissau					
Liberia					
Madagascar	X	X	X	X	X
Mali	X	X	X	X	X
Mozambique	X	X	X	X	X
Mauritania					
Malawi	X	X	X	X	X
Niger					
Rwanda	X	X	X	X	X
Sudan	X	X	X	X	X
Senegal	X	X	X	X	X
Sierra Leone	X	X	X	X	X
Somalia					
São Tomé and Príncipe	X		X		X
Chad					
Togo	X	X	X	X	X
Tanzania	X	X	X	X	X
Uganda			X	X	X
Zambia			X		X
Total Countries Available	18	17	22	20	22

3.2 Averages ignoring country borders