

# Medium-term budget policy in times of crisis

## Policy options for African countries

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**AFRICAN FISCAL FORUM**  
**“FISCAL POLICY CHALLENGES IN**  
**AFRICA”**

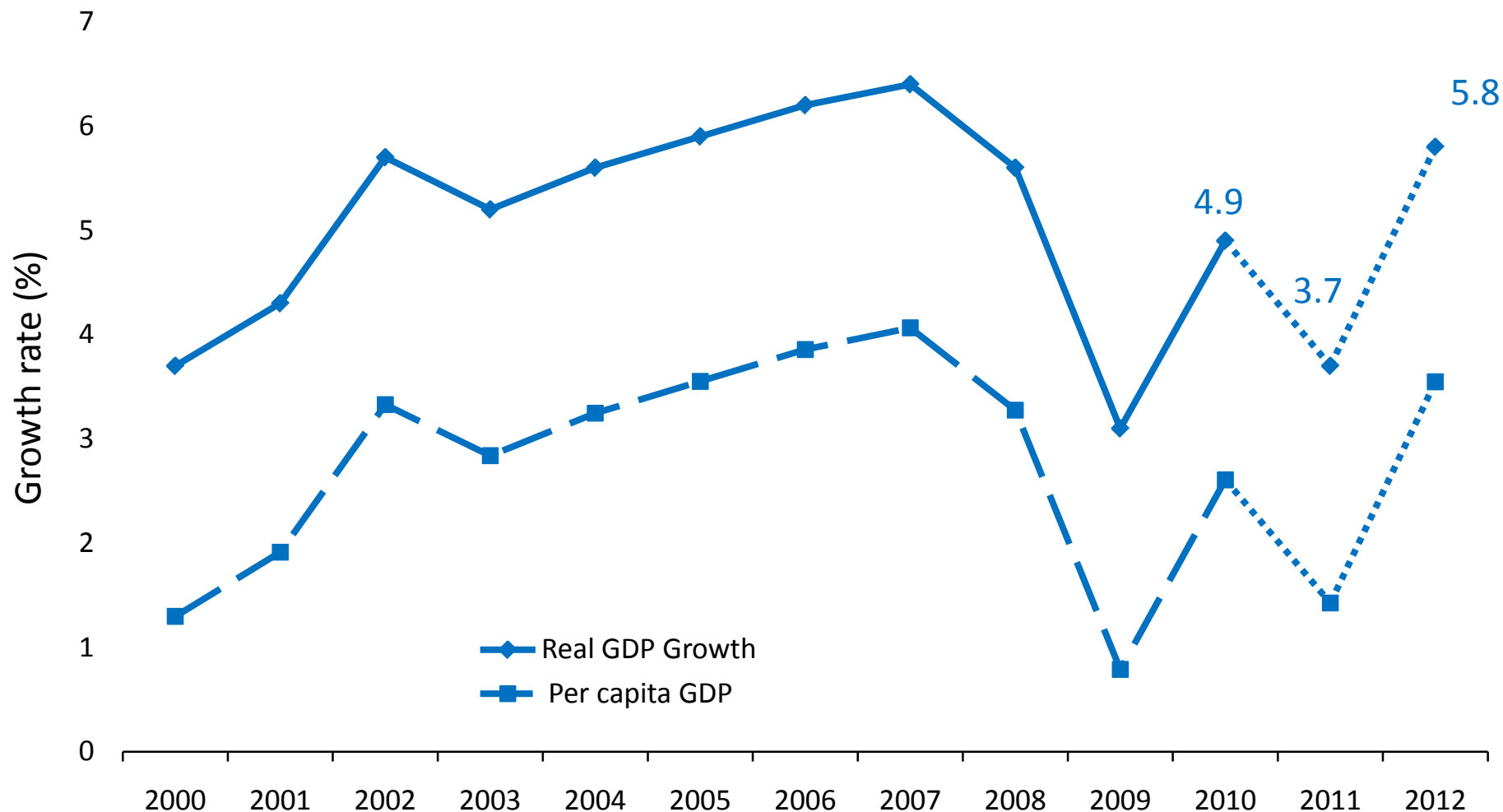
National Treasury of the Republic of South Africa / IMF  
Cape Town – 10/11 November 2011



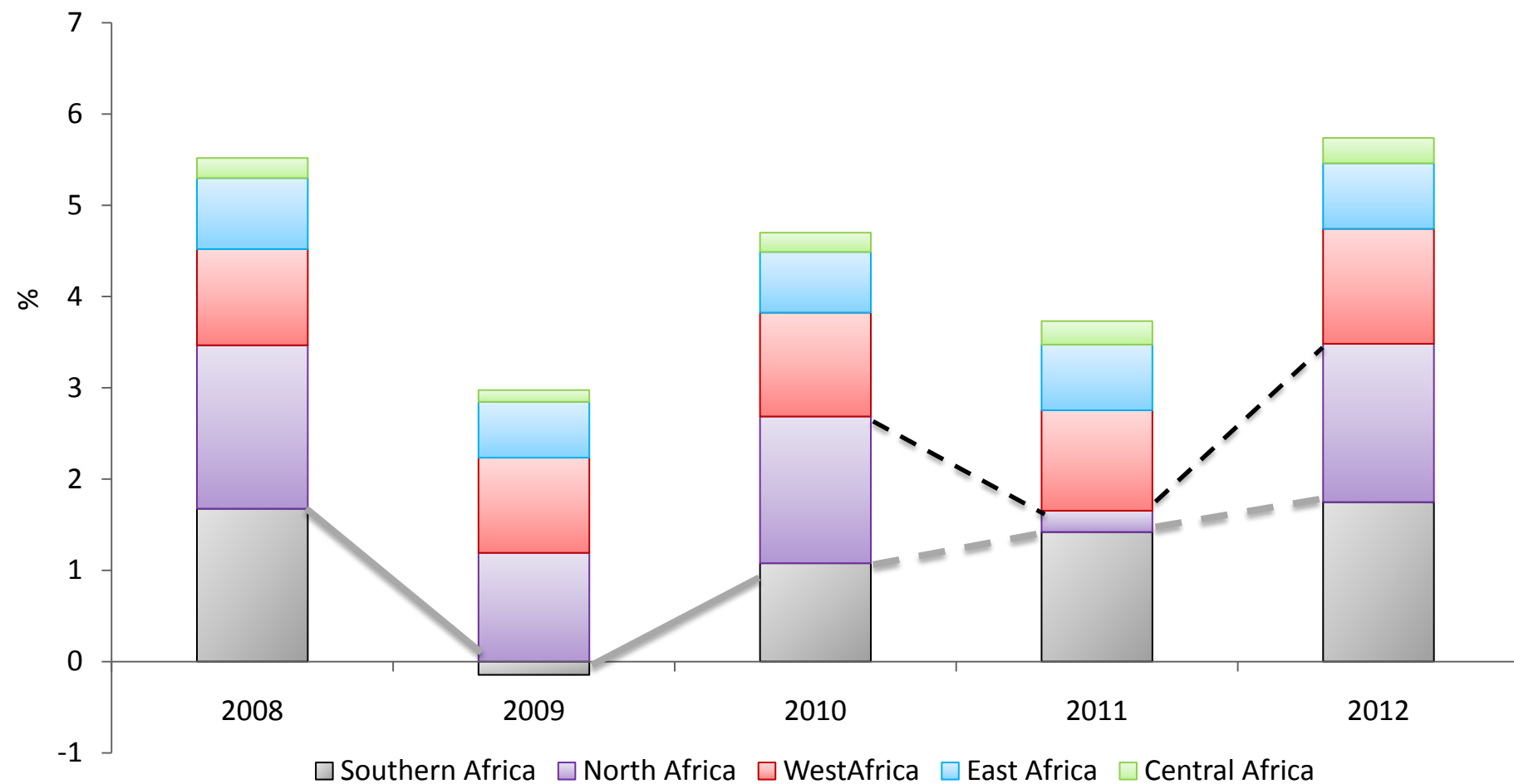
# Outline

- 1 Economic outlook and potential risks
- 2 Policy space reduced by economic crisis
- 3 Domestic resource mobilization to finance development
- 4 Policy options

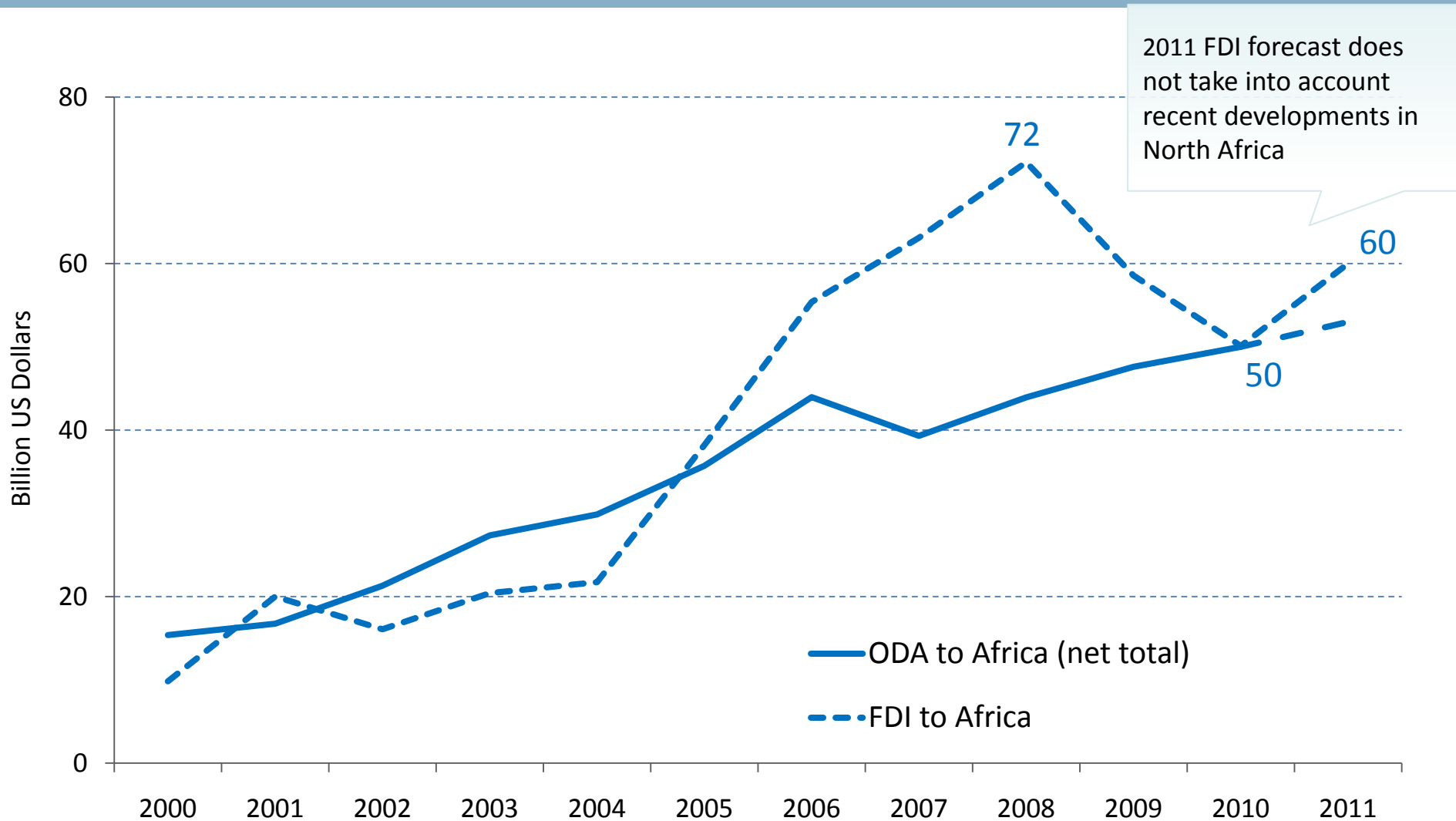
# 1. Africa's Growth Prospects



# 1. Regional contributions to Africa's growth

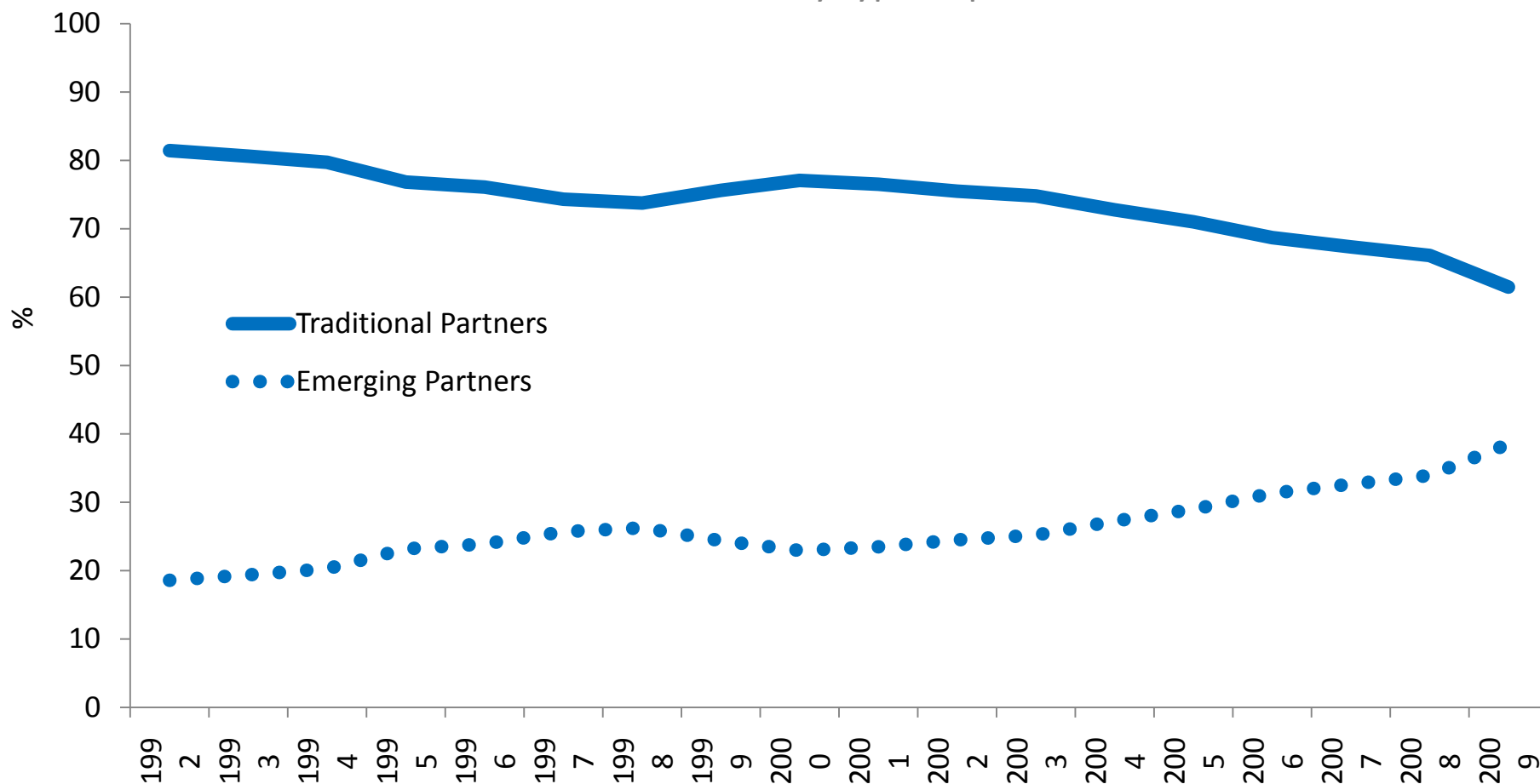


# 1. Financial flows to African countries




# 1. Emerging partners' trade increased in a decade

Share of Africa's trade by type of partners





# 1. Drivers of growth

## Internal

- Domestic consumer demand 
- Good macroeconomic policies and management

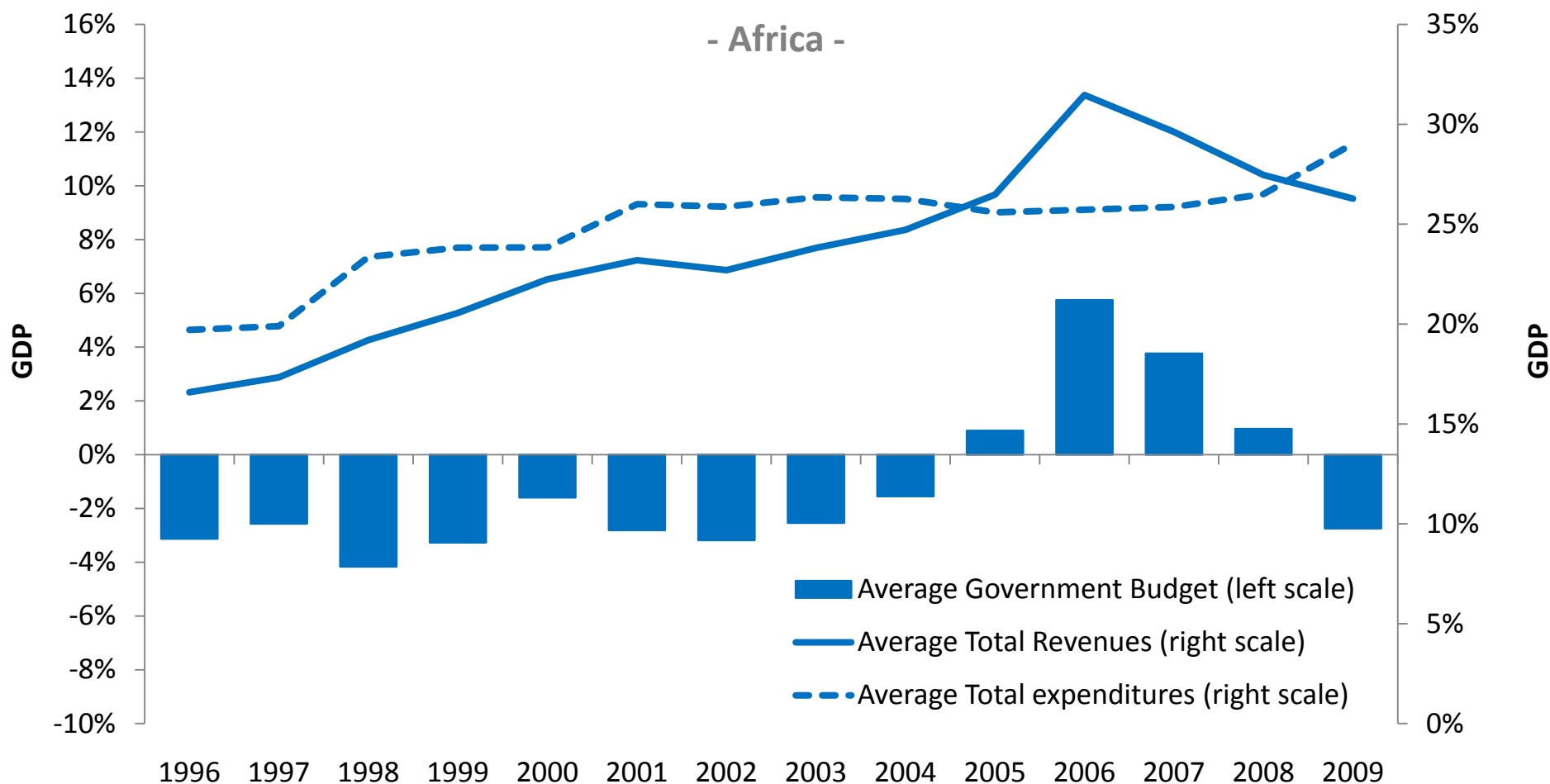
## External

- Commodity prices 
- Prices of agricultural export 

## 2. Policy space strongly reduced from 2009 onwards ...

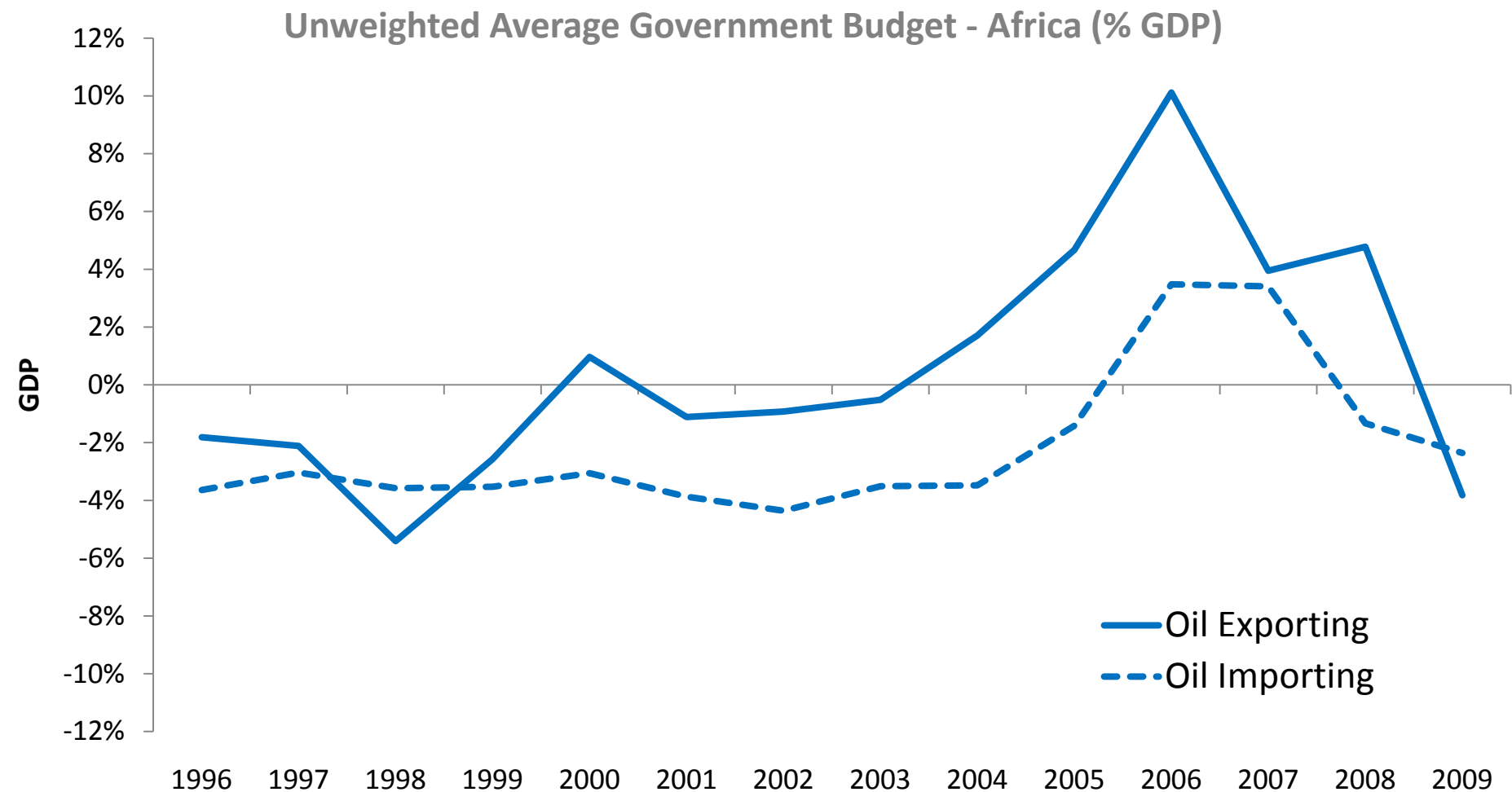
Average Government Budget (Incl. Grants)

- Africa -



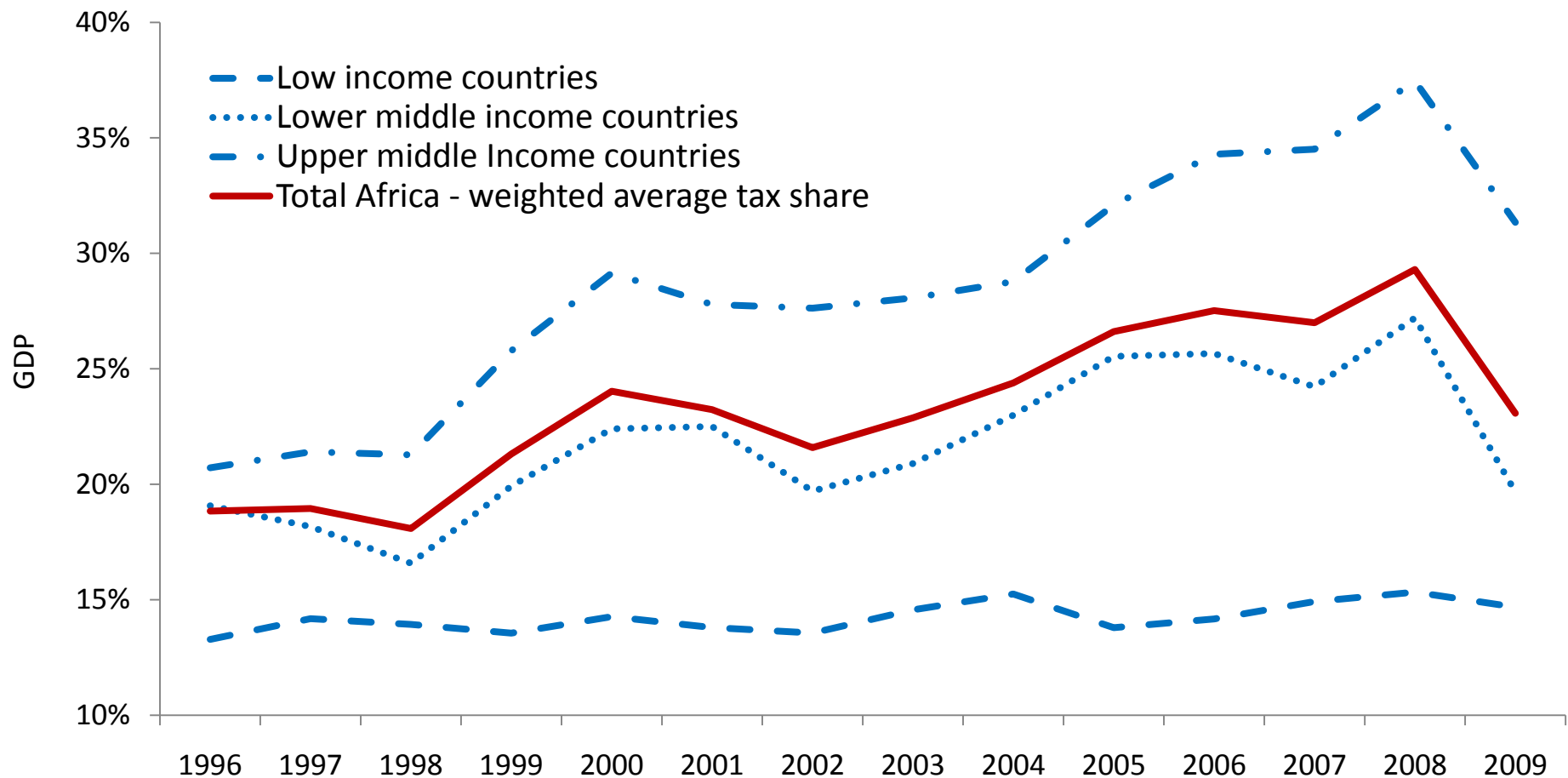


## 2. ... with oil exporters showing more volatility ...

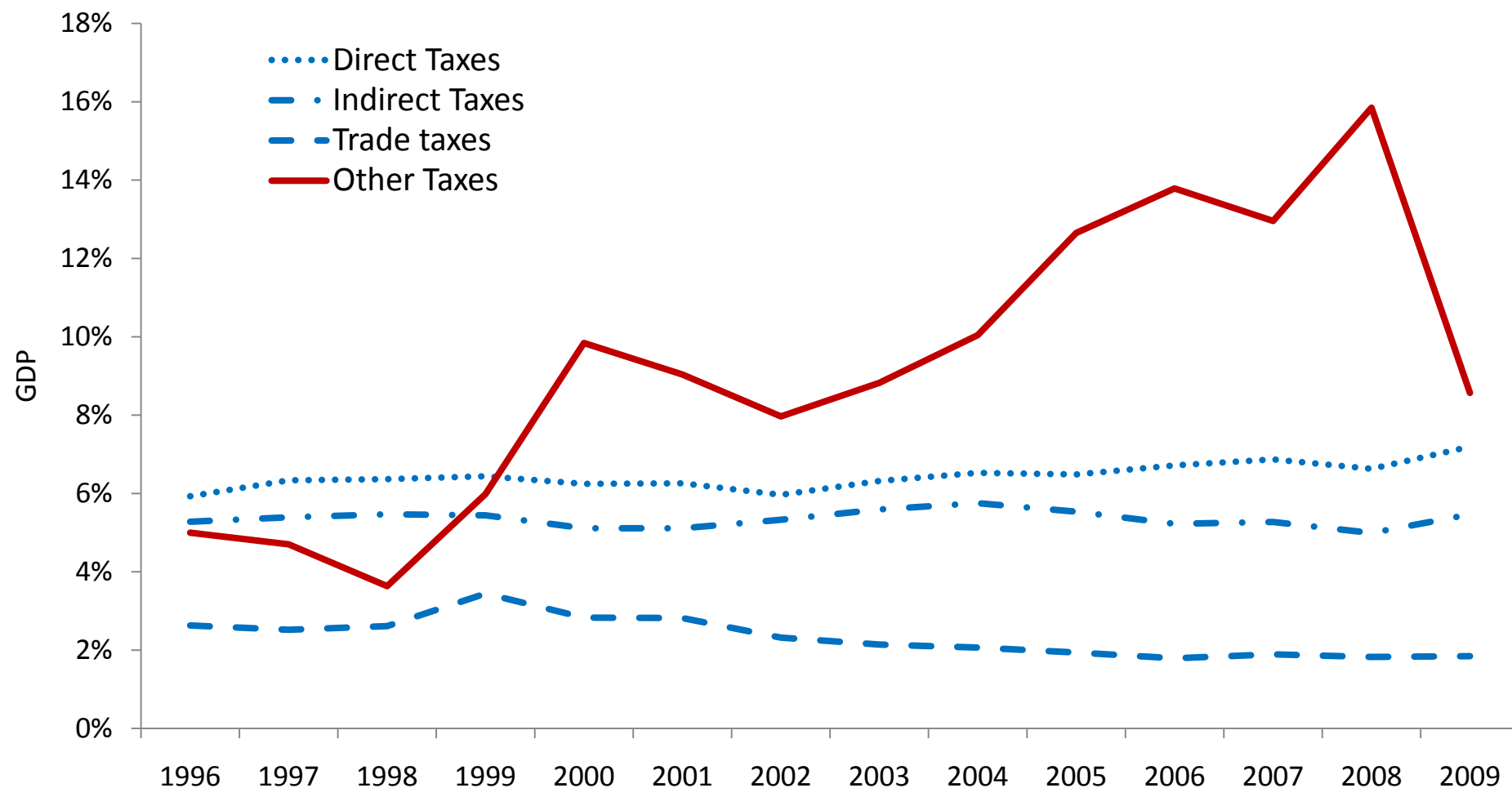


## 2. ... and a burst of the resource rent bubble

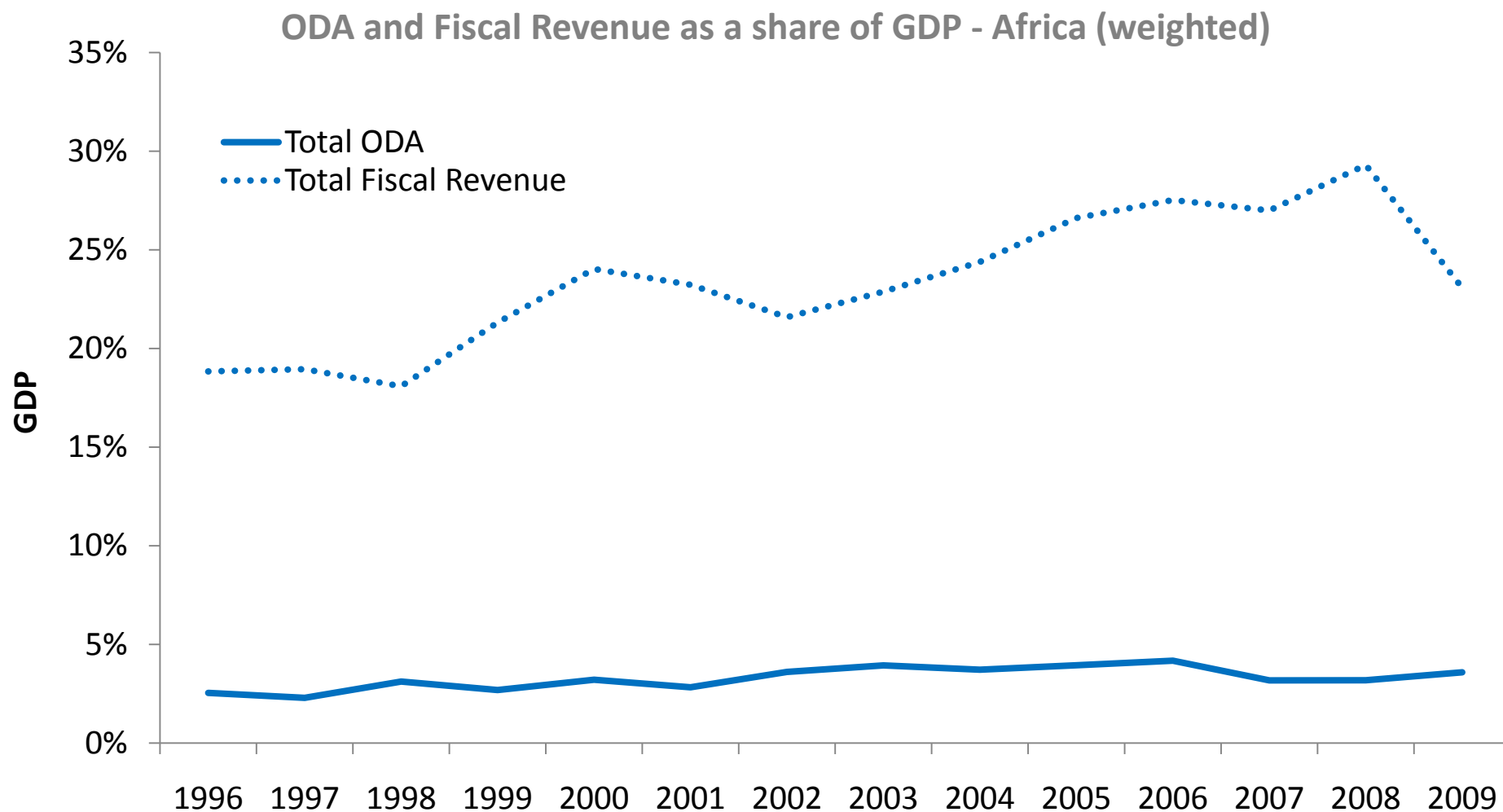
Average African Tax Share per income grouping



## 2. Tax shares of different tax categories – Africa



### 3. Aggregate ODA plays a marginal role ...



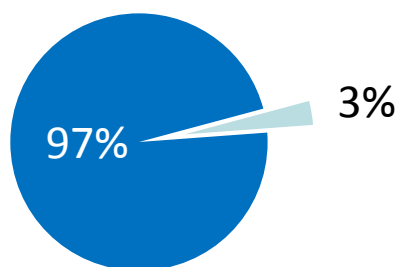
### 3. ... but remains crucial for certain countries

Insert table with final calculations from Gats project from Chris...

## 4. Share of Technical Assistance in ODA for PFM

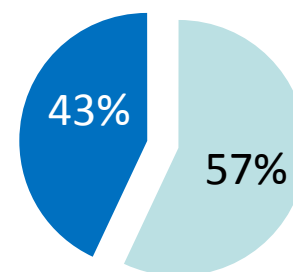
Low Income Countries (2009)

Technical Assistance PFM

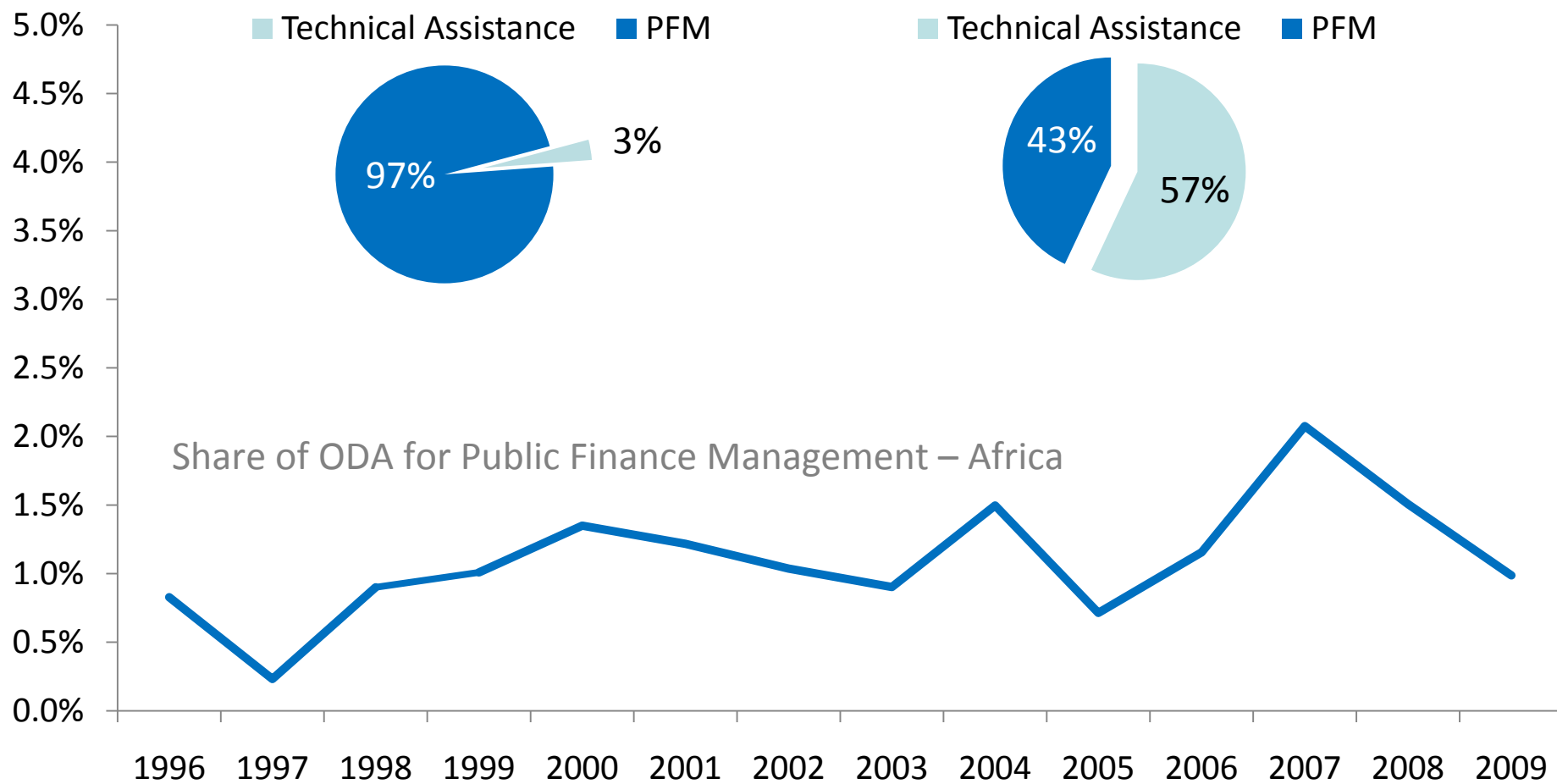


Middle Income Countries (2009)

Technical Assistance PFM

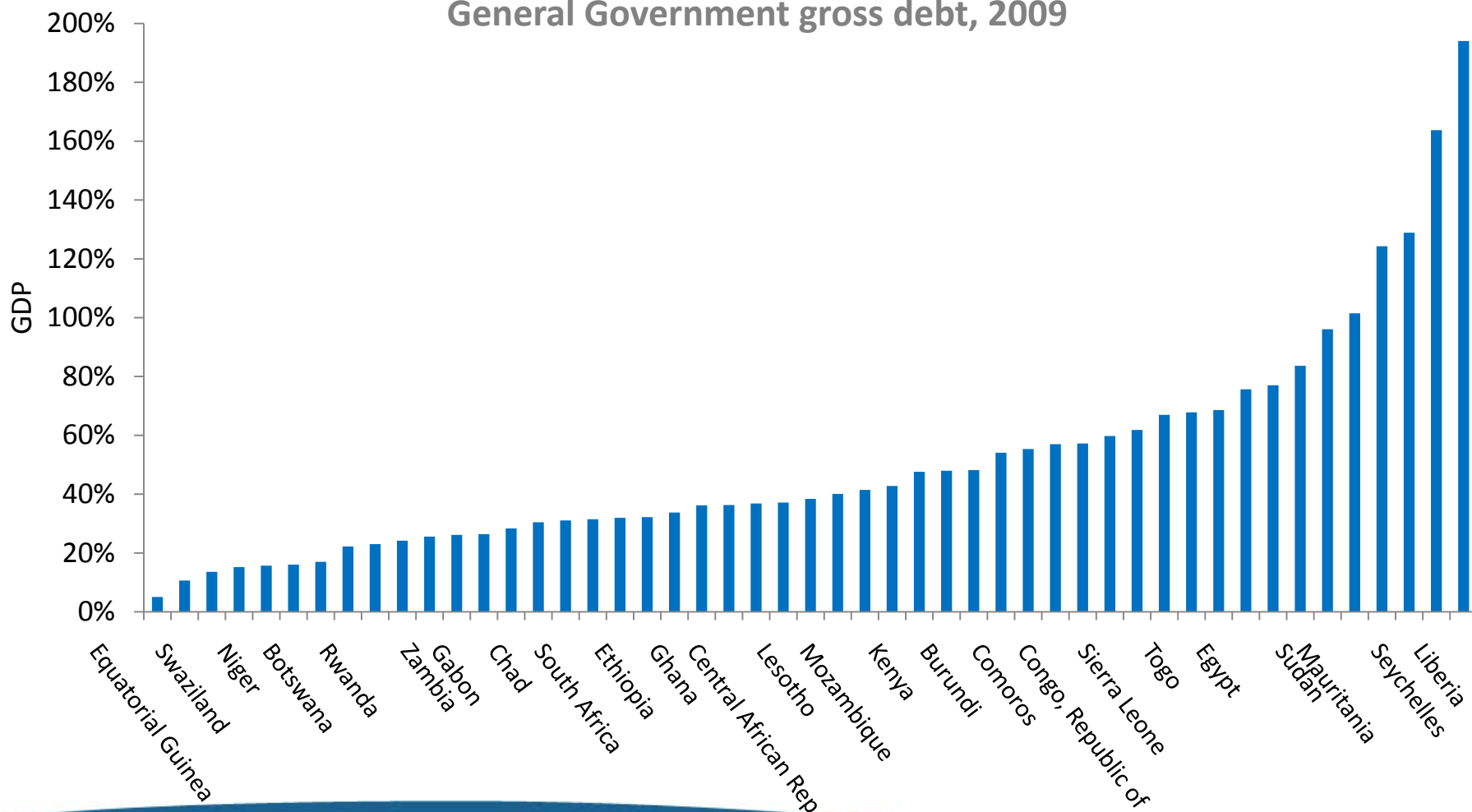


Share of ODA for Public Finance Management – Africa

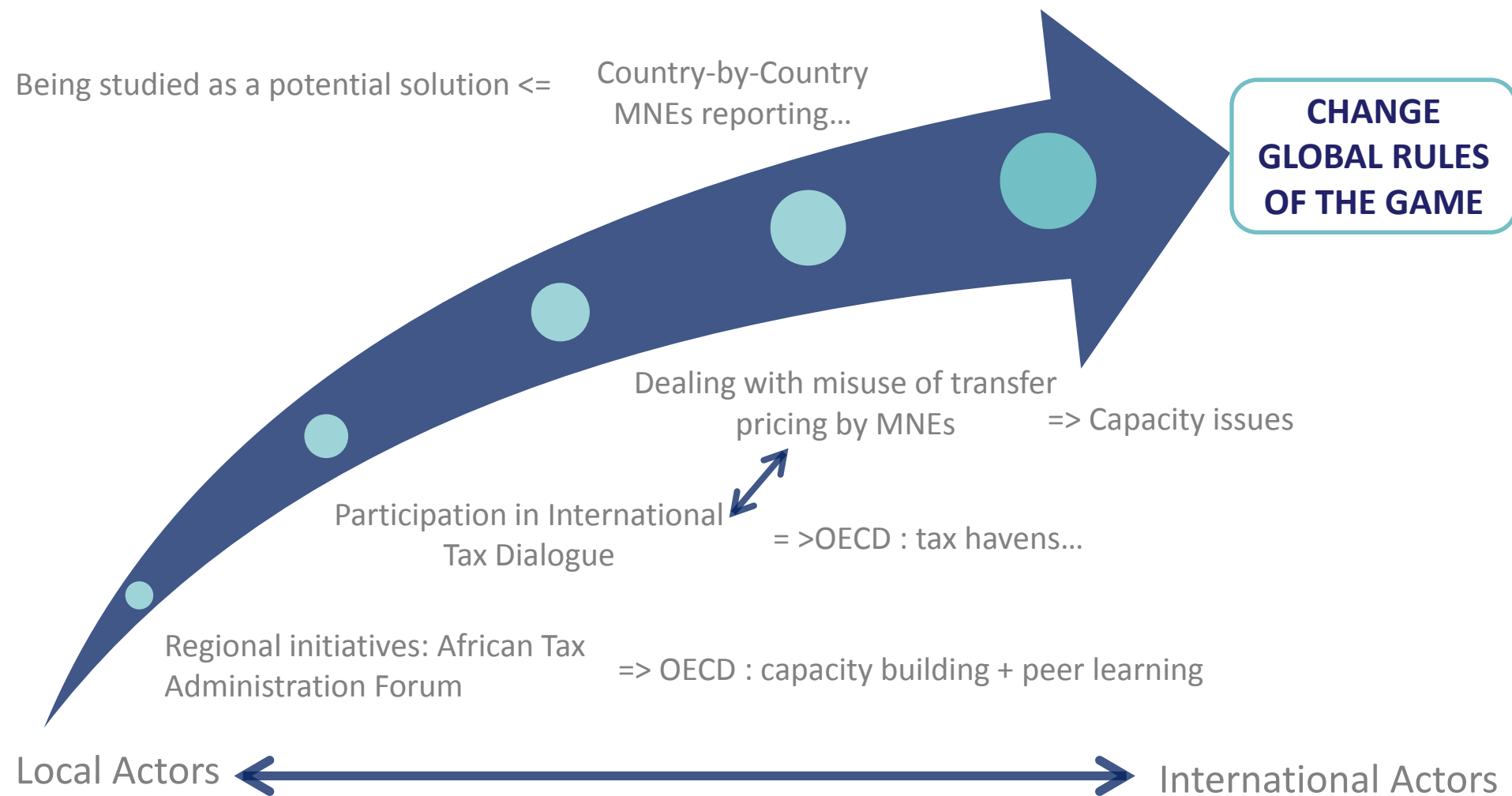


## 4. Governments need to restore/maintain their buffer

General Government gross debt, 2009



## 4. Africa's voice must be heard on the international scene







## 4. CONCLUSIONS

- 1.
- 2.
- 3.
- 4.

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