Title: Mobilizing Domestic Revenue for Sustainable Development in Africa

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Abstract: Taxation provides governments with the funds needed to invest in development including in relieving poverty and deliver public goods and services. It offers an antidote to aid dependence in developing countries and provides fiscal reliance and sustainability that is needed to promote growth. Domestic resource mobilization fulfills two key objectives sought by developing countries: predictable and sustainable financing on the one hand and a reduction in long-term dependence on aid on the other. Tax resources allow a state to finance itself without resorting to printing money or foreign indebtedness. They, therefore, hold the key to economic stability; enabling investment in infrastructure, proactive social policies, and the accumulation of savings. Taxation is integral to strengthening the effective functioning of the state and to the social contract between governments and citizens. By encouraging dialogue between states and their citizens, the taxation process is central to more effective and accountable states. In the short run, strategies towards more effective, efficient and fair taxation in Africa typically lie with deepening the tax base in administratively feasible ways. Policy options include removing tax preferences, dealing with abuses of transfer pricing techniques by multinational enterprises and taxing extractive industries more fairly and more transparently. The paper highlights the challenges of Africa mobilizing domestic revenue for sustainable development, review some relevant literature and make some suggestions such as well-designed tax system to consolidate stable institutions, increase revenues, refocus government spending on public priorities and improve democratic accountability.