

AFRICAN UNION

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CONCEPT NOTE

PUBLIC FINANCIAL MANAGEMENT FORUM 2019.

THEME: STRENGTHENING PUBLIC FINANCIAL MANAGEMENT IN AFRICA

ADDIS ABABA, ETHIOPIA

14 OCTOBER – 16 OCTOBER, 2019

Abbreviations

Abbreviation	Full name
AU	African Union
AUC	African Union Commission
AAAG	African Association of Accountants Generals
AFROSAI-E	The African Organisation of English Speaking Supreme Audit Institutions
BCP	Bureau of the Chairperson
BDCP	Bureau of Deputy Chairperson
CIPFA	The Chartered Institute of Public Finance and Accountancy
ESAAG	East and Southern African Association of Accountants-General
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ICGFM	International Consortium on Governmental Financial Management
OIA	Office of Internal Audit
PFM	Public Financial Management
PAFA	Pan African Federation of Accountants
PBFA	East and Southern African Association of Accountants-General

1. BACKGROUND

The financial and sovereign debt crises emphasized the need to strengthen the quality of financial management in public sector organisations worldwide. The continuing aftermath of these crises has reinforced these needs and has increased the pressure on Governments and public sector organizations to better manage public resources.

In Africa, many Governments and public sector organisations have made significant progress in the continuous improvement of public financial management and these reforms are expected to continue. Many African countries have been through several rounds of public financial management reforms, including reforms to implement medium-term budgeting, programme-based budgeting and integrated financial management information systems. From accounting perspective, IPSAS is fundamental reform that can improve public financial management. IPSASB is therefore committed to developing high-quality public sector accounting standards to ensure transparency and quality of the financial reporting.

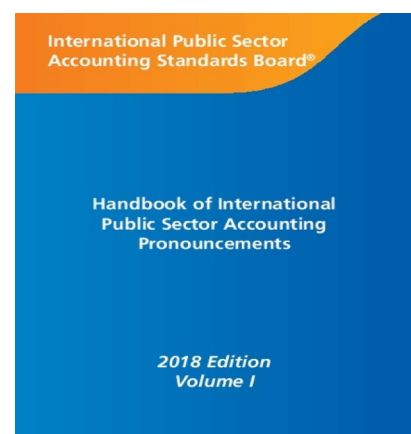
In spite of promising results, major challenges still remain. Progress made has been very uneven and a number of countries in Africa still suffer from poor management of financial resources. In many jurisdictions, the lack of cooperation, complete and accurate information about Government finances continue to be a major cause of concern as it impacts accountability and informed decision making by policy makers.

International organizations have been at the forefront of the move towards IPSAS, but the trend is also clear for Governments, with an increasing number of them adopting accrual accounting practices. Strong and transparent financial reporting has the potential to improve public sector decision making and make governments more accountable to their constituents. Indeed, good PFM practices have powered nations, whereas poor standards have led to financial chaos and civil unrest. And as the economies of African countries continue to strengthen, it is important that Association of Accountant Generals is established to promote professional and technical understanding and cooperation among member countries through exchange of ideas and experiences to ensure strong public financial management (PFM) in Africa.

2. AFRICAN UNION (AU) AND IPSAS

The African Union's adoption of the International Public Sector Accounting Standards (IPSAS) was mandated by the Assembly of Heads of State and Government of the African Union in January 2013. In complying with the decision, African Union implemented accrual-based IPSAS in 2014, largely supported by a grant from the World Bank under its support to the Capacity Development of the African Union.

The implementation of IPSAS has resulted in the following key benefits for the African Union:



- Alignment with best practices in financial reporting and management
- Improve transparency, accountability and promote corporate governance;
- Improve quality and comparability of financial statements;
- Increased capacity of staff through IPSAS trainings and certifications.

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All the above have resulted in a significant improvement in performance and enhanced the credibility of AU from the perspective of stakeholders particularly Member States and Partners.

As a result of African Union pioneering role in IPSAS implementation and financial management, it is positioned as a leader to drive the implementation of IPSAS in Africa and officiate the launch of AAAG across the continent.

3. FORMATION OF THE AFRICAN ASSOCIATION OF ACCOUNTANTS GENERAL

In May 2018, the African Union held the “2018 High Level Public Finance Management and Regional IPSASB Roundtable” meeting in Addis Ababa on PFM and IPSAS implementation. This successful meeting has secured the African Union a permanent observer seat in the IPSAS Board. Furthermore, the meeting has also exposed the need to establish a platform of exchange and communication around the existing projects launched to strengthen Public Finance Management in the African Continent hence the need for an association for Accountant Generals.

The soon-to-be formed Association will help promote professional and technical understanding and cooperation among member countries, through exchange of ideas and experiences. Africa will be in a better position to reap greater benefits in terms of accountability and transparency. Members will be able to carry out joint initiatives which will improve good governance and public financial management in various African countries.

4. DESCRIPTION OF THE EVENT

AU has established close relationship with continental and international Professional Accounting Bodies such as PAFA, CIPFA, IPSASB, ICGFM, AFROSAI-E and recently with ESAAG. As part of African Union objective to promote a sound public financial management at continental level and strengthen the capacities of the policy makers, AU once again plans to hold the high level meeting on public financial management supported by these professional and accounting bodies.

The meeting will be held in 3 sessions to discuss the following:

Session 1 (Day1): Formation of African Association of Accountants General (AAAG)

Section 2 (Day 2): Africa we want – a strong financial management systems by 2063

Section 3 (Day 3): IPSASB Strategy and work plan stakeholder consultation: Regional ‘Round Table’

5. OBJECTIVES AND EXPECTED OUTCOME

The objective of the meeting is to stimulate dialogue and enhance leadership and collaboration between Member States, professional and accounting bodies, with the view to urge ² y accelerate progress towards sound public sector financial management. More specifically:

- Form African Association of Accountants General (AAAG);
- Improve cash management;
- Raise awareness on urgent need to speed-up IPSAS implementation in Africa;
- Improve public sector accounting;
- Provide a platform for Member States and professionals to share ideas and experiences on public financial management.

6. PARTICIPANTS

The participants of the meeting mainly include Accountant Generals of Member States, AU Staff and officials from IPSASB, PAFA, World Bank, ESAAG and ICGFM.