



DIRECTORATE OF INFORMATION AND COMMUNICATION

PRESS RELEASE

**Reforms in management of financial resources in Africa are inevitable.**

**14<sup>th</sup> October 2019, Addis Ababa, Ethiopia:** The Public Financial Management Forum 2019 has kicked off at the African Union (AU) headquarters, in what is expected to be the largest gathering aimed at enhancing management of financial resources in Africa, through prudent public sector financial governance and sound accountability practices. The meeting will among others, deliberate on revitalized strategies on cash management; review the status of International Public Sector Accounting Standards (IPSAS) implementation in Africa while pushing for its full implementation and set the structures for the establishment of the African Association of Accountants General.

The three-day meeting held under the theme, “strengthening public sector accounting in Africa”, convenes in the backdrop of the implementation of the African Union decision on “Financing of the Union”. The decision seeks predictable, reliable and sustainable domestic resource mobilization by imposing a 0.2% levy on eligible imported goods to finance Africa’s development framework Agenda 2063. The financial reforms have led to various significant realizations at the AU, including the decrease of the annual budget for 2019 and 2020, compared to previous budgets and a substantial increase of the share of AU member states contribution to the budget compared to partner funding.

To complement these efforts, accountability and sound public financial governance at the AU and its member states, has remained a critical element towards the management of financial resources in the continent. To demonstrate commitment in maintaining high level standards of accounting, the AU has been at the forefront in the implementation of the IPSAS to ensure transparency and quality financial reporting. As a fully IPSAS compliant organization, the AU also occupies a permanent observer seat at the IPSAS Board.

AU Commission Deputy Chairperson Amb. Kwesi Quartey, while acknowledging the significant progress in the continuous improvement of public financial management in many African governments and public sector organizations, observed that the forum is an opportune platform to strengthen the capacity for financial reforms in the continent. He cited the huge depletion of the resources in the continent through corruption and illicit financial flows, funds he noted could be rededicated to social, political and economic transformation. He stated, “we must, individually and collectively, come up with valuable lessons to drive and promote public sector accountability and ensure prudent and sound

financial management for Africa to realize its inclusive growth and sustainable development.”

Admasu Nebebe, Ethiopia’s State Minister in the ministry of finance, on his part, emphasized the need for Africa to implement effective public financial systems noting that this would in a large way, enhance macro-economic stability, effective use of available resources and promotion of growth through pro-poor investments. With the ongoing economic reforms in Ethiopia, the State Minister cited strengthened public sector financial management as a pivotal instrument to enable the country enhance public investment efficiency and increase operational performance of state-owned enterprises. “We hope that continued public sector accounting reforms in Africa will instill discipline in public finance management, curb corruption, improve service delivery, stimulate economic growth and ensure transparency. These are key catalysts towards the achievement of Agenda 2063”, he stated.

AU Commission through its directorate of Programming, Budget, Finance and Accounting, has managed the implementation of financial management reforms, to ensure prudent use of resources and stringent financial discipline as the foundation for medium-term budgeting, results-based budgeting and integrated financial management information systems. Biodun Adeyemo, the directorate’s Acting Director, observed that the various efforts in place such as the implementation of IPSAS, has contributed greatly to the improved credibility of the organization. He noted, “what we intend to achieve in this forum, and what we have done over the years, have enabled us align with best practices in financial reporting and management, corporate governance and have improved the quality and comparability of our financial statements.”

The forum brings together Accountant Generals of Member States, the IPSAS Board, the Pan African Federation of Accountants, the World Bank, the East and Southern African Association of Accountants-General and the International Consortium on Governmental Financial Management facilitated by the African Union.

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