

# PUBLIC FINANCE MANAGEMENT ACADEMY FOR AFRICA (PFMA)



AFRICAN DEVELOPMENT BANK GROUP  
GROUPE DE LA BANQUE AFRICAINE  
DE DEVELOPPEMENT



AFRICAN DEVELOPMENT INSTITUTE  
INSTITUT AFRICAINE DE DEVELOPPEMENT

## VISION

**Improve public finance and debt management in African countries.**

## RATIONALE

Public finance and debt management are the tap roots of economic productivity and social progress in countries. It is the bedrock for domestic revenue mobilisation, prudential budgeting and public expenditure planning and management, sustainable borrowing to make debt work for growth, deepening and broadening capital and financial markets to create wealth in countries, and strengthening supreme audit and accountability functions to plug leakages through illicit financial flows and corruption. In fact, the health of public finance management in countries define the health of the economy.

African countries have made good progress in enhancing public finance management in recent decades but progress has been slow and uneven among countries and regions. Africa's gross government debt as a percent of GDP nearly doubled between 2008 and 2019, from 34 percent to 60 percent. With the Covid-19 pandemic exacerbating the situation, Africa's public debt has been estimated at \$546 billion - about one-quarter of Africa's GDP and higher than Africa's annual government revenues (\$501 billion) in 2020. Africa is estimated to be losing an average of about US\$90 billion annually to illicit financial flows or 3.7% of the continent's GDP. On the 2021 Corruption Perception Index, the best performing African country ranked 23, with African countries dominating the bottom of the ladder. Despite the continent's huge potential, general government taxes in Africa (as a percentage of GDP) averaged 15.7% between 2000 and 2021, with a steady decline from a peak of 18.8% in 2008 to a low level of 13.8% at the end of 2021. Many African countries are also characterized by weak and shallow capital and equity markets as well as limited capacity to allocate resources and utilise them strategically and efficiently.

The African Development Bank Group's Seventh General Capital Increase (GCI-VII) 2019 and the African Development Fund (ADF15) replenishment papers therefore recognized the need for enhanced capacity development to improve public financial management in the regional member countries (RMCs). This was further buttressed in the Bank Group's Capacity Development Strategy (CDS 2021 – 2025). The PFMA responds to the urgent need for accelerated capacity development (training, technical assistance, and policy dialogue) across the PFM cycle in African countries.

## STRATEGIC GOALS AND OBJECTIVES

(i)

Develop and deliver structured capacity development programs (training, technical assistance and policy dialogues) to address upstream and downstream challenges in the PFM cycle in African countries.

(ii)

Create a virtual interactive collaborative environment (VICE), virtual knowledge repositories (VKRs); policy lab unit (PLU), and a virtual campus on PFM within the Bank Group's Virtual Capacity Development Academy (VCDA) for real-time support to countries on PFM in Africa and globally.

(iii)

Deepen and broaden institutional partnerships with the World Bank, the International Monetary Fund, and regional institutions to leverage capacity (skills, knowledge, experiences, technologies and finance) and co-deliver structured capacity development (training technical assistance and policy dialogue) on PFM in African countries

(iv)

Launch publications and high-level knowledge sharing events to disseminate the lessons from good and bad PFM practices in Africa and elsewhere.

(v)

Strengthen staff capacity in regional and country offices to scale up policy dialogue with RMCs on the targeted areas.

(vi)

Provide a platform for structured and focused long-term capacity development programs on public financial management in Africa.

# STRATEGIC PILLARS

- (i) Macroeconomic and fiscal policy planning, forecasting, and modelling.
- (ii) Prudential budgeting and expenditure management.
- (iii) Revenue mobilisation (domestic and external).
- (iv) Debt management: sustainable borrowing, debt productivity, and transparency and accountability systems.
- (v) Deepening capital and financial markets.
- (vi) Public-private partnerships in PFM.
- (vii) Strengthening supreme audit and accountability systems, and curbing corruption and illicit financial flows.

# CROSS-CUTTING THEMES

- (i) Institutional governance reforms.
- (ii) Legal and regulatory process reforms.
- (iii) Digitisation: - Integrated Financial Management Information System (IFMIS).
- (iv) Human capital formation.
- (v) Capacity development (training, technical assistance and policy dialogues) throughout the PFM cycle and tailored to the needs of the target countries.

## CORE PRINCIPLES

- (i) **Selectivity:** - interventions prioritize the effective demand by countries and the Bank's comparative advantages and mandate.
- (ii) **Additionality:** - requests received from countries are prioritised on the basis of unique value addition and how the Bank's interventions complement existing efforts of other Multilateral Development Banks and Development Partners.
- (iii) **Partnerships:** - Constantly engage with the IMF, World Bank and other Partners for effective coordination, consistency the leverage.
- (iv) **Customization and Ownership:** - interventions shaped by and embedded in local realities to ensure contextual relevance and local ownership of solutions.

## TARGET BENEFICIARIES

### **Executive Training & Technical Assistance:**

African technocrats in government ministries: permanent secretaries, middle-level managers and directors as well as staff in relevant agencies; regional economic communities, executives of project implementing agencies, representatives of civil society, researchers from universities and think-tanks, and the African Youth.

**Policy Dialogues:** High-level policymakers and political officeholders at global, continental and national levels. This includes the G7, G20, the United Nations Leadership, Heads of States and Governments, relevant Ministries and Captains of the Private Sector; heads of institutions – the academia, community-based organisations and civil society.



## EXPECTED OUTCOMES

- Improved capacity development delivery effectiveness across the PFM cycle.
- Improved quality of evidence-based policy briefs and reference knowledge products embedded in African realities for African countries.
- Real-time solutions to PFM challenges in Africa.
- Focused peer-to-peer knowledge sharing, experiential learning and technical assistance among African countries.
- Streamlined and strengthened PFM institutions in Africa with clear specialisation, division of labour and coordinated interventions in line with the Paris agreement on enhancing development effectiveness.
- Deepened partnerships among PFM capacity-building institutions including the African Development Bank Group, the International Monetary Fund, the World Bank and others, to complement and amplify the impacts of specialised interventions by each partner.
- A Policy Lab Unit that encourages better capacity utilisation at local, national, regional and global scales to fill the capacity gaps in PFM delivery in African countries.
- Improved PFM practices in African countries evidenced by increased domestic revenue mobilised, reduced fiscal deficits, and reduced leakages including illicit financial flows in African countries.



