



MONROVIA DECLARATION 2022



MONROVIA CONFERENCE DECLARATION

We, the participants of the AFROPAC Virtual Conference on 17 and 18 May 2022, hosted by the Republic of Liberia, declare the following:

- Two years after the outbreak of the COVID-19 pandemic, **Africa is in a critical situation** with foregone growth, rising poverty levels, and systemic challenges in health and education.
- With recovery just gaining ground, **new challenges** arose, amplified by the war in Ukraine: rapidly rising prices for food, oil, fertilizers, etc., global disruptions of markets and supply chains, and rising interest rates.
- In this situation, public finance is under pressure and in need of recovery as well – and at the same time public spending is crucial for economic recovery. Fiscal policy has become an **extremely difficult balancing act** between budget consolidation and social and developmental needs.

Goals and Requirements

1. **To cope with the challenges ahead**, fiscal policymakers in Africa must ensure that:
 - Public funds are **spent efficiently**, wisely, and in alignment with political priorities
 - Domestic **resources** are **mobilized** more effectively to generate growing revenues, without overburdening businesses and citizens
 - **Tax evasion and tax avoidance** are tackled effectively, with a special focus on stopping **Illicit Financial Flows** from Africa
 - The development of **public debt** is monitored carefully to ensure its **sustainability**, including a thorough **management of risks** like increasing interest rates or deteriorating exchange rates.
2. To meet these requirements, maximizing **transparency** is essential. African countries need:
 - Comprehensive, well-structured, accessible **budgets**
 - Clear, fair, and consistent **tax laws**, that are enforced and **applied** unambiguously and in full
 - Clarity about **tax exemptions**, their justification, and consequences
 - Comprehensive and accurate **reporting on public debt**, including information about creditors and conditions.



Demands and Commitments

Addressing **African governments**, participants expect them to:

- Redouble their efforts to **maximize the effectiveness of public spending** in order to cope with limited fiscal space, with a special focus on infrastructure and social needs to support sustained growth
- Ensure **budget transparency**, allowing parliaments to monitor budget efficiency and support governments in their quest for budget efficiency
- **Improve their tax systems and tax administrations** to ensure fairness and growing revenues
- Close **gaps and loopholes** and critically review all tax exemptions to curb **illicit financial flows**
- Intensify **Pan-African collaboration on IFF**, including the AU, for Africa to speak with one voice in global debate and follow a joint, systematic approach
- Step up the **fight against money laundering** by legislation based on domestic risk assessments, consistent implementation of the laws in place, and strengthening FIUs
- Improve their **audit systems** and oversight regulations
- Manage their **debt portfolio** strategically within a consistent legal framework, including a mandatory **risk analysis**
- Share regular **reports on public debt** and **strategy documents** with parliament for debate and approval.

Addressing the **global community**, participants urge the governments of advanced economies and international agencies to:

- Respond to the **needs of African countries for their recovery** after the pandemic and under the pressure of new challenges and to support them in covering their developmental needs
- Support the **modernization of tax and budget systems** in African countries
- **Cooperate** fully with African governments in their fight **against illicit financial flows**, e.g. in the areas of trade mispricing or asset recovery
- Increase efforts to establish **financial transparency** as a global public good, thus preventing illicit flows from growing further
- Contribute to and join forces in organizing **debt relief** for countries in distress, in particular finalizing the **G20 Common Framework** as a fair, effective, and transparent instrument for debt restructuring in such countries



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- Help African countries avoid unsustainable debt levels by offering **concessional loans or grants** to countries that cannot create the fiscal space they need without running the risk of debt distress
- Support African countries in improving their **debt management** capacities.

Participants encourage AFROPAC to focus on three areas:

(A) In the area of **budget efficiency**;

- Support its members in enhancing their capacity to exert a thorough **oversight of budgets**
- Encourage PACs to urge government authorities **to assess, monitor, and report** on the effectiveness and efficiency of their spending
- Enable PACs to claim explanations from government authorities on how their **expenditure relates to policy goals** and programs, and the SDGs
- Assist its members in **engaging with NGOs** that monitor the performance of government institutions.

(B) Regarding domestic **revenue mobilization** and the **fight against IFFs**;

- Support its members in **overseeing tax policy** meaningfully and in promoting steps to improve and modernize tax systems, enhance the implementation of tax laws, strengthen tax authorities, and, not least, increase tax revenues
- Create opportunities for its members to share practical steps to **avoid, track, and stop Illicit Financial Flows**, regarding tax evasion, transfer pricing, etc.
- Encourage PACs to urge **government** authorities to increase knowledge on the forms and patterns of IFF that are most important locally – and to get into an effective dialogue with the government on action to be taken accordingly
- Facilitate close **cooperation of PACs with the SAIs** of their respective countries in fighting corruption and tax fraud
- Assist **PACs in engaging with media** aiming to increase public awareness and effectiveness in the fight against corruption and IFFs.

(C) Concerning **Public Debt Policy** and management;

- Support its members in urging governments to **report on public debt** in a comprehensive, detailed, and transparent way
- Capacitate PACs to **discuss with governments on strategic issues** of debt policy and management
- Help PACs to function as effective watchdogs **preventing unsustainable debt levels**.