

# 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, 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, 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

- **To cope with the challenges ahead**, fiscal policy makers 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
  - 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.
- 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 to 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 pressure of new challenges and to support them in covering their developmental needs
- support the **modernisation of tax and budget system** 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
- 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**, to:

- support its members in enhancing their capacity to exert a thorough **oversight on 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 programmes, and to 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 IFF**, to:

- 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 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 IFF.

(C) With respect to **public debt policy** and management, to:

- 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**.