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Regional Trends and Global Commitments: Implications for Legislative Oversight and Good Financial Governance in Africa

Kristina Müller-Kuckelberg

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Structure of the presentation

1. Regional trends and global commitments: Agenda 2063
2. GFG priorities in the region and legislative oversight
3. GIZ policy responses to address priorities: How GIZ supports Good Financial Governance (GFG)



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Will Africa keep rising?

Underlying drivers of medium-term growth remain in place in many countries

- Strengthened institutions and policy implementation capacity
- Improved business environment
- Favourable demographics

... but ...



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Risks to the economic outlook for Africa are tilted to the downside

Global

- A renewed decline in oil or in other commodity prices
- Volatility in global financial markets
- Further slowdown in China or in Europe

Regional

- Protracted weakness in commodity exporters (e.g. Nigeria)
- Droughts (southern, eastern, west Africa)
- Delays in moving ahead with policy adjustments and structural reforms
- Intensification of security challenges



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2015: The global year of development



Financing Framework
(Addis Ababa, July)



Sustainable
Development Goals
(New York, September)



Environmental Targets
(Paris, December)



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Governance: Perspective on Agenda 2063

Good Governance is an overarching theme of the Agenda 2063:

- **Goal 3: Good Governance as a stand-alone goal**
- **Goal 4 and 6: Mention Good Governance as key factor to peace and security as well as political participation**

GFG:

- **Domestic Resource Mobilisation through independent and capacitated tax administration;**
- **Reduction of Illicit Financial Flows (IFFs)**
- **Effective oversight and accountability**



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GFG priorities in the region

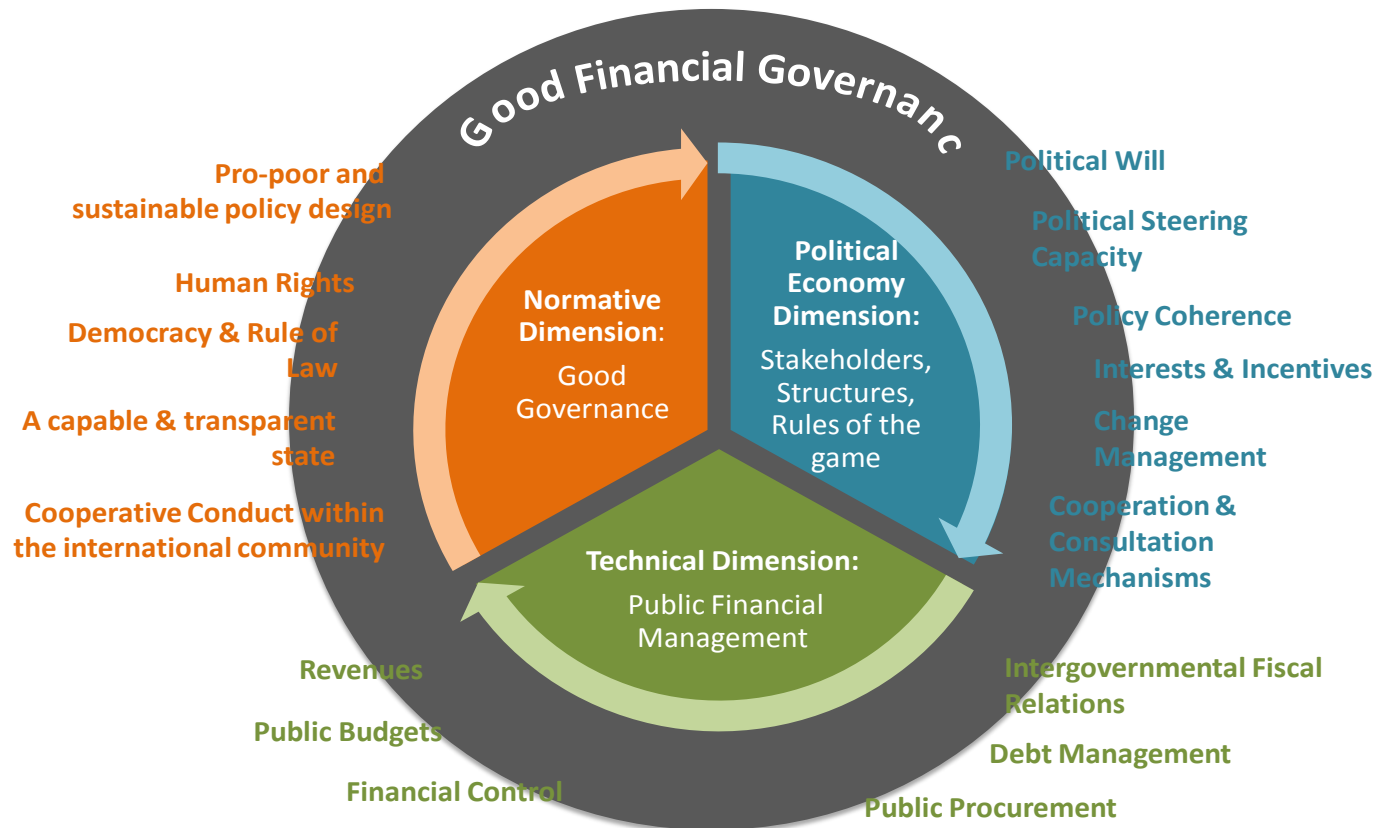
- Deal with current challenges (subdued global demand, low commodity prices, structural bottlenecks)
- Links to the Agenda 2063 (revenue mobilisation, public financial management (PFM), internal and external control → legislative oversight)
- Regional integration (tax policies, supervision, PFM regulations)
- A more tailored approach to countries in fragile situations



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Why the GFG approach?





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Challenges for legislative oversight

- Lack of capacity (financial expertise and support staff) to process audit reports in a timely manner
- Lack of enforcement structures for oversight committees for effective action
- Inter-agency communication and access to relevant information → laws to increase transparency
- Limitations to oversight due to lack of political will to allow critical questions

How to make a difference?

→ from concern to action!



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GIZ supported policy responses to address priorities

- **Strengthening government accountability through external audit and legislative oversight**
- **Evidence-based and GFG-minded diagnostic tools to fight IFFs**
- **Improved domestic revenue mobilisation to create fiscal space for pro-poor investments**
- **Urgent improvements in public investment capacity and debt management**
- **Policies on taxing and managing natural resources**
- **Macroeconomics of climate: policy advice on developing resilience to climate-related shocks (e.g. climate budgeting)**



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Thank you for your attention!

Kristina Müller-Kuckelberg

GIZ Good Financial Governance in Africa

E-Mail: kristina.mueller-kuckelberg@giz.de

www.gfg-in-africa.org