



# AFD AND economic and financial governance

© Prashanth Vishwanathan / AFD

**59 projects**

financed in 25 countries  
since 2016

**€2.5 billion**

committed since 2016

**30**

economic and financial  
administrations strengthened  
between 2016 and 2020

In order to finance their development policies and provide essential services to their population (e.g. healthcare, education, water and sanitation), governments have to manage their financial resources as well as possible. AFD supports countries seeking to improve domestic revenue mobilization, the quality of spending, and the management of public assets.

#WorldInCommon

# STRENGTHENING Public Financial Management

1

## *The budget: a tool for public action*

The budget is the first instrument used by governments to steer their development. It allows the withdrawal, investment, and redistribution of wealth while giving substance to public policies. AFD supports governments in this work by helping them to:

- Produce statistics and fiscal forecasts to assist in decision-making
- Align the budget with their development strategy
- Coordinate the preparation of the budget before its submission to Parliament

In **Morocco**, AFD is supporting the preparation of gender-sensitive budgets so that public spending can reduce inequalities between women and men.

2

## *Transparency of public finance*

"All citizens have the right to determine, by themselves or by their representatives, the necessity of the public contribution, to freely consent to it and to monitor its use." (Declaration of the Rights of Man and of the Citizen). To support governments in exercising this fundamental right, AFD is working with its partners to strengthen the external control of Parliament and Supreme Audit Institutions (e.g., the Court of Auditors) over the use of public funds and to publish reliable, comprehensible data on public action.

In **Kenya**, AFD is supporting the State Auditor General's office to improve oversight of public accounts and the provision of information to members of Parliament.

3

## *Domestic resource mobilization*

Developing countries collect more than €3 trillion in taxes every year, which is twenty times the amount of official development aid. In order to make the most of these resources, AFD assists them in optimizing tax policy, improving revenue collection, and monitoring fraud and misappropriation risks.

In **Indonesia**, AFD is supporting tax reform in order to help governments better target taxpayers, promote fiscal citizenship, and streamline VAT collection.

4

## *Execution of expenditures*

For public services to be financed in a timely manner, the administration must apply clear rules for budget execution. AFD supports the government in improving cash management/monitoring of payments, civil servants' salaries, procurement systems, and accounting.

AFD participates in the **Global Partnership for Public Procurement**, an alliance of development agencies that assists governments in defining efficient, fair, transparent public procurement systems.

5

## *Enhancing economic and financial assets*

By investing, governments build up public assets such as infrastructures and companies... but also debts. In order to make the most of these assets while limiting risks (deterioration, overindebtedness), AFD helps its partners optimize investment, debt management, and the governance of public companies.

In **Tunisia**, AFD is financing the governance reform of public companies by supporting the Ministry of Finance in its shareholder strategy, business portfolio management, and director training.