AAAG
AFRICAN ASSOCIATION OF ACCOUNTANTS GENERAL

POSITION PAPER

PURPOSE-DRIVEN DIGITALISATION: STRENGTHENING PUBLIC FINANCIAL MANAGEMENT (PFM) SYSTEMS IN AFRICA

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EXECUTIVE SUMMARY

Digitalisation presents a huge opportunity to transform Public Financial Management (PFM), particularly in Africa, and offers safe pathways to improved efficiency, transparency, and quality service delivery.

This position paper outlines a purpose-driven approach to digital transformation grounded in human-cantered design, enhanced cybersecurity, and data governance.

Drawing from insights, case studies and experiences gathered through a recent webinar hosted by the African Association of Accountants General (AAAG) on the topic, this paper recommends secure, paperless workflows, interoperability, and capacity development as central to Africa's PFM reform agenda. It also addresses legal, institutional, and political barriers while proposing pragmatic, strategic, and evidence-based policy interventions.

1. Introduction

The demand for more efficient, transparent, community-centred, and accountable public services in Africa is growing. With growing populations and evolving citizen expectations (driven by access to new technologies and digital tools that strengthen the demand for accountability and transparency), governments across Africa and the world face increasing pressure to modernize their financial systems.

Digitalisation, when anchored in purpose and guided by clear objectives, is no longer a luxury but a necessity. The COVID-19 pandemic accelerated this imperative, exposing the fragility of manual systems and the critical need for resilient, tech-enabled financial governance.

2. Context

The World Bank estimates that digital PFM systems can reduce transaction costs by up to 30% globally and enhance revenue collection by improving compliance and reducing leakages (World Bank, 2021). These benefits, however, are attainable only when digitalisation is aligned with a broader reform strategy.

The African Association of Accountants General (AAAG) champions reforms that improve public financial management, including the adoption of digital tools and systems to enhance efficiency, transparency, accountability and service delivery. This is done through peer-to-peer learning opportunities, strategic capacity building, technical support and facilitating investments into digital infrastructure.

On July 4, 2025, AAAG held a webinar themed "Purpose-Driven Digitalisation: Strengthening PFM Through Secure and Paperless Workflows" which brought together experts, practitioners and leading voices leading the way on PFM digitalization across the continent and the world. The webinar focused on how automation, cybersecurity, and legal reforms are vital to modernizing public finance.

3. Problem Statement

Despite progress, many African countries face persistent challenges, including among others:

- Legacy systems that lack flexibility and interoperability.
- Outdated legal frameworks that do not recognize digital signatures or paperless transactions.
- Low digital capacity within public institutions.

- Cybersecurity vulnerabilities, with rising cyber threats to financial data integrity; and
- Fragmented systems, impeding real-time data sharing across government units.

These gaps hinder effective service delivery, delay audit processes, and limit fiscal transparency. Without a coherent digitalisation strategy, African governments risk widening the trust gap with citizens.

4. Proposed Policy Actions and Solutions

To build robust, digital-driven PFM systems, African countries should consider the following interlinked policy pillars:

Policy Pillar	**Action**
Establish secure and paperless financial workflows	○ Implement e-invoicing, digital approvals, and automated expenditure tracking ○ Adopt digital signatures supported by comprehensive legal reforms
Strengthen legal and regulatory frameworks	○ Undertake a comprehensive review and update public finance laws to recognize and accommodate digital transactions ○ Introduce data protection and digital identity legislation
Enhance cybersecurity and system resilience	○ Develop national cybersecurity strategies ○ Ensure high availability through remote data centres and redundancy
Build institutional capacity and digital skills	○ Conduct digital skills gap assessments and audits ○ Invest in continuous professional development for PFM personnel
Foster interoperability and integration	○ Design national interoperability frameworks ○ Encourage open standards and open-source tools / publicly accessible interfaces (APIs) across government systems
Promote peer learning and knowledge exchange	○ Leverage AAAG for South-South collaboration ○ Document and share success stories and lessons learned

5. Benefits of Digital PFM

Digitalisation presents lots of benefits for countries:

- **Efficiency**: Automating manual tasks frees up resources and reduces human errors.
- **Transparency**: Real-time dashboards increase fiscal visibility and mitigate the risks of fraud and corruption.
- **Resilience**: Remote operations ensure continuity in crises (such as COVID-19, for instance).

6. Evidence-based Analysis

Kenya's eCitizen Platform

Kenya's digital transformation through the eCitizen platform has significantly enhanced service delivery. Over 14 million users access over 22,000 services integrated, leading to an 80% increase in revenue collection from digital payments (GovTech Kenya, 2023) in the last 10 years.

Key success factors include:

- Unified, one-stop portal for citizen-oriented government services, allowing access to over 95% services integrated across several ministries
- The platform provides role-based access controls and end-to-end encryption
- Integration with e-procurement and other government platforms
- The platform has been used to process over 35 million transactions between 2014 and 2025, which significantly reduced in-person visits to offices, lowers the risks of corruption and increases transparency and service delivery.

Key outcomes accruing from the digital shift in Kenya include:

- Over 300% revenue collection growth Revenue collection across digitized services
- Easy and enabled daily reconciliation and audit trails enabled
- Reduced leakages and manual handling of funds
- Transparent allocation through digital vouchers & approvals
- Improved expenditure tracking, and faster reporting
- Secure payments via cashless tools such as bank cards, Mobile based payments and online transactions
- API-based integration with Treasury, and IFMIS

- Auto-generated receipts, tax records, and compliance logs
- Audit-ready traceability of all transactions

Evidence from International actors

- The IMF has developed a "Digital Solutions Guidelines for Public Financial Management" which emphasises that reforms for digital transformation of PFM require careful design and adequate safeguards that are based on a clear understanding of the country's underlying infrastructure and needs, as well as its institutional strengths and weaknesses. It notes the potential for digitalization to support governments in improving fiscal policy outcomes, transforming fiscal operations, and enhancing governance and accountability.
- On the other hand, the World Bank's BOOST Initiative champions open financial data platforms to unlock informed decision-making and improve accountability and transparency.

7. Stakeholder Considerations

a) Offices of the Accountants General and Ministries of Finance/Treasury

These institutions play a pivotal role in leading reforms. They must champion legal reforms, drive system integration, and institutionalize digital workflows.

b) Multilateral Partners

The World Bank, IMF, and African Development Bank can offer:

- Technical assistance and capacity building
- Funding for infrastructure and system upgrades
- Knowledge-sharing platforms and tools

c) Civil Society Organizations (CSOs) and Citizens

Citizen trust hinges on visible service improvements. Engaging civil society in system design ensures inclusivity and accountability.

d) Private Sector and Technology Providers

Vendors must align with government standards and build solutions that are adaptable, secure, and interoperable.

8. Challenges, Barriers and Mitigation Strategies

Countries may experience the following challenges:

- Resistance to change among staff
- High initial costs for infrastructure
- Risk of cyber-attacks on sensitive systems
- Lack of coordination between departments

To respond to these challenges, we recommend the following strategies:

Barrier	**Mitigation Strategy**
Political resistance	Build reform coalitions and use champions
Limited funding	Leverage concessional finance and PPPs
Skills gaps	Invest in in-house digital talent development
Legal gaps	Fast-track reform of outdated laws

9. Conclusion and recommendations

Digitalisation is not a silver bullet to achieving effectiveness, efficiency and transparency, but when guided by purpose and executed with intent, it can dramatically enhance Africa's public financial systems.

We recommend, therefore, that countries:

i. **Adopt a comprehensive Government Digitalisation Strategy** with clear accountability, timelines, and financing plans.
ii. **Review and Modernize Legal Frameworks** to support digital workflows, signatures, and cybersecurity.
iii. **Invest in Digital Infrastructure** with resilience and scalability in mind.
iv. **Empower the Public Sector Workforce** through continuous digital training and leadership development.
v. **Establish a Continental Centre of Excellence** in partnership with AAAG and multilateral agencies to support PFM innovation and digitalisation efforts.

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