



**POSITION PAPER**

**FIGHTING FRAUD AND  
CORRUPTION IN PUBLIC FINANCIAL  
MANAGEMENT (PFM):  
SAFEGUARDING AFRICA'S RESOURCES**

October 2025

## Problem Statement

Africa loses close to USD 100 billion annually to fraud, corruption, and illicit financial flows. These leakages divert scarce resources meant for classrooms, clinics, roads, and other essential services, thereby undermining fiscal accountability and eroding public trust.

Fraud and corruption are systemic, cutting across both public and private sectors. Evidence shows that nearly two-thirds of fraud originates internally, perpetrated by individuals exploiting system weaknesses. Weak internal controls, poor oversight, and fragmented accountability mechanisms have created fertile ground for abuse. Unless addressed decisively, these losses will continue to compromise Africa's development trajectory and weaken the credibility of public finance institutions.

## Context and Impact

The scale of illicit financial flows (IFF) and irregularities has deep implications for governance and development in Africa. According to reports by African Development Bank (AfDB) and United Nations Conference for Trade and Development (UNCTAD), between USD 80 – 100 billion is lost annually to tax evasion, corruption, and fraud. Practice of illicit financial flows flourishes in an environment fraught with:

- **Weak Internal Controls:** Ineffective risk management enables the manipulation of accounts and the misuse of funds.
- **Weak Governance Arrangements** driven by a lack of political will, inadequate sanction mechanisms, and inadequately resourced monitoring and oversight institutions.
- **Limited Collaboration:** Fragmented responses by government agencies, professional bodies, and the private sector dilute impact and leave systemic loopholes open.

The consequences are clear: financial crime undermines fiscal space, slows reforms, and weakens Africa's voice in global economic governance and erodes citizens' confidence in government institutions.

## Policy Solutions

AAAG recognises that addressing fraud and corruption requires a systemic, multi-stakeholder response. Four priority solutions are proposed:

1. **Institutionalise Continuous Risk Assessment**  
Embed fraud risk management frameworks into all public institutions, with periodic reviews, audits, and early-warning mechanisms.
2. **Strengthen Internal Controls**  
Deploy automated systems that minimise manual intervention, improve traceability, and close loopholes across financial flows.
3. **Promote Multi-Sector Collaboration**  
Build collective action by aligning strategies across governments, private sector actors, and oversight bodies to tackle both the supply and demand sides of corruption.

#### 4. **Build Capacity**

Enhance the technical skills of public officials in fraud detection, forensic accounting and ethical leadership. Additionally, put in place mechanisms to strengthen policies and systems to detect and minimise IFF.

#### 5. **Leverage Digital Tools**

Harness robust financial management systems, data analytics, and digital reporting to enhance transparency, track expenditure in real time, and detect anomalies before they escalate.

#### 6. **Strengthening legal institutional framework and independence for oversight institutions** while instituting stronger sanctions for violations.

#### 7. **Promote transparency and accountability;** establish mechanism for whistleblowing, whistleblowers protection and citizen engagement in IFF prevention.

### **Conclusion**

Fraud and corruption remain among the most significant threats to Africa's sustainable development, diverting vital resources away from public services and weakening confidence in government. Since the majority of fraud arises internally, governments must focus on strengthening internal systems, institutionalising risk management, and closing accountability gaps. As custodians of public resources, Accountants General have a strategic role in shaping and enforcing preventive controls, advancing digital transformation, and leading collaborative anti-fraud initiatives.

### **Call to action**

AAAG calls on its members and partners to champion reforms that make accountability the foundation of prosperity. By embedding robust controls, embracing technology, and strengthening cooperation, Africa can reverse the tide of financial crime and ensure that every resource serves its intended purpose.

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