



POSITION PAPER

**EMBEDDING ARTIFICIAL
INTELLIGENCE INTO PFM:
STRENGTHENING EFFICIENCY,
TRANSPARENCY AND ACCOUNTABILITY**

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Problem Statement

African public finance systems are under pressure to do more with less: raise revenue more effectively, control leakages, improve procurement integrity, accelerate reporting, and deliver better services under tighter fiscal conditions. Yet many institutions still rely on fragmented data, manual controls, weak interoperability, and reactive oversight. This creates delays, errors, and blind spots that reduce both efficiency and transparency.

Artificial intelligence is increasingly presented as a solution, but the real policy challenge is not simply whether governments should adopt AI. It is whether they can adopt it responsibly, in ways that strengthen public financial management without deepening opacity, bias, weak accountability, or digital exclusion. Fragmented experimentation without governance can create new risks even as it solves old ones.

Context and Impact

The presentation from the 2025 AAAG Conference on AI and public finance usefully framed AI through three building blocks - data, automation, and intelligence - and linked it to practical PFM applications such as anomaly detection, automated processing, forecasting, citizen engagement, and procurement monitoring. It also identified the key constraints that matter most in African settings: poor data quality, skill gaps, infrastructure constraints, ethical concerns, and resistance to organisational change.

International evidence shows that AI is already entering mainstream public administration. OECD reporting indicates that a majority of OECD countries are using AI to improve public service design and delivery. At the same time, the World Bank and African policy discussions continue to warn that digital infrastructure, data quality, and skills remain significant barriers to effective AI uptake across many developing contexts. Ghana's digital policy direction - including its National AI Strategy and digital public infrastructure ambitions - illustrates how an African country can begin to build an enabling foundation.

The policy impact of responsible AI adoption in PFM could be transformative: faster reconciliation, better forecasting, more targeted audit and compliance work, stronger fraud detection, improved procurement analytics, better service access, and more responsive fiscal decision-making. But these gains depend on governance choices, not technology alone.

Policy Solutions

To shape a credible continental policy agenda on AI in public financial management, AAAG proposes to build strategic alliance to advance its advocacy and thought leadership role to drive a practical reform pathway that helps member countries build the digital foundations, governance safeguards, and institutional capabilities required to deploy AI as a trusted instrument of fiscal integrity, operational efficiency, and public accountability by advancing continental efforts to:

- 1) Build the data and digital public infrastructure base. AI in PFM should rest on interoperable financial systems, trusted identifiers, digital payments, strong records management, and consistent data standards across tax, treasury, procurement, payroll, debt, audit, and service delivery platforms.

- 2) Start with high-impact, low-regret use cases. Priority applications should include revenue risk scoring, anomaly detection, invoice and reconciliation automation, payroll verification, procurement monitoring, forecasting support, and citizen-facing assistants for information and transaction support.
- 3) Embed AI inside existing PFM and digital government systems. AI should enhance treasury, FMIS, tax, customs, procurement, debt, and reporting workflows rather than sit outside them as disconnected experiments. Integration is what turns AI into a governance tool.
- 4) Establish clear ethics, assurance, and accountability rules. Governments need policies on explainability, human oversight, model testing, auditability, data protection, cybersecurity, and procurement standards for AI-enabled systems. Public trust will depend on whether governments can show that AI-assisted decisions remain lawful, reviewable, and fair.
- 5) Invest in institutional capability and change management. PFM leaders need enough literacy to govern AI strategically, while technical teams need deeper capabilities in data engineering, analytics, assurance, and systems management. Organisational change, not only technology procurement, will determine success.

Conclusion

AI can help African governments collect better, spend better, detect better, and serve better. But this will not happen through technology adoption alone. AI must be embedded within stronger public finance architecture, digital public infrastructure, and institutional governance. AAAG can play a strategic convening role by helping member countries frame AI not as a substitute for reform, but as a force multiplier for transparency, efficiency, and fiscal integrity.

Call to Action

The next step for Africa is deliberate and practical: build data foundations, choose a small number of high-value use cases, govern them responsibly, measure results rigorously, and scale what works.

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