



**STATEMENT BY THE EXECUTIVE SECRETARY OF THE
SOUTHERN AFRICAN CUSTOMS UNION (SACU) DURING THE
CONSULTATIVE MEETING WITH REPRESENTATIVES OF
REVENUE AUTHORITIES OF THE SADC MEMBER STATES ON
THE SADC MODEL
LAW ON PUBLIC FINANCIAL MANAGEMENT**

22ND FEBRUARY 2022

- **H.E Ms Boemo Sekgoma, the Secretary General of the SADC Parliamentary Forum;**
- **Distinguished Commissioners and Representatives of various revenue authorities from SADC Member States;**
- **Members of the Technical Working Group on the PFM Model Law present here;**
- **Mr Daniel Greenberg, Legal Drafter of the SADC Model Law on Public Financial Management;**
- **Ms Caroline Kwamboka, Meeting Facilitator and an accomplished international development, policy and advocacy expert;**
- **Representatives of Media Organisations;**
- **Distinguished Participants;**
- **Ladies and Gentlemen.**

Good Morning,

Allow me, on behalf of the SACU Secretariat and on my own behalf, to express my sincere appreciation for the invitation and opportunity to speak at this Consultative Meeting with the Representatives of Revenue Authorities of the SADC Member States on the SADC Model Law on Public Financial Management.

At the onset, I wish to thank Her Excellency Madam Boemo Sekgoma, the Secretary General of the SADC Parliamentary Forum, for inviting me to deliver the keynote address during this important engagement today.

As most of you may be aware, the Southern African Customs Union (SACU) was established in 1910 and consists of five countries: Botswana, Eswatini, Lesotho, Namibia and South Africa, all of which are also Member States of SADC. SACU is the oldest customs union in the world and its main aim and purpose is to maintain the free movement of goods among the member countries in addition to deepening integration and economic development. SACU also negotiates trade Agreements as a block with third parties and for this reason, it maintains a common external tariff for goods emanating from outside of the Common Customs territory.

As a Common Customs area, we have a keen appreciation of the need for robust legislation which is agile enough to regulate the movement of goods amongst our Member States to facilitating cross border trade. The seamless movement of goods is very important to our economies both from the Trade Facilitation and revenue collection perspectives. On the latter, our mandate brings us into engagement with the revenue authorities, both within and outside SACU. Further, the legislation governing public financial management in the Member States, as well as in neighbouring states is of primary importance in our operations. Given the foregoing, I must highlight the need for effective laws governing trade, including laws on public finance management, since trade and finance have a cause-and-effect relationship, as I will attempt to show later in my address.

Madam Moderator, distinguished delegates,

I believe I speak for most of us, when I say that good public financial management (PFM) systems are important for good governance, macro-economic stability, effective use of available resources and poverty reduction in any country. It goes without saying, that effective public financial management ensures that scarce resources have maximum impact and are deployed where they are needed most through Prudential Financial Planning. This can help achieve government social and development objectives and set the stage for robust service delivery. Countries with strong, transparent and accountable PFM systems tend to deliver services more effectively and fairly. Notably, strong PFM systems can also help prevent corruption, foster aid effectiveness and, critically for us at SACU, help to facilitate trade amongst countries. In addition, strong PFM systems improve voluntary compliance to Customs and Revenue laws thus improved revenue collections. This contributes greatly to the reduction of compliance costs for Revenue Administrations.

According to experience, the key drivers of effective PFM include an understanding of the importance of a robust budget planning process; balanced budget allocation; working with existing national systems; and adopting the right budgeting approach. This way, PFM does not only maximise the impact of public funds, value for money and service delivery, but also makes interventions sustainable. Undertaking this approach can help produce a strong PFM system that plays a greater role in supporting and strengthening the management of public finance systems

It is also clear that strong and functional PFM systems will result in an improved investment climate, which in turn attracts private capital

nationally, transnationally and internationally. On the contrary, a weak or non-functional PFM system, opens doors for fraud, corruption and other forms of trans-national or cross border organised crime, which is clearly a disincentive for investment. With reduced investment, the impact on the national treasury can be telling. Most states will struggle to mobilise adequate revenues to meet public expenditure and, therefore, cannot meet the demand for delivery of public services. This ultimately leads to a breakdown in public service delivery, and in many cases, countries may end up in a debt trap, with all its attendant challenges.

If public finances are managed efficiently, this will likely lead to timely achievement of government goals such as poverty reduction, owing to effective and efficient services delivery, especially to the poor. Similarly, transparent and well managed systems inspire increased trust and confidence in the government from the general public, which in turn helps to attract investment, promote economic stability and stimulate growth. Some of the key requirements for a successful PFM system include strong leadership, good governance and transparent reporting, which in turn leads to more and improved accountability and by implication, the effective use of resources.

The discussion on the SADC Model Law on Public Financial Management is therefore opportune, whilst its wide adoption will most certainly help Member States to close existing legal and regulatory gaps in public financial management across the SADC region. Amongst them being, identified gaps in the areas of effective scrutiny of Public Accounts by parliamentary Committees to minimize and ensure that there is no mismanagement of public funds for statutory bodies; ensuring sufficient

enforcement of powers pursuant to the examination of the reports of the Auditor Generals; clear rules for debt management and related targets; performance-based budgets with clear Key Performance Indicators (KPIs) in the Member States; and a need for the respective Parliaments to exercise oversight and control over public contracts to ensure long-term sustainability in financial management, amongst others.

Let me hasten to add that the input of Revenue Authorities in the formulation of the public finance management policy and legislation is pivotal. After all, Revenue Authorities are among the key implementers of such policy and legislation. In this vein, these authorities bring unique knowledge and extensive experience to the table.

Your meeting today, therefore, is in recognition of the critical role played by the Revenue Authorities in the process of mobilising public resources through their various revenue collection functions. In this regard, you are called upon to consider the adequacy of the content of the Model Law in providing a robust normative framework, which can help tighten the regulations governing domestic resource mobilisation in the SADC region.

In other words, you have an opportunity to contribute to the standard setting efforts by the SADC Parliamentary Forum in as far as public financial management is concerned. As I understand, the standards so set can be adopted or adapted and implemented by individual SADC Member States in an effort to improve public financial management and promote harmonization across the region.

In addition to that, this meeting is also an opportunity for you to share and learn best practices in matters relating to your respective mandates.

Therefore, I cannot emphasise enough the importance of knowledge sharing through your active participation in today's proceedings. Please note that you have much to give, and therefore much is expected of you.

Let me end my remarks by commending the SADC PF for embarking on this noble process of formulating a model law on Public Financial Management. May I also reiterate the importance of this consultative process as it will ensure that best practice is incorporated in the Model Law for the benefit of the wider citizenry and people of the SADC region.

I wish you fruitful deliberations and I thank you for your kind attention.