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This action is funded by the European Union

ANNEX 2

of the Commission Decision on the Annual Action Programme 2018 in favour of the Republic of Angola

Action Document for the Economic Governance Support Programme

1. Title/basic act/ CRIS number	Economic Governance Support Programme CRIS number: AO/FED/040-911 financed under European Development Fund			
2. Zone benefiting from the action/location	Republic of Angola The action shall be carried out at the following location: Angola			
3. Programming document	National Indicative Programme (NIP) for Angola 2014-2020			
4. Sector of concentration/ thematic area	Sector 2: Economic governance and private sector	DEV. Aid: YES[1]		
5. Amounts concerned	Total estimated cost: EUR 5 000 000 Total amount of EDF contribution: EUR 5 000 000			
6. Aid modality and implementation modalities	Project Modality Indirect management with the International Monetary Fund (IMF) Indirect management with United Nations Office on Drugs and Crime (UNODC)			
7 a) DAC codes	15111 – Public finance management (15117 Budget planning) 15113 - Anti-corruption organisations and institutions 15114 - Domestic revenue mobilisation			
b) Main Delivery Channel	41 000 – UN agency 43 000 - International Monetary Fund (IMF)			
8. Markers (from CRIS DAC form)	**General policy objective**	**Not targeted**	**Significant objective**	**Main objective**
	Participation development/good governance	☐	☐	☒
	Aid to environment	☒	☐	☐
	Gender equality (including Women In Development)	☐	☒	☐
	Trade Development	☒	☐	☐
	Reproductive, Maternal, New born and child health	☒	☐	☐

[1] Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	☒	☐	☐
	Combat desertification	☒	☐	☐
	Climate change mitigation	☒	☐	☐
	Climate change adaptation	☒	☐	☐
9. Global Public Goods and Challenges (GPGC) thematic flagships	Not applicable			
10. Sustainable Development Goals (SDGs)	**Main SDGs:** **SDG 16.** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all; 16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime; 16.6 Develop effective, accountable and transparent institutions at all levels). **SDG 17.** Strengthen the means of implementation and revitalise the global partnership for sustainable development (17.1 Strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection; 17.3 Mobilise additional financial resources for developing countries from multiple sources. **Secondary SDG:** **SDG 8.** Promote inclusive and sustainable economic growth, employment and decent work for all. **SDG10.** Reduced inequalities.			

SUMMARY

This action is relevant for the United Nations 2030 Agenda for Sustainable Development (**Agenda 2030**). It will contribute primarily to the achievement of SDG 16 "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels" and SDG 17 "Strengthen the means of implementation and revitalise the global partnership for sustainable development". It will also contribute to SDG 8 "Promote inclusive and sustainable economic growth, employment and decent work for all" and SDG10 "Reduced inequalities".

It is fully in line with the Government development priorities of higher and inclusive growth and poverty reduction as foreseen in the country's National Development Plan (2018-2022) and with the **European Consensus on Development**[2], particularly with the EU and its Member States' commitment to focus on establishing an enabling and conducive policy environment for inclusive growth and its equitable distribution through national budgets, by strengthening the countries capacities to implement Agenda 2030 (section 4.1).

The **overall objective** is to contribute to higher growth and poverty reduction in Angola.

[2] OJ C 210 of 30.6.2017.

The **specific objectives** are:

SO1. To improve credibility and efficiency of public expenditures, pubic investments and fiscal transparency.
SO2. To provide a broader and more stable VAT revenue base for the budget.
SO3. To develop an effective system to counter illicit financial flows.

The action will be implemented during the period of **2019-2022**.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

After an extended period of strong economic growth, Angola was badly affected by the sharp decline in oil prices, since mid-2014. Being heavily dependent on oil exports – in 2015, the oil sector accounted for more than 95% of exports, 75% of all government revenues, 52% of tax income and 30% of gross domestic product (GDP) - the reduction of oil prices led to a marked deceleration of economic activity (average real GDP growth rate was 2.4% for the period 2014-2016), the deterioration of fiscal and external accounts, sharp increase in inflation levels (from 7.5% in 2014 to 41.9% in 2016) and devaluation of the currency (57% since 2015). This is further complicated by the rapid growth of the working age population, increasing urbanisation and the dominance of informal employment.

The Government initially responded swiftly to the oil shock with the phasing out of subsidies, the contention of the wage bill and the reduction of current expenditures and public investments. It further acted to increase revenues by raising non-oil tax rates and improving tax administration. It adopted a more restrictive monetary policy, with increased interest rates and tightened liquidity controls to contain inflation. On external policy, it eased the exchange rate peg.

In spite of the advances made and the country's medium-term prospects remaining favourable, further efforts are required to address existing macroeconomic imbalances (these include high inflation levels, current account and fiscal deficits, soaring public debt, negative real interest rates, tight international reserves) and governance-related risks (particularly corruption and other financial crimes).

In this context, technical support in the areas of macroeconomic and fiscal management and fight against illicit financial flows will be essential to assist Angola to address the economic challenges it is facing and promote a sustainable and equitable development path.

1.1.1 Public Policy Assessment and EU Policy Framework

The **Agenda 2030** acknowledges the vital role of domestic public finance in providing essential public goods and services and in catalysing other sources of finance. It specifically takes into account the harmful effects of illicit financial flows and the need for countries to increase domestic revenue mobilisation, develop effective, accountable and transparent institutions and ensure sustainable debt management.

UN Resolution 69/313 of 25 September 2015 on the **Addis Ababa Action Agenda** explained how Financing for Development is an integral part of sustaining development and recognised the importance of the UN Convention Against Corruption and Convention Against Transnational Organised Crime. Resolution 72/207 of 20 December 2017 entitled "Promotion of international cooperation to combat illicit financial flows in order to foster sustainable development" shows the global recognition of the threat of sustainable development caused by illicit financial flows and the urgent need to combat this.

The EU's **new European Consensus on Development** (2017) presents a new common vision for development policy for the EU and its Member States, bringing the previous 2005 European Consensus on Development in line with Agenda 2030 and addressing in an integrated manner the five main orientations: people, planet, prosperity, peace, and partnership. More concretely, under the new Consensus, the EU and its Member States commit to focus on establishing an enabling and conducive policy environment, including support to macroeconomic and fiscal stability frameworks, comprehensive annual and medium term budgetary frameworks and sound public financial management systems, strengthening of revenue mobilisation and tackling of illicit financial flows.

Building on three important policy landmarks – the Communications "Tax and Development" in 2010, "Budget Support" and "Agenda for Change" in 2011, the European Commission presented a holistic approach to domestic public finance fully outlined in the "**Collect More – Spend Better**" Staff Working Document in 2015[3] to support developing countries to increase domestic revenue mobilisation and to spend financial resources more effectively. This document analyses ways to support developing countries in providing the resources required to ensure the right mix of public goods and services for implementing the 2030 Agenda for Sustainable Development. The European Commission is also a co-founder of the **Addis Tax Initiative in 2015**, which intends to generate more resources for capacity building in the field of domestic revenue mobilisation / taxation as well as more ownership and commitment for the establishment of transparent, fair and efficient tax systems.

The EU is also one of the main donors committed to providing part of its aid through **budget support**, in order to build domestic accountability and use country systems: annual EU budget support disbursements were around EUR 1.6 billion in 2015, representing 20% of overseas development aid (ODA) disbursed by the Directorates-General for International Cooperation and Development and for Neighbourhood and Enlargement Negotiations. The breakdown of budget support commitments by region shows that sub-Saharan Africa remains the largest recipient of budget support at 47%. Although Angola is not currently a recipient of budget support, improvements in the areas of public finance management, macro-economic framework and budget transparency are paramount to consider EU budget support to the country in the medium to long term.

Angolan Strategic Framework

In September 2017, President João Lourenço took office and pledged to improve governance, fight corruption and restore macroeconomic stability.

In the Government's recently approved **National Development Plan (NDP)**, which guides the country's development priorities for the next five years (2018-22), macroeconomic stability (including PFM and tax reforms) and fight against corruption and economic and financial crimes are considered priorities to re-establish the trust of citizens and economic agents and foster an enabling environment for investment and economic growth.

The government's **Macro Stabilization Program** (MSP) (2017-18), the most recent and relevant framework for the government's policy on public finance sustainability, illustrates the commitment of the new government, including at the highest echelons, to implement ambitious but much-needed reforms. The program envisages upfront fiscal consolidation; greater exchange rate flexibility; reducing the public debt-to-GDP ratio to 60% over the medium term; improving the public debt profile; settling domestic payments arrears; and enhancing Angola's "Anti Money Laundering and Combating the Financing of Terrorism" (AML/CFT) framework.

More concretely, the Government of Angola is committed to establish a **Medium-Term Fiscal Framework** (MTFF) and a stronger public investment governance to improve budget credibility and address fiscal risks. The Ministry of Finance (MINFIN) has recently formulated a roadmap for implementing a MTFF and has expressed interest in improving the public investment management

[3] SWD(2015)198 of 15.10.2015.

framework to improve Angola's capacity to deliver public infrastructure efficiently, particularly considering its high level of debt and large infrastructure needs.

The MSP also envisages the adoption of a **Value-Added Tax** (VAT) on 1 January 2019, to widen the tax base and provide a more stable fiscal revenue source for the budget, including the government's investment programme. With support from the IMF, the Angolan revenue authority (AGT) developed a timetable for the VAT implementation, which includes activities that are already underway, and an action plan for the first year of implementation.

Angola has had a persistent issue with Anti Money Laundering and Combating the Financing of Terrorism (AML/CFT), which has contributed to the loss of all direct US dollar Corresponding Banking Relationships. As a result of progress in addressing technical items of the action plan agreed with the FATF, Angola was removed from the Financial Action Task Force's (FATF) list of countries with strategic AML/CFT deficiencies in February 2016 and will undergo the next AML/CFT evaluation in 2020.

Having joined the ARINSA network[4] in March 2018, Angola further demonstrates its commitment to address illicit financial flows, particularly in creating an asset forfeiture system that helps address illicit financial flows and denies criminals of benefiting from the proceeds of organised crime.

Angola's NDP includes a programme (4.2.4) on strengthening the fight against corruption and financial and economic crimes (including tax evasion and tax fraud), aimed at improving the legal and institutional framework as well as processes and procedures to prevent and combat corruption and economic and financial crimes. The government is currently preparing it National Risk Assessment on **Illicit Financial Flows**[5], which should be concluded by October 2018, and the preparation of an Action Plan will follow.

President João Lourenço has recently created a specialised anti-corruption unit to serve as the executive branch's main agency in charge of preventing and repressing corruption crimes. Moreover, the National Prosecuting Authority has recently begun a multi-stakeholder process to address corruption of financial crimes. Beginning in June 2018, it is expected to produce the National Anti-Corruption Action Plan by 9 December 2018.

1.1.2 Stakeholder analysis

The direct beneficiary of the **PFM component** is the Ministry of Finance (MINFIN), which has the leading role in coordinating the implementation of the PFM reforms and will see its staff's skills and capacities improved. In addition, the IMF has recommended the creation of a Macro-Fiscal Forecasting Group (MFFG) in the government to coordinate the technical work for the macroeconomic and fiscal frameworks for preparing medium-term and annual budget. The following department and agencies within this proposed MFFG would be amongst the key stakeholders in the government: Cabinet of Studies and International Relations (GERI) of the MINFIN; National State Budget Directorate of the MINFIN; Public Investment Directorate of the MINFIN; Public Debt Management Unit of the MINFIN; Public Enterprises Oversight Institute of the MINFIN; Treasury Department of the MINFIN; Accompanying Macroeconomic Policy of the Ministry of Economy and Planning (MEP); National Development Planning Department of the MEP; Revenue Authority (AGT); National Accounts Unit of the National Institute of Statistics (INE); Research Department of the Central Bank (BNA); Statistics Department of the BNA; Department responsible for economic analysis of the Ministry of Petroleum; Department responsible for tariff polices of the Ministry of Commerce; and the Institute for Price and Competition (IPREC).

On the support to **VAT's implementation**, the direct beneficiaries will be the revenue authority (AGT), which will see its capacity to enhance invoicing practices and accounting standards in the

[4] An informal network of prosecutors and investigators sharing information in asset recovery cases.
[5] With the support of the World Bank.

economy reinforced, and the small taxpayers, who will benefit from a capacity building programme to help ensure adequate rates of compliance.

For both components, other stakeholders outside the executive branch will include the Economic and Finance Committee of the National Assembly (e.g., discussion of legislation requiring approval of parliament); the Supreme Audit Institution (e.g., budget oversight); and the state-owned oil company Sonangol (e.g., discussions on oil sector outlook). Stakeholders outside the government will include: the international community, especially the multilateral institutions that are also TA providers and donors (IMF, World Bank, African Development Bank (AfDB), Southern Africa Development Community (SADC), UNDP); civil society organisations (CSOs) involved in the budget preparation and oversight (e.g. participation in budget preparations); and local and international investors (e.g. fiscal data users, who benefit from greater fiscal transparency).

For the setting-up of a national asset forfeiture system (the project's component on illicit financial flows), the proposed activities will support in a direct way the National Prosecuting Authority (*Procuradoria-Geral da República (PGR)*), the Unit of Criminal Investigation (*Serviço de Investigação Criminal (SIC)*), the Financial Intelligence Unit (Unidade de Informação Financeira (*UIF)*) and the Central Bank (*Banco Nacional de Angola (BNA*)) (as supervising body) and the future Asset Recovery Office (ARO) and Asset Management Office (AMO). Indirect beneficiaries will include the Ministry of Justice and Human Rights, the State General Inspection (Inspecção Geral do Estado *(IGE*)), the Court of Auditors (*Tribunal de Contas*), local banks and financial institutions and the Designated Non-Financial Businesses and Professions (DNFBPs). CSOs do not appear to have influence in the justice sector in Angola. Nevertheless, steps should be taken during the execution of the action to bring justice-sector and law enforcement actors close to CSOs to enhance accountability, communication and inclusiveness.

1.1.3 Priority areas for support/problem analysis

Macroeconomic stability will be essential to assist Angola to address the economic challenges it is facing and promote a more sustainable and equitable development path.

Some progress was made in Public Financial Management. A Public Expenditure Management and Fiduciary Systems Review (PEMFSR) based on the Public Expenditure and Financial Accountability (PEFA) methodology was carried out in 2016. It found that budget credibility is at acceptable levels and noted improvements in public procurement, internal control environment, budget reporting through the Integrated Financial Management Information System (IFMIS), and external audits of government accounts. A tax reform achieved a broadening of the tax base.

Despite these advances, significant weaknesses remain, particularly in the areas of fiscal risk monitoring, state-owned enterprise (SOE) oversight, public investment management, and budget planning. The technical quality and realism of the budget has increased with better forecasting. Yet frequent in-year budget adjustments and slow execution of investment expenditures have meant that spending units lack reliable budget ceilings, causing payment and implementation delays and additional costs for public investments. The medium-term budget planning instruments prepared by various sectors are not effectively used for allocations. The lack of integration between the investment and recurrent budget continues to be an issue.

An MTFF will help to improve budget credibility and address fiscal risks. It will potentially establish a credible basis for: a more strategic view of fiscal policy priorities; managing oil revenue windfalls and oil wealth with a medium-term perspective; reducing the pro-cyclicality of public spending; and better assessing long-term fiscal risks.

The public investment management system has weaknesses as identified by Technical Assistance reports[6] and other assessments. A strengthened public investment management system, integrated

[6] Fainboim et al, November 2015.

with a more robust governance system will improve Angola's capacity to deliver public infrastructure efficiently. This is particularly important for Angola considering its high level of debt (64.1% of GDP in 2017 and 73% projected in 2018) and large infrastructure needs.

A credible MTFF and stronger public investment governance will require improved fiscal transparency and reporting. Transparent reporting based on recognised standards is key for monitoring the fiscal accounts and facilitate efficient government decision-taking through the budget cycle. The lack of sufficient fiscal reporting, in frequency and quality, is affecting the reliability of the budget preparation and execution, and impedes assessing risks to the fiscal outlook.

The implementation of a Value-Added Tax (VAT), aimed at widening the tax base and providing a more stable fiscal revenue source for the budget, requires enhanced invoicing practices and accounting standards in the economy to ensure adequate rates of tax compliance. This is especially relevant in the context of the expansion of the VAT base to smaller taxpayers – who arguably have the weakest capacity - scheduled for 2021. The project will serve to strengthen the revenue administration management and governance arrangement on the one side, while mitigating capacity problems on the taxpayer side.

Angola scores very poorly in most measures of governance and corruption perceptions relative to sub-Saharan Africa peers[7]. Weak governance discourages private investment, undermines the efficient provision of public goods and constrains human capital formation.

Illicit financial flows (IFF) have become a matter of major concern because of the scale and negative impact of such flows in the development and governance agenda. Some of the effects of IFF are the draining of foreign exchange reserves, reduced tax collection, cancelling out of investment inflows and a worsening of poverty[8]. Countering illicit financial flows goes much further than enabling strong, accountable criminal justice institutions. It removes criminal assets and returns them to the community enabling economic prosperity. It also counters corruption, reduces crime and builds trust.

Asset confiscation is therefore a pre-requisite for effective countering of IFF in any jurisdiction that wishes to have in place all methods for recovering the proceeds of corruption and money laundering. An undue advantage is a primary motivator behind corruption and financial crime. Confiscation provides a deterrent by removing the possibility of enjoying the illegal gains and sends a message that "crime does not pay".

The country needs to improve in the five following priority areas in order to build an effective asset forfeiture system: 1) creating an Asset Forfeiture Unit; 2) developing an Asset Management System; 3) establishing an Asset Forfeiture Fund; 4) analysis training to the Financial Information Unit (FIU); 5) support to the FIU and the National Bank of Angola (as the supervising body) to increase knowledge on money laundering standards of the designated banking and non-banking financial institutions, as well as the quality of their suspicious activity reports (SARs).

[7] Average Control of Corruption score (Worldwide Governance Index) of 5.8 and Average Rule of Law score (Worldwide Governance Index) of 13, in 2016.

[8] By some estimates, IFF from Africa could be as much as USD 50 billion per year, approximately double the official development assistance (ODA) that Africa receives.

2 RISKS AND ASSUMPTIONS

Risk	Level (H/M/L)	Mitigation measures
Lack of political support		
Even though the new government that took office in 2017 is supportive to PFM and tax reforms and fighting corruption, there is a risk of losing momentum.	Low	Continuous follow-up by the project's teams and HQ missions to keep the momentum and engage the government in the milestones. Continued dialogue for reforms throughout policy dialogues.
Weak Management Support and Technical Staff Commitment		
Excessive rotation of managers and staff that could undermine the absorptive capacity and provoke discontinuity in the reforms. Unclear reform priorities and direction that may lead to weak performance and results.	High	The project will pay attention to turn-over issues, including through more training where needed, and guidance to optimise the work programme during staff turnovers. To develop a prioritised and resourced reform plan. Maintain strong engagement and mentoring of supervisory and managerial staff. Create a performance evaluation and monitoring system that systematically and routinely tracks results against set indicators.
Lack of capacity to achieve results		
Achieving results depends on the capacity of the government to enact legislation and to invest resources in creating technical capacity in the concerned areas.	High	Continuous monitoring system. To cope with changing circumstances, flexibility in terms of type of support provided and timing can be envisaged.
Timeliness		
Full implementation of the milestones may take longer than envisaged due to capacity constraints.	Medium	The project will be tailored to the capacity of the government. The project's teams will monitor actions that the authorities should take to follow the calendar. In case the pace of reforms needs to be adjusted, flexibility in terms of timing can be envisaged.
Lack of coordination among development partners		
A general lack of coordination among the various development partners and TA providers could lead to duplication of efforts.	Medium	Both the EU and implementing partners will establish frequent contacts and coordination mechanisms with relevant partners.
Lack of sustainability		
Macroeconomic volatility associated to commodities prices and global financial conditions may deteriorate the fiscal situation with an impact on the availability of resources to finance reforms and priorities may change.	Medium	The project's teams will monitor closely these developments and make the necessary adjustments in terms of implementation sequence in consultation with the authorities. The project will provide free online trainings that will eliminate the financial impediment to continuous self-learning by officials.

Assumptions
• Macro-economic factors, including exogenous shocks, do not reduce the commitment and available resources for the reforms. • Appropriate monitoring and evaluation mechanisms are implemented. • Continued funding and support to reforms by other donors and partners.

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Lessons have been learnt from the implementation of previous public finance support and governance projects in Angola. Such lessons have been taken into account in this project. These include:

- Sufficient capacity for PFM reform is important. A lack of capacity and experience with regard to PFM and MTFF will need to be addressed. Hands-on assistance is needed for the success of the reforms.
- Political commitment to reforms in the areas of the project is important. The new government seems committed to reforms and wants to implement changes as soon as possible. This context is an advantage in the political context of Angola.
- Appropriate institutional arrangements are important. Implementation of this kind of reform is more effective when only one institution is responsible for its execution or when there is sufficient coordination between relevant institutions. For the case of the PFM and VAT components, the main responsibility for reforms lies in the MINFIN but it will have to coordinate among its departments. For the illicit financial flows component, assistance should also focus on strengthening coordination mechanism among the different actors.
- A strong legal framework is important to underpin fiscal reform measures, an absence of which can render efforts ineffective. The legal framework on PFM will have to be overhauled to endorse the necessary changes in the areas of this project.
- A combination of regional and national training activities supplemented by a mentorship programmes are the most effective form of capacity building.
- Adequate consultations with all relevant stakeholders are important: Multiple stakeholders participate in the macroeconomic reform in the country and have to be considered in the project.

3.2 Complementarity, synergy and donor coordination

This Action is complemented by three ongoing regional EU-funded programmes with the **PALOP-TL countries** (*Países Africanos de Língua Oficial Portuguesa e Timor-Leste)*: (1) the 10^{th} EDF programme of support to the establishment of the Training Institute for Financial and Economic Management in Portuguese language (**IGEF**), a regional knowledge centre on PFM issues that will provide highly specialised and continuous training and create a regional pool of national experts on PFM issues; (2) the 11^{th} EDF programme **Pro-PALOP-TL ISC**, which will expand and consolidate the support provided by the 10th EDF programme in strengthening the technical and functional skills of Supreme Audit Institutions, National Parliaments and Civil Society for the control of public finances; in this new programme the Ministries of Finance will be capacitated to improve fiscal and budget transparency; (3) the 10^{th} EDF programme on the fight against corruption, money laundering and organised crime (**PACED**), through awareness raising among policy-makers and senior managers to support legislative harmonisation, training of managers and technicians, increasing the knowledge of networks and developing a platform of shared communication for the PALOP countries and Timor-Leste.

This project also presents synergies with other **International Monetary Fund** TA activities in Angola, including: i) support to the development and implementation of the VAT in Angola, namely assistance in the development of a timetable for the VAT implementation, drafting of legislation, definition of tax parameters, adjustment of systems and infrastructures at AGT, taxpayers registration, auditing and refunds, proposal for expanding VAT implementation; ii) improving managerial capacity at the Tax Authority (AGT) on tax administration, revenue forecasts and collaboration with the MFFG; and iii) enhancing the forecasting tools and capabilities of the Central Bank (BNA) to improve the inflation forecasts underpinning the budget for the current year and the MTFF.

The project also complements the ongoing **World Bank** TA programme for Angola. The Bank has provided TA, jointly with IMF, on improving debt management, and will support the Angolan authorities in several areas that have a bearing on the budget and fiscal policy, including: a review of public expenditure on social protection; a project for social safety net reforms; and an assessment of fiscal decentralisation.

The project will have synergies and will complement the capacity development support provided by the regional technical assistance center **AFRITAC South** to improve the design, implementation and monitoring of sound macroeconomic, financial and fiscal policies, more particularly on: improved tax policy and administration; improved PFM capacities and harmonisation towards regional and international standards; improved financial sector supervision; improved quality, coverage and timeliness of statistics; more effective monetary policy.

The project's component for establishing the national asset forfeiture system will be closely coordinated with the work of the Asset Recovery Inter-Agency Network for Southern Africa (ARINSA) in Angola and the **goAML** - the UNODC standard software system available for Financial Intelligence Units to counter Terrorist Financing and Money Laundering. It will also link with the technical assistance for improving the **AML/CFT** legislation provided by the IMF. Coordination will also take place with the potential support of the **World Bank** for the implementation of the action plan the country will prepare following the ongoing National Risk Assessment on illicit financial flows.

3.3 Cross-cutting issues

Both gender and environment will benefit from more efficient spending and improved domestic revenue mobilisation, as well as improved credibility of the budget. More consistent and credible budget information will contribute to improved tracking and analysis of cross-cutting issues, which in turn can be feed back into improved policy design in these areas (namely for the effective use and implementation of climate change related finance and projects for adaptation and mitigation and to more gender-sensitive programmes)

More concretely on gender, this programme will encourage the participation of female staff to trainings and promote gender equality through gender-based budgeting and fiscal reporting.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This action is relevant for **Agenda 2030**. It will contribute primarily to the achievement of **SDG 16** "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels" and **SDG 17** "Strengthen the means of implementation and revitalise the global partnership for sustainable development". It will also contribute to **SDG 8** "Promote inclusive and sustainable economic growth, employment and decent work for all" and **SDG10** "Reduced inequalities".

It is in line with the Government development priorities defined in its sector strategic documents (as detailed in section 1.1.1). It also takes into account the conclusions of consultations with government partners, the EU Member States, other donors and civil society organisations active in the field.

The **overall objective** is to contribute to higher growth and poverty reduction in Angola.

The **specific objectives** are:

SO1. To improve credibility and efficiency of public expenditures, pubic investments and fiscal transparency.

SO2. To provide a broader and more stable VAT revenue base for the budget.

SO3. To develop an effective system to counter illicit financial flows.

The **expected results** are as follows:

Under SO 1:

1.1 PFM draft legislation prepared and discussed.

1.2 Capacity for macroeconomic and fiscal forecasting is improved: people trained, models delivered or worked out; fiscal policy objectives are elaborated on and discussed.

1.3 Medium-term projections for investments are elaborated on in the priority areas and agreed for inclusion into the budget.

1.4 The work methods and system for identification, monitoring and management of fiscal risks are elaborated on and agreed.

1.5 The list, formats and coverage of fiscal reports are elaborated and agreed.

Under SO 2:

2.1 Draft leg-regulatory framework is prepared and respective electronic systems are designed.

2.2 Recommendations for proper enforcement are worked out.

2.3 Draft VAT compliance plan is elaborated.

2.4 Capacity of small taxpayers to comply with their VAT obligations enhanced.

Under SO 3:

3.1 An effective national asset forfeiture system is designed and its implementation supported.

4.2 Main activities

Under SO 1:

1.1 PFM draft legislation prepared and discussed.

The project will support the MINFIN to review the current PFM system laws and provide advice towards formulating a comprehensive law. Such a law would define the MTFF, specify its content and coverage, give MINFIN the responsibility for its production, establish that the MTFF should serve as the basis for the formulation of the annual budget, require its publication, and specify contributions from other government units.

1.2 Capacity for macroeconomic and fiscal forecasting is improved: people trained, models delivered or worked out; fiscal policy objectives are elaborated on and discussed.

Currently, Angola does not produce an MTFF to support its budget process. The project will facilitate the development of a medium-term macro-fiscal framework for the ensuing budgets. This will entail the publication of a Fiscal (budget) Strategy Paper approved by the Economic Cabinet or Council of Ministers together with a medium-term fiscal framework, including medium-term macroeconomic and aggregate fiscal projections, risk analysis and related explanations. The project will make use of macro-fiscal models, tools, and inputs from other government institutions. A Macro-Fiscal Forecasting Working Group will be created and before will produce medium-term macroeconomic and aggregate fiscal projections for MINFIN, a risk analysis and related explanations.

1.3 Medium-term projections for investments are elaborated in the priority areas and agreed for inclusion into the budget.
The project will support the MINFIN to prepare projections of capital spending and published them over a three to five-year horizon while the capital cost of the investment projects will be reported in a medium-term horizon. The maintenance costs, both routine and capital, will be reported in the annual budget to identify the current and capital costs associated to the projects and consistent with the medium-term costs. This would help to better assess the fiscal constraints in the medium-term from the spending engagements and the available fiscal space. Currently, the total costs of the projects are not adequately considered as there is not a medium-term budget projection. This would improve in connection to the MTFF as it is considered in the spending aggregates and would need a better assessment of the project disaggregated costs.

1.4 The work methods and system for identification, monitoring and management of fiscal risks are elaborated on and agreed.
The project will support the MINFIN and the proposed Macro-Fiscal Forecasting Working Group to incorporate analysis of macroeconomic and fiscal risks in the MTFF.
The project will provide methodologies and tools for preparing different macro-fiscal scenarios and train the staff to use these tools and deliver the expected outcome. The relevant working groups will be trained to produce alternative macro-fiscal scenarios and to identify, measure and manage fiscal risks that could affect the design and further implementation of fiscal policies. The project will develop models and tools for producing alternative macro-fiscal scenarios.
Specific training, workshops and study tours on the use of sensitivity analysis for the preparation of alternative scenarios will help MINFIN to assess the consequences of unforeseen events or major deviations from the baseline scenarios and provide guidance on how to respond to these risks.
Such sensitivity analysis should then be included in the annual budget documentation. The same scenarios should be updated for the annual budget documentation and the year of the annual budget, and explanations of the changes should then be part of the budget documentation.

1.5 The list, formats and coverage of fiscal reports are elaborate and agreed.
This project will support the design and operationalisation of a framework for periodic fiscal reports through specific hands-on training and the preparation of standardised reporting systems.

Under SO 2:

2.1 Draft leg-regulatory framework is prepared and respective electronic systems are designed.
The action will train relevant staff in the AGT and the MINFIN to prepare the identified legal and regulatory medications required to effectively implement a VAT system.

2.2 Recommendations for proper enforcement are worked out.
The action will identify possible weaknesses on the existing enforcement systems and will propose recommendations for an effective enforcement of related regulations.

2.3 Draft VAT compliance plan is elaborated.
TA support, training and study tours will be delivered to support the AGT and the MINFIN to prepare a VAT compliance plan

2.4 Capacity of small taxpayers to comply with their VAT obligations enhanced.
Support for the communication plan that will be necessary to extend the VAT obligations to small taxpayers will be delivered in the form of TA. Experience from other countries will be provided on the most effective way to do it. The use of CSO for this purpose will be assessed at the beginning of the process.

Under SO 3:

3.1 An effective national asset forfeiture system is designed and its implementation supported.

The actions required for setting up an asset forfeiture system will require training staff from the relevant institutions on tracing proceeds of crime, training for prosecutors and investigators and awareness rising for the judiciary.

The asset management system will be reinforced by drafting the relevant legislation, the preparation of asset management plans and specific trainings for the staff involved directly

The Action will support the creation of an Asset Forfeiture Fund through proposing relevant legislation to set up and manage the fund.

4.3 Intervention logic

The mobilisation and effective use of domestic public finance provides by far the largest and most stable source available for financing sustainable development[9].

The intervention logic is that through the capacity building and training of staff of the relevant institutions and stakeholders, this action will enable Angola to tackle critical issues that are hindering its economic and social performance (significant vulnerability to oil price shocks; inefficient delivery of public infrastructure; and loss of revenues and credibility arising from high levels of corruption and fraud) and to find ways of financing sustainable development in the long term and guarantee predictable domestic resources for the provision of public goods and services, namely well-target programs for the poor.

The action will intervene in different fields that due to their complementarity and high priority for the country are able contribute to achieving effective results and lead to sustainable processes.

The logic of the action is based on the effect that a sound public financial management coupled with a broadening of the revenue base of the country and the reduction of the illicit financial flows can have in accelerating economic growth and reducing poverty. At the moment, there is a clear political will that is pushing forward for these reforms. The assumption is that this push will remain throughout the whole implementation of the action and will continue afterwards.

Intervention in the public finance management field will help the Ministry of Finance to develop and implement a (1) **Medium-Term Fiscal Framework** (MTFF) and to improve public investment management. An MTFF will establish a credible basis for a more strategic view of fiscal policy priorities; managing oil revenues windfalls and oil wealth with a medium-term perspective; reducing the pro-cyclicality of the public spending; and better assessing long-term fiscal risks. A stronger (2) **public investment management system** will improve the country's ability to deliver public infrastructures more efficiently. This is particularly important for Angola considering its high level of debt and large infrastructure needs. Finally, improved (3) **fiscal transparency and reporting** is key for monitoring the fiscal accounts and facilitate efficient government decision-taking through the budget cycle.

[9] Staff working document "Collect more - Spend better", October 2015.

It is foreseen that the three outputs will lead to a general improvement of the credibility and efficiency of public expenditures, pubic investments and fiscal transparency. Continued political commitment to PFM reforms and transparency will be needed throughout the project thus facilitating the stable planning of expenditures and investments. It is also expected that parliament and civil society plays its part in following up on requesting and analysing fiscal information.

Support to the **preparation and implementation of the expansion of the VAT** to smaller taxpayers will contribute to widening the tax base and providing a more stable fiscal revenue source for the budget. This will require actions on drafting legislation, defining the tax parameters, adjusting systems and infrastructures at the revenue collection agency (AGT) and communicating with taxpayers. The intervention will seek to strengthen revenue administration management and governance arrangement, through support to the AGT in enhancing **invoicing practices and accounting standards** in the economy, and to mitigate capacity constraints on the smaller taxpayers' side to comply with the VAT requirements and therefore to help ensure adequate rates of compliance. This action is complementary to ongoing support provided by the IMF; the World Bank also envisages providing future TA support for VAT implementation.

If the political ownership and engagement to critical reforms is sustained throughout project implementation, the economic growth in non-oil industries will allow a widening of the tax base through VAT. Possible negative consequences for SMEs will need to be assessed and VAT exemptions or simplified turnover taxation could be applied. Therefore, by supporting the drafting of an effective regulatory framework together with actions for enforcing its implementation and the right communication and training approach, the expected objective of having the VAT as effective source of revenues for the Government is attainable.

The project's intervention to curb illicit financial flows is designed to provide support for the institutions in Angola that are in the value chain for **asset forfeiture**. It will focus on five priority areas of support in order to establish an effective asset forfeiture system. The intervention follows a logical three-step sequence: 1) establishment of an Asset Forfeiture Unit (personnel trained to trace proceeds of crime; training for prosecutors and investigators; awareness raising for the judiciary); 2) development of an Asset Management System (legislation drafted, passed or amended; asset management manuals developed; training for personnel); 3) establishment of Asset Forfeiture Funds (legislation drafted, passed or amended; fund established; oversight committee established; legislation to specify the purposes for which the funds can be used).

All these areas will be supported on the assumption that relevant institutions and political leaders remain committed to tackling the illicit financial flows. In the various meetings held by the Delegation, this has been a pre-condition for allocating resources for this action. This commitment that has been shared with the Delegation is expected throughout the project duration and beyond.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is **48 months** from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

5.3 Implementation of the budget support component

N/A.

5.4 Implementation modalities

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation[10].

5.4.1 Indirect management with an international organisation

A part of this action may be implemented in indirect management with the International Monetary Fund (IMF) This implementation entails supporting the PFM and VAT reforms in Angola. This implementation is justified because the IMF disposes of the highly specialised technical capacity required for the assistance to be provided. The IMF has a long track record of supporting the Angolan authorities in the fiscal area through Fund programmes, policy advice under surveillance, and TA. With Fund support under the Stand-By Arrangement of 2009-12, the authorities improved the quality and transparency of the fiscal accounts. Since the outset of this programme, the IMF has provided detailed and comprehensive advice on, inter alia, further enhancing fiscal transparency, improving fiscal forecasting, adopting a MTFF, fiscal rules, putting in place a well-designed fiscal stabilisation fund.

In summary, the high quality and reputation of IMF technical assistance and its high profile mandate, especially when combined with ongoing policy dialogue with Angolan authorities, justifies a direct award.

The entrusted entity would carry out the following budget-implementation tasks: Managing and enforcing contracts, procurements procedures, making payment, accepting or rejecting deliverables, enforcing checks and controls and recovering funds unduly paid.

5.4.2 Indirect management with an international organisation

A part of this action may be implemented in indirect management with the United Nations Organisation on Drugs and Crime (UNODC). This implementation entails supporting the establishment of a national asset forfeiture system in Angola. This implementation is justified because UNODC has the required expertise to support the highly specialised nature of support activities, UNODC Regional Office for Southern Africa's experience, analytical and programmatic work with Angolan authorities creates a comparative advantage for the EU to engage further in this area. In addition, UNOCD works with a broad range of cooperation partners, giving it the ability to deliver capacity building with funding from multiple donors in one coordinated effort, thereby increasing its impact and avoiding duplication.

The entrusted entity would carry out the following budget-implementation tasks: managing and enforcing contracts, procurements procedures, making payment, accepting or rejecting deliverables, enforcing checks and controls and recovering funds unduly paid.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with EDF-ACP States Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the

[10] https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (in EUR)
Components 1 and 2	**3 400 000**
5.4.1- Indirect management with the IMF	3 400 000
Component 3	**1 300 000**
5.4.2- Indirect management with the UNODC	1 300 000
5.9 - Evaluation , 5.10 - Audit	**300 000**
5.11 Communication	**Implemented by UNODC**
Total	**5 000 000**

5.7 Organisational set-up and responsibilities

A Steering Committee of the project (PSC) shall meet once a year to decide the overall direction of the project, to monitor the indicators and to supervise the implementation of the project's activities. Additional meetings can be arranged ad hoc at the request of the EU Delegation or any of the members.

The PSC will be co-chaired by the NAO and the EU Delegation with the participation of the main beneficiaries and implementing partners (IMF and UNODC). Other stakeholders, including civil society organisations, other donors and development partners may be invited in order to improve coordination and complementarity of interventions.

The PSC will be supported in its work by three technical committees (TC), one for the PFM, another for the VAT implementation and a third for the intervention on illicit financial flows. These committees will work in close cooperation with the beneficiary departments. The TCs will consist of members of the implementing partners, the concerned departments and stakeholders involved in the activities. The TC for each component will meet every semester to define, follow-up and monitor the implementation of the activities.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix.

The reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final reports, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that continued efforts in the areas concerned will be needed and further support by the European Union can be envisaged.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation mission. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in the final year of the project's implementation.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in final year of the project's implementation.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Communication and visibility activities to be implemented by this action will be included separately in the agreements to be signed with the identified implementing partners. The relevant budgets are included the indicative budgets reflected in the section 5.6 above.

APPENDIX - INDICATIVE LOGFRAME MATRIX [11]

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall Objective:	To contribute to higher growth and poverty reduction in Angola	Real GDP growth (**EU RF L1 #3)	1. 2017: -2.1% (est.)	1. 2022: 4.1%	Monitoring and evaluation reports of Angola's National Development Plan 2018-22 GDP growth published by the Instituto Nacional de Estadistica from Angola	
Specific objective 1 :	1. To improve credibility and efficiency of public expenditures, pubic investments and fiscal transparency.	1. Aggregate expenditure out-turn compared to original approved budget	1. 2017: 20%	1. 2022: 10%	1.a Report on the MTFF 2019-2021. 1.b Annual budget documents 2019-2021 published by the Ministry of Finance during the yearly budget approval process.	Political commitments to PFM reforms and transparency continue to exist throughout project implementation. The macro-economic situation allows stable planning of expenditures and investments.

[11] Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

						The parliament and the civil society reveals some demand for fiscal information.
Specific objective 2 :	2. To provide a broader and more stable VAT revenue base for the budget.	2. VAT revenue to total revenue ratio	2. No VAT is in place	2. TBD during the inception phase	2.a VAT implementation reports from the Ministry of Finance 2.b FAD technical assistance reports, ISORA data, TADAT assessment	Political ownership and engagement to critical reforms is sustained throughout project implementation. The economic growth and situation in non-oil industries allow widening the tax base through VAT. The possible negative consequences for SMEs are assessed and VAT exemptions or simplified turnover taxation is applied, where the disposable income level is below the minimum consumption basket or set standards of the country.
Specific objective 3 :	3. To develop an effective system to counter illicit financial flows.	3. Total value of inward and outward illicit financial flows (SDG Indicator 16.4.1).	3 TBD during the inception phase	3 Reduction to be agreed with the beneficiary during the inception phase	3 UNODC Reporting on the implementation of SDG 16.4 in Angola.	Continued political commitment for action to curtail illicit financial flows.

Outupt 1	1.1. PFM draft legislation prepared and discussed.	1.1. Status of draft PFM / MTFF legislation	1.1. Absence of legal framework establishing the obligation to prepare a MTFF and to be used for preparing budget envelopes.	1.1. Draft institutional and legal framework for MTFF.	1.1. Report on the MTFF 2019-2021 prepared by the project.	Macroeconomic favourable conditions for keeping priorities and ensuring availability of resources to finance reforms.
	1.2. Capacity for macroeconomic and fiscal forecasting is improved: people trained, models delivered or worked out; fiscal policy objectives are elaborated on and discussed. 1.3. Medium-term projections for investments are elaborated on in the priority areas and agreed for inclusion into the budget.	1.2. Status of PEFA PI-14 Macroeconomic and Fiscal Forecasting, PI-15 Fiscal Strategy 1.3. Status of PEFA PI-11.3 .	1.2. No MTFF produced. No Macroeconomic and Fiscal Forecasts available and methods established / specialists trained. 1.3. No medium-term projections for investments are elaborated at the moment.	1.2. Targets in PEFA to be agreed during the inception phase 1.3. Targets in PEFA PI-11.3 to be agreed during the inception phase	1.2. PEFA assessments to be prepared by the project (or similar reporting that would follow the PEFA methodology) 1.3. PEFA assessments to be prepared by the project (or similar reporting that would follow the PEFA methodology)	Adequate level and stability of managers and staff. PFM reforms are properly monitored both by Gov and CSOs and corrective measures taken as needed. The MTFF is paid sufficient importance by the parliament and CSOs for approval of the annual budgets.
	1.4. The work methods and system for identification, monitoring and management of fiscal risks is elaborated on and agreed	1.4. Status of inclusion of the macroeconomic fiscal risks statement in the draft annual budget documents	1.4. No fiscal risk statement is prepared at the moment.	1.4. Fiscal risks statement included in the draft budget documentation that incorporates macroeconomic risks	1.4. Annual Budget of Angola, submitted by the Ministry of Finance to the Parliament	Public investments are monitored also by CSOs who have a chance to present their findings at the parliament / Supreme Audit Institution. The macroeconomic

	1.5. The list, formats and coverage of fiscal reports are elaborate and agreed.	1.5. Status of PEFA indicator PI-27 Financial Data Integrity	1.5. Fiscal reports are not published on time.	1.5. Fiscal reports prepared in line with GFSM 2014 and timely published, at least quarterly and end -year reports.	1.5. Lists of fiscal reports prepared and/published by the Ministry of Finance .	forecasting is performed by the respective institutions. The parliament, government citizens and businesses find fiscal reports useful. The fiscal reporting discipline is supervised by the parliament and an SAA.
Output 2	2.1 Draft legislation-regulatory framework is prepared and respective electronic systems are designed. 2.2. Recommendations for proper enforcement are worked out. 2.3. Draft VAT compliance plan is elaborated.	2.1. Status of complementary legislation on invoicing obligations and bookkeeping 2.2. Availability of recommendations for VAT enforcement 2.3. Availability of a VAT compliance improvement plan	2.1. Absence of legislation 2.2. Non-existent 2.3. Non-existent	2.1. Draft legislation is submitted for approval 2.2. Recommend-ations publicly available 2.3. Compliance improvement plan drafted	2. Reporting activity from the Action and AGT website	Adequate level and stability of managers and staff in AGT. Availability of resources for needed investments.

	2.4. Capacity of small taxpayers to comply with their VAT obligations enhanced.	2.4.a Availability of an Education plan on invoicing obligations and bookkeeping 2.4.b Availability of Public campaigns to raise awareness on invoicing obligations and bookkeeping 2.4.c Availability of tools to support bookkeeping obligations	2.4.a. Non-existent 2.4.b. Non-existent 2.4.c. Non-existent	2.4.a. Plan developed and launched 2.4.b. Campaigns developed and launched 2.4.c. Tools developed for AGT		
Output 3	3.1. An effective national asset forfeiture system is designed and its implementation supported.	3.1.a. Status of an Asset Forfeiture Fund (AFF) with a functional asset management system 3.1.b. Capacity of the Financial Intelligence Unit (UIF) to present cases to investigators 3.1.c Capacity of investigators and prosecutors to conduct financial investigations 3.1.d Status of FIU and Central Bank's knowledge on money laundering standards of the designated banking and non-banking financial institutions	3.1.a Non-existent 3.1.b Weak/Limited 3.1.c Weak/Limited 3.1.d Weak/Limited	3.1.a Developed and planned for launching or operational 3.2.b Enhanced – TBD in inception phase 3.3.c Enhanced – TBD in inception phase 3.1.d. Enhanced – TBD in inception phase	Reporting activity from the Action ARISA annual reports UNODC reports Court records Feedback from the AFF Committee	Government is supportive of ARINSA's work in the country. Adequate levels of coordination among different public departments. Other developments partners will proceed in tandem with this intervention.