



Evaluation of EU External Action

Response of the EU Services to the recommendations– follow-up



Evaluation title	<u>Evaluation of EU State Building Contracts (2012-2018)</u>		
Lead EU Service	European Commission Directorate-General for International Partnerships (INTPA) Unit E1 – INTPA-E1@ec.europa.eu Evaluation carried by INTPA Unit D4 – INTPA-EVALUATIONS@ec.europa.eu	EU Delegation(s) involved for case studies	Field missions: Burundi, Ivory Coast, Haiti, Madagascar, Mali, Nepal, Central African Republic (CAR), and Sierra Leone. Documentary analysis: Afghanistan, The Gambia, Guinea, Niger, Somalia, Chad and Tunisia
Associated EU Services	European Commission Directorate-General for Neighbourhood and Enlargement (NEAR), European External Action Service (EEAS), and Secretariat-General of the European Commission (SG)	Main policy areas addressed by the evaluation	<ul style="list-style-type: none"> - Fragility - Risk and conflict analysis - Public finance management - Education - Health - Democratic governance
Evaluation budget	EUR 549.590	Contractor	Aide à la Décision Économique (A.D.E.) S.A.
Dates of the responses of the EU services	November 2020 and May 2023	Publications	Links to the Final Report (English and French), the Evaluation Brochure and the Recording of the dissemination seminar
Summary	<p>The purpose of this evaluation is to provide an independent, evidence-based assessment of the EU's State Building Contracts (SBCs) and, in particular, to look at the extent to which this instrument contributed in a sustainable way to the consolidation of Governments' core functions aftershocks and/or in situations of fragility or extreme poverty. The evaluation was commissioned with the objective to improve the design and implementation of future SBCs programmes to optimise their effects. This global evaluation examines the SBCs contracts designed and implemented by DG DEVCO and DG NEAR during the period 2012-2018. The SBC has been a unique and necessary instrument to address the specific urgent needs of situations of fragility, transition, and reconstruction. It has allowed, within a short period of time, financing the current expenditures of the Government through a grant. Based on a good understanding of the challenges and risks, the programmes prioritised the objectives of stabilisation and rapid recovery, and generally provided an appropriate response to the identified fragility factors.</p>		

Recommendations from the independent Evaluation	Response of the EU services November 2020 and December 2022
<p>R1</p> <p>Give greater visibility/emphasis to EU support to social cohesion and democratic governance policies for stabilization.</p> <p><i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> ▪ Strengthen the analysis of immediate needs for stabilization/strengthening of essential government services in the analysis of fragility, in an approach aimed at protecting populations; ▪ Explain more clearly the SBC intervention logic (including the sequencing of expected induced outputs); ▪ Emphasise the objective of preserving budget allocations/execution of expenditures in the social/justice/security/defence sectors and the improvement of expenditure management in these sectors, including spending quality ▪ Include in the general condition on PFM a specific section on expenditure management reforms in priority sectors where there is no SRC; ▪ Clarify the transition from SBCs to SRCs and strengthen complementarity between the instruments (in particular on the budget allocation/expenditure management side); ▪ Further support local democracy and citizen participation, as well as the territorial policies of deconcentration and decentralisation. 	<p>November 2022: <u>ACCEPTED</u></p> <ul style="list-style-type: none"> ▪ The EU is committed to strengthening the State’s capacity to provide essential services to the population. State Building Contracts (SBCs) have proven to be crucial in contributing to ensuring vital state functions and public service delivery, thus addressing the causes of fragility and promoting stability and state-building. ▪ Expenditure management is an important dimension. Improvements in this respect are sought in the social, justice, security and defence sectors. This is part of the policy dialogue and of the budget support intervention logics. Although it should not divert attention from policy outputs and outcomes, specific indicators on expenditure management may be used in fragile contexts, as a temporary measure before introducing more output and outcome indicators. ▪ Instead of including a specific section on expenditure management reforms in the general condition on PFM, we would favour addressing expenditure management more specifically within the sources of verification and monitoring activities of the PFM general condition <hr/> <p>May 2023 Follow-up:</p> <p><u>Work with the IMF (see below)</u></p> <p><u>Examples of implementation at country level:</u></p> <p>NIGER – Ongoing SRBC indicators consider the provision of public services in fragile areas; budgetary management (devolution of authorisation to sectoral ministries). The complementary support also includes measures on financial decentralisation. (see Annual action plan 2021 for Niger - https://international-partnerships.ec.europa.eu/countries/niger_en)</p> <p>MAURITANIA - Apart from budget support to address the challenges of the impact of COVID-19, the next programming of budget support is based on the social sectors and is accompanied by support for institutional strengthening, both in terms of basic services and support for better management of public finances, including budget planning. Thus, the programming for the remaining EDF balances and the new NDICI programming provide support for security and defence and for promoting the role of civil society.</p> <p>THE GAMBIA: A new SBC is being formulated aiming at increasing the part of the population receiving social assistance from Government by category of vulnerability. Public Finance Management will also receive further attention in a country where the baseline is low and capacity limited. Donors coordination in supporting PFM reform has also been reinforced.</p>

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	<p>SOMALIA – The new SRBC designed in 2023 integrates the complex and highly political issue of the rules for resource sharing and the division of service delivery between federal and regional administrations.</p> <p>Building on lessons learnt during the evaluation, the SRBC proved agile enough to adapt to new crises, like the Russian war of aggression against Ukraine after the COVID-19 pandemic.</p> <p>New Resilience Building Contracts for Ukraine as well as for Moldova and the Western Balkans (as part of the Energy Support package for the Western Balkans - https://neighbourhood-enlargement.ec.europa.eu/energy-support-package-western-balkans_en) were prepared in 2022 for close to EUR 1.3 billion altogether in support to their energy transition (part of EU Global Gateway) but also in reaction to the Russian war of aggression in Ukraine in order to help countries cope with energy price hikes and their impact for households.</p> <p>UKRAINE - EU budget support plays a central part in delivering effective assistance to Ukraine and neighbouring countries. EU support to Ukraine helped mitigate the effects of the Russian aggression on the livelihood of the conflict affected populations. During 2022 a total amount of EUR 698 million was paid through budget support to contribute to the rehabilitation of critical infrastructure, ensure the continuation of livelihoods of conflict affected population and reconstruct education facilities. With the budget support assistance, more than 32 000 farmers benefitted from subsidies and grants for land cultivation and buying cattle, contributing to food security. Over 100 000 agricultural producers were registered in the State Agrarian Register, helping to formalise this sector of employment. Additionally, financial transfers were provided to ensure support to households who were accommodating Internally Displaced People (IDPs) and compensate for such costs at the level of communal facilities (schools, sanatoriums). Over 1,6 million IDPs were accommodated in this framework.</p> <p>MOLDOVA - The EU helped Moldova in mitigating the socio-economic impact of rising energy prices, in particular on vulnerable groups. The EU's total budget support package for Moldova of EUR 135 million since December 2021 helped the most vulnerable segments of the population faced with rising energy costs. It also strengthened the Government's overall capacity to deliver tailor-made services to these vulnerable groups and basic services to its population, and supported the long-term socio-economic recovery, energy security, and energy transition.</p>

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<p>Further develop the intervention logic at regular intervals as the context evolves to better take into account the urgency and complexity of needs and ensure the adaptability of the response provided a unified and comprehensive anti-corruption framework</p> <ul style="list-style-type: none"> ▪ <i>Some suggestions on how this could be done:</i> ▪ Improve the predictability of amounts to be disbursed and their consideration in cash-flow management, particularly in post-crisis situations (strengthen the forecasting capacities of the Ministry of Finance, set mutually agreed disbursement schedules to meet cash-flow requirements); ▪ Renew the intervention logic annually on the basis of changes in risk management frameworks and in light of changes in the context; ▪ Monitor the outputs and outcomes as they are achieved by systematically reviewing the performance matrices attached to the intervention logics; ▪ Intervene rapidly in case of additional needs through a special "crisis" tranche with conditions specific to the situation rather than by "topping up" existing programmes 	<p>November 2022: ACCEPTED, when applicable</p> <p>Predictability is essential. SBCs appear already quite predictable compared to others budget supports (See Evaluation of budget support effectiveness between 1994 and 2015 (2017)– DEVAL – German Institute for Development Evaluation – https://www.deval.org/en/evaluations/our-evaluations/effectiveness-of-budget-support-1). Therefore the budget support operations must strike a balance between predictability and incentive (performance indicators and the share of the variable tranche). Due to the fragility of the concerned countries, the share of the fixed tranches of the SBCs are already bigger than in other types of budget support contracts.</p> <p>The rationale underlying SBCs is to strengthen country systems, empower national leadership and capacities and ensure predictability for budget execution. This is part of the dialogue and it remains relevant for the duration of the SBC.</p> <p>The EU is committed to monitoring the outputs and outcomes achieved by SBCs and to reviewing those used in intervention logics (whether they are used for variable tranche disbursements or not).</p> <p>When applicable and subject to availability of the budget, the EU will continue to intervene quickly in order to address urgent needs through a special crisis tranche or a top up of the programme.</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>Rapid intervention: Evaluation of the European Union External Action – Fast-Track Assessment – EU Initial Response to the COVID-19 crisis in partner countries and regions – Volume I – Main report – January 2022</u></p> <p>‘Conclusion 3: Massively mobilising budget support and macro-financial assistance for the support packages was a relevant approach to support governments’ fiscal capacity for initial crisis response linked to COVID-19. In several cases, this helped countries to stabilise their macro-fiscal framework and to execute supplementary budgets placing COVID-19 measures at their core. It also offered a policy dialogue platform to monitor the implementation of the response. Sound budget execution and proper transparency and oversight of COVID-19 expenses were promoted more strongly in some countries than in others.</p> <p>Based on the lessons learned, SRBCs will continue to be used to support partner governments facing a rapid onset crisis in quickly providing funds to frontline public services.’ During the design phase as well as continuously during the implementation, the EU will ensure that appropriate mechanisms securing the accountability and transparency of government</p>

R2

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	<p>operations are applied, even in situations of response to a crisis. Public financial management is an essential part of managing the fiscal response. Securing accountability requires ex ante or ex post controls on frontline spending, together with appropriate tracking systems.</p>
<p>R3</p> <p>Strengthen the leverage effect of general and specific conditions by better framing general conditions and improving the choice of variable tranche indicators</p> <p><i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> ▪ Clarify expectations regarding the relevance and credibility of targeted policies in different types of context; ▪ Further frame the analyses required to examine the public policy and PFM eligibility criteria and expected progress (similar to what exists for the criterion on transparency). <p>The variable tranche indicators are an important signal for prioritising and advocating to the government. To strengthen the effectiveness of the variable tranche indicators and their incentive nature, it is recommended to:</p> <ul style="list-style-type: none"> ▪ Systematically involve stakeholders in the choice of indicators and the definition of targets, and rely as much as possible on indicators defined in national policies; ▪ Limit the number of indicators (a maximum of five) and avoid the use of sub-indicators; <p>Maintain indicators for the same themes over time to gradually lead to progress in reforms;</p>	<p>November 2022: ACCEPTED</p> <p>The relevance and credibility of policies is at the core of budget support eligibility. The budget support guidelines already provide for the elements that need to be considered to assess whether a strategy is sufficiently relevant and credible. However the EU is not drafting country policies. This responsibility lies with the partner country and the EU shares policy advice and provides capacity development assistance in order to improve their design and support their implementation.</p> <p>The expected progress with respect to PFM and transparency is mentioned in the monitoring table attached to the PFM and transparency monitoring report, which contains a selection of the country's reform priorities.</p> <p>The EU already involves all relevant stakeholders in the choice of indicators and the definition of targets.</p> <p>The recommendation to limit the number of indicators and avoid sub-indicators is in line with the ECA Special Report No 25/2019 which stated that "the Commission should: refrain from using sub-indicators in order to limit the actual number of indicators to the maximum described by the guidelines" (the EC budget support guidelines 2017 recommend using between three to ten indicators). The Commission accepts this recommendation. Nevertheless, in exceptional cases, more than ten indicators may be accepted, if justified by the policy framework and partner country preferences. It may notably be appropriate for programmes addressing structural fragility (e.g. Niger's third generation of SBCs).</p> <p>Even if the EU already maintain indicators over time, a certain degree of responsiveness should be ensured. For example, as part of the COVID-19 response, some existing indicators on specific areas have been neutralised because they were no longer relevant and/or monitorable due to the sanitary crisis context.</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>See points above on CAS and the Country RMF+ and on work with the IMF</u></p> <p><u>Examples of implementation at country level:</u></p>

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	<p>NIGER – Progress has been requested in the context of development management, in particular the implementation of the National Development Plan (PDES in verification sources and policy dialogue points), the management and reform of public finances, and transparency and oversight. Programme performance indicators are selected in relation to the general conditions and major challenges of the context; these indicators are usually drawn from public policies together with stakeholders.</p> <p>MAURITANIA – The variable tranche indicators was adapted to the context and priorities. They were qualitative and quantitative at the beginning to establish the approach to budget support and to enable them to be measured reliably, and they were trials when dialogue had to be stepped up towards a change in legislation and subsequent implementation. The indicators have always been chosen in a continuous dialogue with the government: Ministry of Economy and Finance when directly targeted and sectoral ministries. The same approach will be followed during the implementation of the budget support operation and for future ones.</p>
<p>R4</p> <p>Integrate the SBC into a comprehensive EU response to fragility/consolidation and further seize opportunities for mobilisation and synergies within the EU portfolio and with other technical and financial partners</p> <p><i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> ▪ Formulate an integrated strategy for responding to fragility; ▪ Reinforce synergies with humanitarian aid to support a territorial approach and the transition from emergency services to continuous services (interact more closely with ECHO to strengthen synergies from the design of SBCs and during their implementation, ensure regular exchanges in the field with humanitarian actors working in the areas covered by the SBC); ▪ When formulating SBCs, identify projects with which complementarity can be envisaged and ensure that synergies are maximised in the field and in the policy dialogue; <p>Intensify coordination with the IMF and the search for complementarity with other donors providing BS and TA, in particular member states</p>	<p>November 2022: ACCEPTED</p> <p>SBCs support vital state functions and complement other means of intervention, such as humanitarian aid in close coordination with ECHO. At country level, the integrated strategy is included in the joint programming with EU Member States (e.g. Team Europe Initiative https://international-partnerships.ec.europa.eu/policies/team-europe-initiatives_en).</p> <p>DEVCO and NEAR will continue to intensify coordination with ECHO, both in the field and at the headquarters level. There are recurrent information sessions and presentations to ECHO of the SBC tools and ECHO representatives also participate in the BSSC.</p> <p>Complementary support is a systematic component of the SBCs, which is already integrated in the budget support intervention logic in principle. The EU will make sure that this is done systematically.</p> <p>A close coordination with technical support provided by IMF in the framework of AFRITAC, PFTAC, SARTTAC and METAC donors working groups (https://www.imf.org/external/np/exr/key/RTACs.htm) and other centres of expertise including from MS is already effective in most cases. Delegations are also in regular contact with the IMF Resident Representative offices and IMF missions. When needed, EU headquarters in Brussels facilitates contact with IMF headquarters in Washington. The EU is committed to improving this coordination, where needed.</p> <hr/> <p>May 2023 Follow-up:</p>

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	<p><u>See point above on CAS and the Country RMF+</u></p> <p><u>Collaboration with the IMF – on-going and foreseen actions:</u></p> <ul style="list-style-type: none"> ▪ <p>EU contributions to IMF funds and PFM-PP : The on-going PFM-PP (end in 2024) focuses explicitly on support to fragile countries. New PFM-PP to be negotiated 2023/2024 – focus on fragile countries will be continued. The IMF “Public Finance for Inclusive Growth and Development” initiative which is the future HQ driven funding vehicle for DRM/PFM CD delivery. It follows a comprehensive approach (even citing “collect more – spend better” twice), putting revenue expenditure side as part of one initiative. It thereby builds upon and will be the successor of the current funds Revenue Mobilisation Thematic Fund (RMTF), Managing Natural Resource Wealth (MNRW-TF) and TADAT and adding the expenditure component. 23 MEUR are foreseen in the AAP for this and a possible separate bilateral action (follow up to PFM-PP). They contain specific references to address needs in fragile countries. A new contract with AFRITAC has also been signed in 2023. A follow-up of specific support to fragile and conflict-affected countries will be carried out.</p> <ul style="list-style-type: none"> ▪ Joint Seminars: It was suggested that joint seminar could be organised with the IMF in the partner countries (on the Delegation side; Team Europe format) <p>Examples of implementation at country level:</p> <p>NIGER - The policy dialogue and performance indicators concern the formulation of an integrated national strategy for crisis and disaster management in Niger with the support of other TFPs (including UNDP). Regular exchanges are also taking place with ECHO and humanitarian agencies. Finally, ongoing and/or future projects were identified during the formulation of the programmes to achieve better synergy and complementarity. In addition, a working group of TFPs providing budget support has been set up and with regular meetings.</p> <p>MAURITANIA - As explained above, budget support programmes have always been complementary and aligned with other programmes and sectors of intervention defined in the MIP. For all sectors targeted by budget support, there are frameworks for consultation with all TFPs and a broader framework for sectoral consultation between the Ministry and Civil Society (SCOs). Relations with the IMF are excellent and there is great coordination at the level of dialogue with the government and thus in terms of technical support.</p> <p><u>THE GAMBIA:</u> In a country with tight budget, high debt level preventing access to financial markets, and limited fiscal space, Budget Support is critical to fulfil macro-economic targets.</p>

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	<p>The SBC has been designed in close coordination with the IMF to create synergies between the programs and reinforce the support to the authorities on priority issues</p>
<p>R5</p> <p>Ensure greater ownership of the instrument by partners (including civil society) and further alignment of specific conditions and disbursement periods with their capacities/needs</p> <p><i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> ▪ Strengthen the understanding of the instrument by informing the authorities of the partner countries through continuous dialogue and by organising training for national administrations and authorities; ▪ Share more widely during the formulation phase the process of selection of variable tranche indicators, sequencing and targets (hold a several-day seminar bringing together all stakeholders to discuss and validate the choice of variable tranche indicators and agree on the monitoring process); ▪ Take better account of the time needed for the preparation of requests, the analysis of the data provided and the preparation of disbursement files, as well as the review by headquarters (systematically integrate retro-planning starting from the desired disbursement date); <p>Systematically communicate on whether or not variable tranche indicators have been met at the time of disbursement</p>	<p>November 2022: ACCEPTED</p> <p>Ownership of the instrument is essential to the success of the operations. The EU will continue organising training for national administrations and authorities and ensuring a good understanding of the budget support tool and continue dialogue with them.</p> <p>The EU will make sure that the instrument and the content of the programmes are well understood by the partners, particularly within the line ministries. However, time constraints to intervene quickly do not always make it possible upfront, especially for the SBCs in post disaster or post conflict contexts.</p> <p>This is already done but there are circumstances, unforeseen at the time of formulation or raised with the previous disbursement, that do not always allow for such planning. This is particularly true in very fragile states. Some programmes already include retro-planning (e.g. Liberia) but it could be done more systematically.</p> <p>The dialogue with stakeholders during the formulation aims at ensuring transparency, and the inclusion of civil society at allowing for greater ownership of the SBCs by partners (see also R13 on civil society involvement).</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>See points above on Country RMF+ and the work with the IMF</u></p> <p><u>Examples of implementation at country level:</u></p> <p>NIGER - To this end, training sessions on budget support guidelines were carried out in 2016 and 2019 for representatives of public administrations, CSOs and members of the government (government seminar). Elements of the general and specific conditions have been defined in consultation with the national authorities, the EU Member States and the other TFPs providing budget support; the indicators are broadly taken from sectoral strategies. They are also discussed and approved at the meetings of the technical committees set up by the public administration. The timetables for the achievement of targets and disbursement are indicative, allowing more time for the preparation and transmission of the disbursement request by the government.</p> <p>MAURITANIA - Training courses have been organised several times with members of the Government in connection with budget support, as well as regular meetings to monitor the</p>

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	<p>dialogue and specific indicators or on the general conditions and specific points of attention. The choice of indicators has been organised jointly following multiple meetings with sectoral ministries. At the time of the submission of the application, the indicators were calculated jointly with the ministries a priori. The delegation's decision on the achievement of the indicators was always shared with the Government before transmission to the Brussels services.</p> <p>SOMALIA – The new SRBC designed in 2023 is closely aligned with IMF and WB ongoing support programmes (general and specific conditions and complementary support)</p>
<p>R6</p> <p>Ensure continuity to ensure the sustainability of achievements</p> <p><i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> ▪ Identify more explicitly at the outset the upward (SRC/GGDC) and downward (in the event of programme suspension for non-compliance with the general conditions or observed deterioration in the monitoring of fundamental values) exit strategies and adapt them as programmes are implemented; ▪ In the choice of indicators, ensure continuity in support for reforms and dialogue throughout successive programmes; <p>Ensure systematic capitalisation on the achievements of previous SBCs and guarantee good internal coherence between programmes in the case of successive SBCs</p>	<p>November 2022: ACCEPTED</p> <p>The EU will continue to ensure the sustainability of achievements, taking into account the stage of implementation of the Multiannual Indicative Programme and the possibilities to support these exit strategies or transition towards another type of budget support contract.</p> <p>As said for R1, the transition from SBCs to SRCs or SDG-C, when designing the program will be tailored, on a case-by-case basis. Complementarity of simultaneous SBCs and SRCs is also considered.</p> <p>Efforts to ensure continuity throughout successive programs and to build on the achievements of previous programs should be pursued. Policy dialogue should continue even after the programme ends. The systematic production of a final report is an essential contribution.</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>See points above on CAS, RMF+ and work with the IMF</u></p> <p><u>Implementation at country level:</u></p> <p>NIGER - the consolidation of the achievements and results of completed programmes guides the choice of performance indicators, elements of the general conditions and points for political dialogue</p> <p>MAURITANIE - The sectors targeted by budget support have received institutional and sector support, via the government or civil society, which has made it possible to maintain policy dialogue.</p>
<p>R7</p> <p>Jointly analyse institutional strengthening needs</p> <p><i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> ▪ Integrate the role of TA and complementary support in the intervention logics and specify how they are intended to contribute to the achievement of the objectives; 	<p>November 2022: ACCEPTED</p> <p>Division of labour with the stakeholders is key and, as said for R4, complementary support is a systematic component of the SBCs. All these factors are already integrated in the budget support intervention logic in principle.</p>

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<ul style="list-style-type: none"> ▪ Clarify the mechanisms for identifying and implementing support in partnership with the beneficiaries; <p>Strengthen coordination with technical support provided by other donors, and, in particular, with the IMF in the framework of AFRITAC, which is co-financed by the EU.</p>	<p>The last years have seen a marked improvement in the integration of TA and complementary support in the intervention logics, even if sometimes it is difficult to specify this in advance and sufficient flexibility to adapt to the context needs to be maintained. The EU will make sure that this is done systematically.</p> <p>Already close coordination is evidenced with technical support provided by IMF in the framework of AFRITAC, PFTAC, SARTTAC, CARTAC DR and METAC and other centres of expertise including from EU Member States.</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>See point above on work with IMF and on the revised RMF+</u></p> <p><u>Examples of implementation at country level:</u></p> <p>NIGER - TAs recruited on institutional support for the programme are involved in monitoring programme reforms; they take part in the coaching of those involved in the planned reforms. A matrix of TA for TFP programmes has been launched since 2014 to ensure synergy between actions and interventions.</p> <p>MAURITANIA - Support through technical assistance has been included in the new budget support programmes and earlier for certain sectors. At technical level, coordination of support and dialogue with the IMF and AFRITAC is ensured.</p> <p>SOMALIA – A complementary operation to the new SRBC prepared in 2023, the EU has contributed to the Somalia Country Fund for Capacity Development in Macroeconomic Policies and Statistics (Phase II). It is a Multi-Donor Action. The EU contribution is managed by the IMF.</p>
<p>R8</p> <p>Continue structuring close technical dialogue and strengthen political dialogue</p> <p><i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> ▪ Make the role and content of the technical policy dialogue more explicit in action documents/ financing agreements; ▪ During the implementation phase, ensure that a continuous and structured dialogue is held, jointly involving the Ministry of Finance and the sectoral ministries (introduction of a variable tranche indicator dashboard enabling monthly monitoring of the degree of achievement of the indicators and the risk of blockages); 	<p>November 2022: ACCEPTED</p> <p>Structuring and documenting policy dialogue at technical and strategic is essential. The appendix of the Action Document contains the intervention logic table and should reflect the content of the technical policy dialogue, while allowing to respond to a very volatile situation.</p> <p>When applicable, the EU will strengthen monitoring based on the financial agreement, primarily. Frequency of monitoring is adapted to the country context through a tailor-made approach and based on the reality on the ground. As a mean of monitoring, a variable tranche indicator dashboard might be used, when it is not redundant with other documents and it is updated at regular intervals.</p> <p>Reinforced dialogue at the highest level was one of the conclusions highlighted by the Commissioner during the discussions on budget support as regards eligibility criteria and</p>

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<ul style="list-style-type: none"> ▪ Reinforce dialogue at the highest level (EU ambassador and ministers in charge) on the achievement of general conditions when formulating programmes and during their implementation, particularly when approving each disbursement; <p>Involve the EEAS services more in the conduct of dialogue and in the analysis of disbursement conditions;</p>	<p>achievement of general conditions.</p> <p>Coordinating political and policy dialogue is crucial, but the involvement of the EEAS services must remain within the limits of their mandate and mainly in political dialogue sessions The EEAS is systematically consulted in the approval process of new programmes and payments, notably at SSC and BSSC/FAST level.</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>See points above on CAS, RMF+ and work with the IMF</u></p> <p><u>A note has been sent to Heads of Delegation</u> (Letter INTPA/NEAR/EEAS to Delegations in June 2021 (Ares(2021)3830504) stressing the importance of the involvement of HoDs, the between the policy and the political dialogue and training sessions for Heads of Delegation are organised in several occasions</p> <p><u>Examples of implementation at country level:</u></p> <p>NIGER - Continuing a continuous dialogue involving all stakeholders, high-level meetings between the Ambassador and the national authorities (President, Prime Minister, Ministers) – Thus the content of the political dialogue points has been well explained in the general conditions of the programmes</p> <p>MAURITANIA - Budget support is based on technical committees for monitoring support and dialogue on sectoral policies and another dialogue at the highest level with Ministers and the Head of Delegation before submitting the request for the government side and, where necessary, if challenges arise for certain requirements or indicators. Following disbursements, exchange meetings to learn lessons were organised with the government and relevant ministries.</p>
<p>R9 In structurally fragile countries, emphasise the role of the SBC as a lever to strengthen the government's capacity to manage its public finances and the steering of its public policies, which are necessary conditions for supporting consolidation policies</p> <p><i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> ▪ Identify key actors with the political and financial clout and the willingness and capacity to carry out sensitive reforms; ▪ Clarify within PFM systems which core functions should be prioritised in fragile/reconstruction contexts; 	<p>November 2022 : ACCEPTED</p> <p>The EU agrees with the importance of a close coordination with key stakeholders to increase the dialogue on key development issues</p> <p>The EU agrees on the importance of strengthening governments' capacities to manage public finance. Beside the core functions within PFM systems, the priorities adopted by partner countries in its PFM reforms or action plans need to be taken into account. Diagnostic tools, such as PEFA (whose results are discussed with government) are used to prioritise PFM reforms. These are reflected in PFM and transparency monitoring report.</p> <p>The EU will decide on a case-by-case basis to proceed further with a context-specific analysis of resilience factors and the elaboration of a roadmap in close coordination with the DEVCO unit</p>

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<ul style="list-style-type: none"> ▪ Gradually introduce an analysis of resilience factors, particularly in structurally fragile countries that do not face high risks of conflict/violence 	<p>in charge of resilience and fragility.</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>See points above on the work with the IMF, the Country RMF+, the CAS and specific training</u></p> <p><u>Examples of implementation at country level:</u></p> <p>NIGER - Strengthening the public finance system (in a fragile and COVID environment) and monitoring progress in the implementation of public policies (especially priority sectors of cooperation and/or government) play a key role in the implementation and monitoring of budget support programmes. With this in mind, in addition to reform measures relating to the legal and regulatory framework, technical assistance and grants are mobilised to support national authorities in the implementation of public policies. There was also a focus on the digitalisation of the tax system, customs and public expenditure.</p> <p>MAURITANIA - Public finance support is in line with the Public Finance Management Reform Plan, which contains the priorities identified in the PEFA exercises. PEFA identifies areas of intervention that require greater attention.</p> <p>SOMALIA – please see above contribution of the EU to the Somalia Country Fund for Capacity Development in Macroeconomic Policies and Statistics (Phase II).</p>
<p>R10</p> <p>Strengthen human resources and their qualifications within EU Delegations for the design, monitoring and implementation of SBCs</p> <p><i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> ▪ Develop a human resources management and capacity-building policy on fragility (career management, financial incentives, training on SBCs and fragility analysis); ▪ Strengthen technical support from headquarters on specific aspects of SBCs and fragility; ▪ Develop specific guidance tools to intervene in the contexts targeted by the SBC (reconstruction, transition, fragility) on the analysis of fragility factors, PFM priorities, technical aspects of reconstruction phases, etc.); ▪ Capitalise on the achievements of implemented SBCs; ▪ Systematise the production of a final report and take into account the lessons learned in subsequent programmes; 	<p>November 2022 : ACCEPTED</p> <p>The EC provides training on budget support and related matters all along the year. Budget support network and regional seminars have been taking place for many years. Specific support for SBCs has been deployed by geographic directorates and by DEVCO/NEAR budget support units. In Asia and Central Asia, colleagues in EU delegations can also count on the support provided by the budget support hub in Bangkok. Questions related to human resources management, such as career management and financial incentives are not within DEVCO/NEAR budget support units' remit. The EU will continue strengthening technical support.</p> <p>We agreed with the need to contribute strengthening human resources and staff qualifications but this does not necessarily require developing more guidance tools as there are already handbooks on how to operate in situations of conflict and fragility.</p> <p>The current evaluation carried out on SBCs capitalises on the achievements of implemented SBCs.</p> <p>The production of a final report should be systematic. It is not yet the case in all regions, with</p>

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<p>Clarify the role of external expertise and the channels for mobilisation; in particular, avoid that it substitutes the Commission services in the dialogue with the authorities</p>	<p>the exception of Asia and Pacific. It will be made systematic.</p> <p>As stated in the 2017 budget support guidelines, policy dialogue is the responsibility of EU staff. External experts can support the EU Delegation, but they do not have either the responsibility of the dialogue or the final word on the assessment of the conditions and indicators.</p> <hr/> <p>May 2023 Follow-up:</p> <p>Missions from HQ in 2020-2023 (E1 and geographic units and other thematic units) to support colleagues in the Delegations in fragile countries (Niger, Burundi, Gambia, Sierra Leone, Kenya (for Somalia), Tajikistan, Burkina Faso, Haiti) with the identification, formulation and implementation of road maps and/or budget support operations and PFM/DRM support operations. Mission were interrupted during COVID but reinforced support was given from HQ.</p> <p>Pending implementation:</p> <ul style="list-style-type: none"> - A specific training module will be designed in 2023 (planned) to strengthened capacities to identify priority reforms - Follow-up of HR and trained HD in Delegation <p>See point above on the work with the IMF</p> <p>Examples of implementation at country level:</p> <p>NIGER –Training activities have been carried out for delegation officials, Member States, public administrations and CSOs. Technical support from headquarters services was also recorded in the formulation of the new budget support programmes (field mission and virtual mission). Final reports have been drawn up for completed budget support programmes.</p> <p>MAURITANIE - People in charge of budget support in Mauritania are familiar with the instrument. Despite some mobility within the Ministry of Public Finance, within the Ministry of Economy the team has always been composed of the same people. Also within the Ministry of Education and Health.</p>
<p>R11</p> <p>In countries prone to natural disasters, use SBCs to strengthen crisis management systems and address context-relevant vulnerability factors (including environmental, climate and social change)</p> <p><i>Some suggestions on how this could be done:</i></p> <p>In countries facing natural disasters, it is recommended to:</p>	<p>November 2022: ACCEPTED</p> <p>Budget support is one of the most useful EU aid modalities to strengthen crisis management systems in countries prone to natural disasters. EU is committed to mitigating vulnerability factors, being aware that work upstream has to be done before the disaster and coordinated by the unit in charge of climate change.</p> <p>The EU would only add that others tools would be more adequate or would complete the identification of context-relevant vulnerability factors.</p>

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<ul style="list-style-type: none"> ▪ Take better account of the vulnerability factors that leave countries exposed to the risks of natural disasters (analyse this exposure more systematically); ▪ Provide guidance tools (including training) to take these dimensions into account; <p>Systematically integrate an analysis of the sources of resilience into the road map/Action Document)</p>	<p>The resilience analysis tool has been strengthened and the EU will continue to integrate a resilience road map where applicable into the Action Documents, to assess how to improve the overall resilience of the country.</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>See points above on the work with the IMF, the Country RMF+, the CAS and specific training</u></p> <p><u>Examples of implementation at country level:</u></p> <p>NIGER - Risk analysis and sources of vulnerability are carried out annually in the RMF+; mitigation actions are also proposed (development project actions, policy dialogue and budget support)</p> <p>MAURITANIA - Mauritania is affected by its drought and recurrent periods of welding. As a result, systematic support from other donors and the EU to overcome this risk is programmed outside budget support programmes.</p>
<p>Ensure that programmes take better account of territorial and environmental issues of the fate of most vulnerable populations</p> <p><i>Some suggestions on how this could be done:</i></p> <p>Ensure that programmes fully integrate the following objectives:</p> <ul style="list-style-type: none"> ▪ The geographical coverage of public services throughout the territory, which are a key factor for social cohesion and for ensuring state legitimacy; ▪ The management of public expenditure in priority sectors; ▪ The consolidation of sectoral policies in priority sectors and the enhancement of the quality of social services, especially when successive SBCs are deployed over time ▪ The rapid improvement of the fate of the most vulnerable populations, who are often the first victims of shocks, in particular through the objectives of strengthening food security; <p>The needs arising from environmental fragility</p>	<p>November 2022: ACCEPTED</p> <p>The EU agrees with the need to ensure geographic coverage. In this respect, the situation differs from one country and region to another.</p> <p>A territorial approach (for regions most in needs or most affected by crises/security issues) has already been adopted in given contexts (e.g. Burkina Faso or Mali). In any case, the EU will increase its focus on the quality of public services, in addition to the focus on access.</p> <p>As mentioned for R1, the management of public expenditure in priority sectors is usually addressed through the eligibility criteria (public policy, PFM and transparency) and where relevant through specific indicators (e.g. Chad). SBCs support vital state functions and complement other means of intervention, as humanitarian aid, in close coordination with ECHO, using unconditional cash transfers and scaling up social protections systems as part of the COVID-19 response.</p> <p>The EU will continue integrating the needs arising from environmental fragility, in close coordination with the unit in charge of climate change.</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>See point above on CAS and on the Country RMF+</u></p>

R12

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	<p><u>Examples of implementation at country level:</u></p> <p>NIGER - Issues of fragility and improvement of the delivery of (essential) public services have been taken into account in the formulation and implementation of budget support programmes in recent years. The effectiveness and quality of public spending has been included in the policy dialogue points as well as sectoral financing issues. Eventually, social protection and the inclusion of vulnerable households (in terms of food and nutrition insecurity) have always been on the agenda of dialogue with the government. They are also listed as performance indicators for the SANAD sector. Environmental fragility issues were also monitored in relation to complementarity between budget support programmes and other EU portfolio interventions.</p> <p>MAURITANIE - For budget support programmes, the environmental element is always considered. For PFM, when analysing progress in the sector and the credibility of the policy, public financial management is always analysed and considered.</p> <p>SOMALIA – In the context of the new SRBC prepared with the authorities in 2023, a strong focus has been given to basic social services such as education and the recruitment of teachers.</p>
<p>R13) Strengthen the role of civil society in the implementation of SBCs</p> <p><i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> ▪ Involving them from the formulation of programmes and throughout the policy dialogue; ▪ Systematising the production of citizen budgets; ▪ Putting in place actions to strengthen their budget analysis capacity and their understanding of the role played by the SBC and other BSs in the management of the government budget; <p>Helping them set up communication and exchanges activities with citizens</p>	<p>November 2022: ACCEPTED</p> <p>The role of civil society could be broadened, when possible, to the formulation of the programme, at least on its scope, objectives and potential themes to be covered by indicators.</p> <p>The participation of civil society is encouraged through support to citizen budgets by encouraging governments to involve civil society more systematically in policy-making and monitoring processes. Civil society can be instrumental in monitoring the effective delivery and the quality of public services.</p> <p>Important complementary support is provided in some cases to reinforce the role of CSOs, especially for enhancing accountability. Information and communication technologies are useful tools to set up exchange activities with citizens.</p> <p>It also depends on the time available to prepare a SBC and the nature of the crisis to which it is called to respond. Generally, the kind of change in behaviour as suggested in the recommendations is more pertinent for a SRC type of intervention.</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>See point above on the Country RMF+ and specific training</u></p> <p><u>Examples of implementation at country level:</u></p>

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	<p>NIGER - CSOs on budget transparency are regularly consulted as appropriate; activities are proposed in the grants of the Court of Auditors and the Parliament to improve the dialogue between these CSOs and the actors in charge of budget and control. Citizens' budgets are also produced and uploaded by the Ministry of Finance. Most recently, a project was approved with these CSOs, on EU funding (on one of the EU instruments) for communication activities, exchanges with citizens and promotion of accountability.</p> <p>MAURITANIA – The call for proposals for the support of civil society provides support for their capacity building. The Delegation is currently analysing how to involve civil society in the current budget support programme.</p>
<p>R14</p> <p>Increase the visibility of SBCs and the accountability to different audiences <i>Some suggestions on how this could be done:</i></p> <ul style="list-style-type: none"> Define and implement a communication strategy with an action plan, in particular to show the benefits brought by SBCs; <p>Prepare press releases (similar to those issued by the IMF) to provide information about important decisions, including the signing of the financing agreement, disbursement decisions and the conclusions of headquarters missions</p>	<p>November 2022: ACCEPTED</p> <p>The EU has developed a communication strategy and promotional material at headquarters level, such as the videos linked below:</p> <ul style="list-style-type: none"> - https://bit.ly/EUbudgetsupportVideo2 (explaining how budget support operates) - https://bit.ly/EUbudgetsupportVideo3 (highlighting key results achieved in partner countries to which EU budget support contributed) <p>Providing information about important decisions related to SBCs should be indeed systematic by using social media and through other relevant means. It should be done as much globally as at country level with the right messages, format and channels (e.g. local languages).</p> <hr/> <p>May 2023 Follow-up:</p> <p><u>See point above on note to Heads of Delegations (Recommendation 8)</u></p> <p><u>Examples of implementation at country level:</u></p> <p>NIGER - A communication and visibility strategy is being contracted. In the meantime, joint press releases are drawn up and published at each disbursement approval.</p> <p>MAURITANIA –The dissemination and visibility of budget support has been increased through press releases, high-level meetings and multiple speeches.</p>