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ANNEX 3

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of Sub-Saharan Africa for 2022-2026 Part 2

Action Document for “PALOP-TL Regional Economic Governance Programme – Boosting PFMS and Budget Oversight”

MULTIANNUAL ACTION PLAN

This document constitutes the multiannual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	PALOP-TL Regional Economic Governance Programme – Boosting PFMS and Budget Oversight OPSYS number: OPSYS ACT-60995 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)
2. Team Europe Initiative	Yes, the action will contribute to: TEI to support Africa in combating Illicit Financial Flows and Transnational Organized Crime (Continental). TEI Greening Cabo Verde. TEI Governance in São Tomé e Príncipe. Mozambique’s TEI Green Deal.
3. Zone benefiting from the action	The action shall be carried out in Sub-Saharan African Portuguese-speaking Countries (Angola, Cabo Verde, Guinea-Bissau, Mozambique and São Tomé and Príncipe). The action will be exceptionally extended to Timor-Leste as part of the PALOP-TL countries.
4. Programming document	Multi-Annual Indicative Programme (MIP) for Sub-Saharan Africa (2021-2027)
5. Link with relevant MIP(s) objectives / expected results	Priority 2 “Governance, Peace and Security, and Culture”. <i>Specific objective 1</i> : Promote democratic governance, equality, the rule of law, the respect for human rights and international humanitarian law in Africa, and the engagement and inclusive participation of African citizens. <i>Result 1.1</i> : Continental and regional frameworks for democratic governance, the rule of law, human rights, accountability, and inclusive and equal societies are strengthened and implemented.

PRIORITY AREAS AND SECTOR INFORMATION				
6. Priority Area(s), sectors	Priority area 2: Governance, Peace and Security, and Culture DAC codes: 151 Government & Civil Society-general			
7. Sustainable Development Goals (SDGs)	Main SDG: SDG 16: Peace, justice and strong accountable institutions Other significant SDGs: <ul style="list-style-type: none"> • SDG 5: Gender Equality • SDG 10: Reduce inequality within and among countries • SDG 17: Partnerships for the Goals 			
8 a) DAC code(s)	DAC code 151 Government & Civil Society-general: 100%			
8 b) Main Delivery Channel	United Nations Development Programme (UNDP) - 41114			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget lines (article, item): BGUE-B2022-14.020120-C1-INTPA - West Africa – EUR 3 500 000 BGUE-B2022-14.020121-C1-INTPA - East and Central Africa – EUR 1 000 000 BGUE-B2022-14.020122-C1-INTPA - Southern Africa – EUR 3 500 000 Total estimated cost: EUR 8 000 000 Total amount of EU budget contribution: EUR 8 000 000			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing¹	Indirect management with UNDP			

1.2 Summary of the Action

The EU funded PALOP-TL SAI 2018-2022 programme has successfully fostered and consolidated innovative tools and a solid Community of Practices (CoP) of more than 20 core economic governance state institutions and a similar number of CSO platforms in the 6 PALOP-TL countries (Angola, Cabo Verde, Guinea Bissau, Mozambique, São Tomé e Príncipe, and Timor-Leste) to promote transparent and efficient Public Finance Management (PFM), budget oversight and economic governance. The programme brokered CoPs that used south-south/triangular cooperation and peer-to-peer association between similar country institutions that have spurred a degree of coordinated policymaking on PFM transparency and accountability matters unmatched in most countries in the region. It has increased the quality and efficiency of EU policy dialogue, notably in countries with Budget Support operations, by providing critical, timely insider information, networks and connection to oversight institutions.

¹ Art. 27 NDICI

This Action aims to consolidate and scale up these actions to continue promoting transparent, accountable and open budgetary cycles, as well as to further strengthen parliament, the court of auditors and citizens' capacities to monitor how governments execute state budgets while proposing to enhance the oversight to other key areas such as fiscal/tax transparency and domestic resource mobilisation policies, notably using digital technologies. It will endeavour to strengthen its existing partnerships and build closer and durable associations with European peer institutions. The programme also proposes to showcase successful tools and methods, such as the "Community of Practices", the recent "Digital Budget Transparency Platform" and the "Gender-responsive Budgeting and oversight integrated model" in other countries where they can be replicated, notably those with particularly prominent EU BS.

Despite the significant progress on economic governance in the PALOP-TL countries in the past decade due to PFM national reforms that led to increased accountability by PMF state actors, there is a need to address structural governance shortcomings in these countries, notably on the topics of budget transparency, efficient oversight/audit and social monitoring of public expenditures, especially in a global context of increased financial crises due to the long-term impact of the COVID19 pandemic and Ukraine war.

In this perspective, and in view of the already demonstrated added-value of a collaboration in the framework of the PALOP-TL region (six countries sharing the same language and governance systems) in the Public Finance Management (PFM) sector, it is proposed to focus the intervention on five main domains:

1. Consolidating and strengthening PFMS and domestic resource mobilisation capacities by the Ministries of Finance;
2. Improving external control and audit by Parliaments, Court of Auditors and other external control watchdogs;
3. Enhancing budget and policy monitoring by the Civil Society Organisation (CSOs) and increasing citizens public participation;
4. Strengthening peer-to-peer international partnerships among national oversight institutions;
5. Enhancing Gender-responsive Budgeting (GRB) practices and mainstreaming.

The Action will scale-up the already tested methodologies of the Pro PALOP-TL SAI's Programme within the scope of a peer-to-peer network, which has already resulted in improved attitudes and competencies in a collaborative learning environment of the beneficiary institutions (such as the Ministries of Finance, Parliaments, Courts of Auditors, as well as Civil Society Organisations). It will lead to i) deepening their capacities on PFM, ii) a more effective implementation of their different mandates, and iii) imparting interinstitutional and public trust notably in new areas such as climate-relevant budgeting and domestic resource mobilisation, thus influencing and widening the existing space for policy dialogue in the field of PFM; iv) sustainable transformation of institutional cultures and legal frameworks. It will also further facilitate the development of mentoring relationships between countries' institutions and a positive peer pressure that has already helped attain high-level results.

Furthermore, it will endeavour to strengthen and formalise its existing operational collaboration (e.g. among PALOP-TL countries, Brazil and with IMF, especially with their Fiscal Affairs Department (FAD) that have already demonstrated great interest in the Action's innovative methodology, and AFRITAC, as well as build closer and durable associations with other institutions, notably with the EU oversight bodies (EU Court of Auditors, EU Parliament Committee on Budgetary Control and the Committee on Budgets), that will contribute to ensure a closer collaboration and sustainable support to the PALOP-TL oversight institutions. Strengthening partnerships will also allow other non PALOP-TL countries to benefit from the tested methodologies and the Communities of Practice and the use of innovation and digitalisation, which are already taking place in the PALOP-TL countries to foster PFMS.

This action is aligned with *Priority 2* “Governance, Peace and Security, and Culture” of the Sub-Saharan - Regional Multiannual Indicative Programme 2021-2027, and specifically refers to the *Result 1.1* - “Continental and regional frameworks for democratic governance, the rule of law, human rights, accountability, and inclusive and equal societies are strengthened and implemented”. Moreover, it contributes to the Sustainable Development Goals (SDGs), namely the SDG16 (*governance, including promote accountable and inclusive institutions at all levels*), the SDG 5 (*gender equality*), the SDG 10 (*reduce inequality within and among countries*) and the SDG 17 (*partnerships for the Goals*).

Given the successful experience of the United Nations Development Programme (UNDP) in implementing the Pro PALOP-TL SAI Programme, as well as in providing institutional capacity development tools and processes, it is proposed to renew the partnership with this organisation, entrusting it with the indirect management of the action.

2. RATIONALE

2.1 Context

The PALOP countries (Angola, Cabo Verde, Guinea-Bissau, Mozambique and São Tomé and Príncipe) began their South-South bilateral cooperation in the 1970s after their independence and maintained very close relations with Timor-Leste. Irrespective of its geographic discontinuity, the PALOP-TL region constitutes a cohesive community that shares common legal frameworks, institutional practices and cultures, a common language, history and a long-standing tradition of South-South and bilateral cooperation.

Cooperation between the PALOP countries and the European Union (EU) began in 1992, and Timor-Leste joined in 2007. That is when the acronym PALOP-TL was adopted. This partnership is based on a Regional Cooperation Programme which in 2022 celebrates 30 years of collaboration that further strengthened the regional cohesion. This partnership was first implemented through two Regional Indicative Programs (RIP PALOP I and II) under the 7th, 8th and 9th European Development Fund (EDF); later through the "Initiative for PALOP-TL Governance" under the 10th EDF, and a Multiannual Indicative Program (MIP) under the 11th EDF.

The European Union's MIP for Sub-Saharan Africa (2021-2027), which now includes the PALOP-TL regional cooperation, defines Priority Area 2 “Governance, Peace, Security and Culture” as one of the six priority areas of cooperation for Sub-Saharan Africa. Likewise, the PALOP-TL countries’ XIV Meeting of National Authorizing Officers (NAO) with the European Union in November 2021, identified Economic and Financial Governance as a priority area of cooperation for the next programming cycle. Furthermore, the continuity of support in this area of intervention is clearly aligned with the need to capitalise on the important achievements and gains obtained so far, notably through the Pro PALOP-TL SAI Programme.

Regarding NDICI geographisation principle, PFM is foreseen to be tackled in all MIPs of the Action’s beneficiary countries (5 SSA and 1 ASIAPAC). Carefully crafted and detailed multi-year work plans will be formulated during the programme’s inception phase allowing to promote synergies between the programme and NIPs/Budget Support in each country. The multi-country and south-south/triangular platform represented by the programme is an opportunity to increase the policy dialogue space in these matters, bringing to the table PFM state and non-state actors to exchange experiences and access best practices.

The **first phase** of the Pro PALOP-TL SAI Programme (from 2014 to 2017 financed by the 10th EDF – EUR EUR 6 500 000) supported the Supreme Audit Institutions (SAI), Parliaments, and CSOs, in the areas of external control, oversight and monitoring of public finances and policies, state budget and accounts, public expenditure. The Programme introduced an innovative methodology which encouraged exchange of experiences, and created efficient and effective learning environments between peers in a logic of South-South and Triangular cooperation. The **second phase** of the Pro PALOP-TL SAI Programme (from 2019 to 2022 financed by the 11th EDF – EUR 8 000 000 and co-financed by UNDP) continued and expanded the previous efforts, by widening its scope of intervention to include Ministries of Finance as beneficiaries and budget transparency as an output. It aimed to improve economic governance in the PALOP-TL countries, specifically regarding public finances, accountability,

effectiveness and transparency of public expenditure and accounts, with a special emphasis on promoting Gender-responsive Budgeting (GRB).

The EU funded Programme has successfully fostered and consolidated solid *Community of Practices* enabling to connect more than 20 core economic governance state institutions and a similar number of CSOs in the six PALOP-TL countries, that would not otherwise have the opportunity to interact, over the last eight years. The programme brokered CoPs that used south-south/triangular cooperation and peer-to-peer association between similar country institutions that have spurred a degree of coordinated policymaking on PFM transparency and accountability matters unmatched in most countries in the region. Moreover, the Programme has been a pioneer in creating an *array of innovative tools and methodologies* in the PFM sector encouraging sustainable transformations in the PALOP-TL countries, such as:

- i) the “*PALOP-TL Civil Society Online Budget Platform*”, a digital platform that showcases the quality of transparency in the provision of the basic revenue and expenditure data per country. It aims at supporting CSOs to autonomously analyse the official and disclosed data as well as to promote transparency and accountability within their own countries. The information disclosed is based on the “*PALOP-TL Budget Transparency Index*” – the first PALOP-TL Index that assesses whether global best practice standards are being met in the PALOP-TL regarding the availability of foreseen and executed revenue and expenditure data. The Index extracts data from official reports published in closed formats (in pdf format) and transform them into structured, digitalised open-format databases and interactive visualizations: ready for analysis by all stakeholders and general public²[\[1\]](https://www.paloptl-ebudgets.org/);
- ii) structured and recognised learning methodologies such as a *Certified Postgraduate Course* tailor-made to the PALOP-TL PFM institutions’ staff members, ministered by an internationally recognized university (Instituto Universitário de Lisboa - ISCTE) in the PFM sector. It has also created a digitalised e-learning platform which was largely expanded to better answer to the new challenges triggered by the Covid-19³[\[2\]](https://www.agora-parl.org/pt-pt/pro-palop-tl-sai/news/cursos-e-learning-pro-palop-tl-isc). The platform offers free online certified courses specifically to support the Court of Auditors, Parliaments and the Ministries of Finance on PFM matters, using the programme’s CoPs as source of applied knowledge and professional know-how.
- iii) the “all-of-Government” Methodology on *Gender-responsive Budgeting* and oversight of public expenditure focused on gender, was built by the Programme as a tool for improving governance and transparency. This has induced to more efficient mainstreaming of gender into planning and budgetary cycles in all beneficiary countries, leading to durable policy reforms in most of them.

In line with the latest Results Oriented Mission (ROM) and the Midterm Independent Evaluation (carried out in June and December 2021, respectively), *this Action* proposes to further consolidate the achievements of previous phases to enable attaining internationally recognised good practices. It also proposes to expand its scope to support the development of tax efficiency for inclusive economic growth (domestic resource mobilisation) policies and strategies as well as specific climate-relevant auditing, promoting the compliance of international commitments in the regional PALOP-TL framework. Furthermore, it is foreseen to broaden the partnerships and to collaborate with other regional partnerships to facilitate the replication of PALOP-TL experiences and best practices (IMF/FAD, WBG), other international non-governmental expert institutions (Open Government Partnership) and international/regional/subregional associations of the Action’s beneficiaries (INTOSAI, AFROSAI, EUROSAL, OISC|CPLP, European Parliament, ParlAmericas, Collaborative Africa Budget Reform Initiative – CABRI). AFRITAC is present in all Africa countries covered by the Action: South hub (Angola and Mozambique), West hub (Guinea Bissau), West 2 hub (Cabo Verde), Central hub (STP). Capacity development and training initiatives under the proposed programme will promote synergies and be complementary to those planned by AFRITAC, whenever possible.

From an EU perspective, improving PFM and budget transparency is a direct accelerator for the Global Gateway strategy and Team Europe initiatives by nurturing an enabling environment for increased investments from the EU private and public sectors. It also increases the quality and efficiency of the EU policy dialogue, notably in countries with Budget Support operations, by providing critical, timely insider information, networks and privileged connection to PFM national institutions. The continuation of the EU funded Pro PALOP-TL SAI

²<https://www.paloptl-ebudgets.org/>

³<https://www.agora-parl.org/pt-pt/pro-palop-tl-sai/news/cursos-e-learning-pro-palop-tl-isc>

Programme will also be instrumental in increasing government spending and revenue accountability, which is a fundamental precondition for the success of EU Budget Support operations. It will also bring these institutions closer to European institutions and values through strengthened international peer-to-peer collaboration and partnerships.

The programme approach and lessons learnt are relevant at global level and would bring added value to shortfalls in EU tools to support South-South/triangular cooperation in PFM. This scale-up to a global setup is possible by using an “umbrella” approach, where the programme would be the first and most advanced pilot – driving the other “to come” programmes. Lessons learnt and crossfertilization of practices would be used to influence the design and delivery of the other programmes to come, depending on funding. The sharing of good practices and lessons learned from other EU programmes tackling PFM issues, such as the “Partnership to improve service delivery by strengthening Public Finance Management and Supervision in Timor-Leste” (PFMO), implemented by Camoes I.P. is also foreseen.

2.2 Problem Analysis

Short problem analysis:

Despite the significant progress on economic governance in the PALOP-TL countries in the past decade due to PFM national reforms, there are still several challenges that need to be addressed regarding budget transparency, efficient oversight and social scrutiny. This is corroborated by internationally recognized datasets that assess the economic governance levels, such as the International Budget Partnership (IBP) Open Budget Index, where countries such as Angola, Mozambique, São Tomé and Príncipe and Timor-Leste rank well below the budget transparency, public participation and budget oversight thresholds. Furthermore, the Worldwide Governance Indicators (WGI), that assess government effectiveness, also score all PALOP-TL countries below 0 in 2020.

There is indeed a need to address *structural governance* shortcomings in all six PALOP-TL countries which could be considered as a medium and long-term endeavour. More concretely i) the executives still face challenges in aligning the national sustainable development plans and goals with the budget planning and implementation; ii) the insufficiencies in institutional and individual capacities remain significant in Supreme Audit Institutions (SAI) and Parliaments as to ensure efficient PFM external control across the PALOP-TL countries in a systematic way; iii) the CSO’s social scrutiny is still incipient in most countries; iv) despite the important progress in the adoption of digitalisation processes, these efforts still need to be consolidated; v) strengthening tax transparency and domestic resource mobilisation policies are also much needed to support these countries to expand their taxation sources, realise human rights, tackle inequalities and reducing aid dependency; vi) there are recognised deficiencies in the implementation of appropriate gender equality and environmental protection measures, which are now at the core of all national policies. And last but not least, the Covid-19 pandemic and the fighting in Ukraine has triggered unprecedented challenges with a foreseen lasting impact on the lives of people and institutions that need to be addressed, namely a macroeconomic recession and limited access to development financing as well as riskier debt management measures and retraction on public investment in critical sectors.

Although the coordination among PFM actors has improved over the last years, entailing some progress in the above-mentioned areas, their exposure to international standards and practices would help them to capitalise on best practices to improve their accountability systems and policies.

In this context, the Action will contribute to mitigate all these trends; to consolidate and scale-up the Parliaments, Court of Auditors, CSOs and citizens’ capacities on State Budget scrutiny. It is also

proposed to enhance the budget oversight to other key areas such as fiscal/tax transparency and domestic resource mobilisation policies, as well as climate relevant budgeting, notably using digital technologies. As for the Covid-19 impact the Action will contribute to mitigating its socioeconomic impact and promote its economic recovery, as well as to improve PFM and fiscal measures in emergency contexts.

Finally, it will endeavour to strengthen the existing collaborative relations and build durable partnerships with European peer institutions, as well as enhancing the visibility and promoting the replication of good PFM practices, tools and methods put in practice in the PALOP-TL countries (e.g., the Community of Practices; the Civil Society Online Budget Platform; the GRB and its oversight integrated model) notably in countries with EU Budget Support operations. Climate budgeting will be included as a cross-cutting issue on budget oversight and social monitoring.

The main stakeholders of the Action are the following state and non-state PFM actors in the six PALOP-TL countries: 1) Ministries of Finances and National Tax Revenue Authorities; 2) Other Ministries/National Institutions such as the National Machineries for the advancement of women 2) Supreme Audit Institutions (SAI) – Court of Auditors and other external control watchdogs; 3) Parliaments; and 5) CSOs, including women’s organisations.

The following international non-governmental expert institutions will also be involved as partners, namely the Open Government Partnership; international/regional/subregional associations: the International Organisation of SAI (INTOSAI), the African Organisation of SAI (AFROSAI), the European Organisation of SAI (EUROSAI), the *Organização das Instituições Superiores de Controle (ISC) da Comunidade dos Países de Língua Portuguesa* (OISC|CPLP), the European Parliament, ParlAmericas, the Collaborative Africa Budget Reform Initiative (CABRI); and International Financial Institutions: the International Monetary Fund and the World Bank Group (WBG).

3. DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective (Impact)** of this action is to contribute to SDG 16, particularly in the promotion of accountable and inclusive institutions in the PALOP-TL countries.

The **Specific Objective (Outcome)** of this action is to enhance transparent and gender inclusive budgets, domestic resource mobilisation and external control of public expenditures and policies practices in the PALOP-TL countries.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objective (Outcome) are:

1. Consolidated and strengthened **PFMS and domestic resource mobilisation capacities** by the **Ministries of Finance** in the PALOP-TL countries;
2. Improved **external control and audit by Parliaments, Court of Auditors** and other external control watchdogs in the PALOP-TL countries;
3. Enhanced **budget and policy monitoring by the CSOs** and increased **citizens public participation**;
4. Strengthened **peer-to-peer international partnerships** among PALOP-TL national oversight institutions;
5. Enhanced **Gender-responsive Budgeting (GRB) practices and mainstreaming** in PALOP-TL countries.

3.2 Indicative Activities

Under each output, the Action will facilitate and promote a set of overarching activities involving the stakeholders in each beneficiary country or through transversal platforms. The Action's overarching activities comprise:

1. **Capacity development:** develop skills and capacities (training and education, technical assistance, peer support), including:
 - 1.1. the creation of a **tailor-made Master's Degree in Public Administration and Finance**, in partnership with ISCTE - Instituto Universitário de Lisboa and the Portuguese Court of Auditors, aimed at senior managers and technicians from the governments and related bodies of the six PALOP-TL countries; and
 - 1.2. **knowledge management and sharing of resources** created throughout the implementation for the institutions and the public, including enhancing synergies with local capacity-building institutions.
2. **Advocacy and sensitisation campaigns;**
3. **Promoting legal and institutional reforms;**
4. **Digitalisation:** enhance ICT systems that enable more effective and efficient processes;
5. **Promoting Community of Practices (CoP) and partnerships** using peer-to-peer learning and exchange of experiences, focusing on the exposure to and appropriation of best practices, as triggers for change.

The overarching activities per output include:

Activities relating to Output 1:

1. **Capacity development:** of the Ministries of Finance/Plan to produce and public the standard budget documents in line with international standards and create the appropriate monitoring requirements (Master's Degree, tailored training, on the job technical assistance, working groups and peer support etc.).
2. **Advocacy and sensitisation campaigns** for tax efficiency for inclusive economic growth (Domestic Resource Mobilisation); and open government initiatives and programmes.
3. **Promotion of legal and institutional reforms** for enhanced budget transparency, availability of disaggregated data (by sex, age, disability, etc.) and tax efficiency, through tailored technical assistance.
4. **Digitalisation:** development and/or improvement of PFM e-governance systems.

Activities relating to Output 2:

1. **Capacity development:**
 - 1.1. of auditors and technical staff, women and men, in SAI and other watchdogs on consolidating audit exercises and audit reports, quantitatively and qualitatively, mainly collaborative/coordinated audits in line with international standards - including a Coordinated Audit on Protected Areas in view of promoting the compliance to Aichi biodiversity Target 11 commitment in the framework of United Nations Convention for Biological Diversity (CDB), and encourage the improvement of environmental governance towards sustainable development.
 - 1.2. of Members of the Parliaments and parliamentary staff, women and men, to carry out oversight initiatives and parliamentary openness, analyse and scrutinize budget and expenditure information as well as policies (including relevant national SDG targets), in line with the international standards.
2. **Promotion of legal and institutional reforms** for enhanced independence of SAI, legislative openness and public involvement in the budget cycle, through tailored technical assistance.
3. **Digitalisation:** Enhancing SAI and Parliaments' ICT systems, where appropriate.

Activities relating to Output 3:

1. **Capacity development:** of CSO members (including gender-sensitive CSOs, in line with the Gender Action Plan III - GAP III) to carry out public budget, expenditures and policies' social monitoring/scrutiny.
2. **Advocacy and sensitisation campaigns** for citizens' awareness on budgetary processes and policies as well as domestic resource mobilisation policies.
3. **Promotion of legal and institutional reforms** for enhanced inclusive public involvement in the budget cycle, through tailored technical assistance.
4. **Digitalisation:** Promoting the effective use of the Civil Society Online Budget Platform by CSOs.

Activities relating to Output 4:

1. **Promoting Communities of Practices (CoP)** focusing on the exposure to and appropriation of best practices; showcase of successful tools and methods in other countries where they can be replicated; provide support on

building resilience of PFMS and fiscal measures, including in emergency contexts (impact of Covid-19 on State Budgets; public policies & SDGs; improving social spending and service delivery).

2. **Establishment of international partnerships** with the European Parliament relevant Committees, the European Court of Auditors, as well as IMF Fiscal Affairs Department and AFRITAC.

Activities relating to Output 5:

1. **Capacity development:** of Executives, SAI and CSOs, including women's organisations, on Standard Operation Procedures (SoPs) for Gender Responsive Budgeting and oversight.
2. **Advocacy and sensitisation campaigns** for CSOs and citizens' awareness on advocating for increased budget allocation to gender programming on state budgets.
3. **Promotion of legal and institutional reforms** to mainstream gender dimension into the national development plans and policies and streamline it across the budgetary cycle, through tailored technical assistance.
4. **Digitalisation:** Study the availability of disaggregated data to include allocations to gender programming on state budgets (for the different gender markers' scale) in the Civil Society Online Budget Platform by CSOs.

The overarching activities per output will be further detailed and customised in concrete actions in the Annual Work Plans in consultation with the national partner institutions and actors in each country, aiming to provide a regional approach to local needs. This bottom-up and inclusive planning exercise was proven to contribute to good levels of relevance, flexibility, implementation, as well as appropriation (buy-in) of the Programme in previous phases.

3.3 Mainstreaming

Environmental Protection & Climate Change

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that a gender perspective will be mainstreamed throughout the Action with a focus on consolidating the systematic implementation of the Gender-responsive Budget (GRB) methodology and to promote women's participation in the public debate. To note that all countries identified gender-based violence and inheritance rights as a major development challenge and the project can contribute to addressing them through monitoring of the budget allocated for the implementation of policies related to SDG 5. In this sense, the Action integrates gender into the budgetary process as a tool for accelerating the achievement of the SDG 5 of the 2030 Agenda for Sustainable Development commitments and improving governance, accountability and transparency. It is also foreseen that there will be adequate representation of women in all capacity development activities supported by the project.

The Action is therefore in line with the GAP III notably in its Pillar 1, 3 and 5. It will also contribute to fostering and strengthening the EU engagement on gender equality in PALOP-TL countries.

Human Rights

The Action will promote good governance through improving the transparency, external control, legislative oversight and social monitoring/scrutiny of public resources effectively allocated and efficiently implemented to promote human rights national policies and targets, including gender equality also foreseen in the GAP III. It will contribute to creating a conducive and enabling environment for the implementation of human rights, including appropriate legal frameworks and institutions to respond to the rights and needs of the population. Concerning the

HRBA (human rights based approach) the action will focus on enhancing participation of rights holders, particularly women, and access to the decision-making process, transparency, accountability and access to information in the PFM sector.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the Action is not considered relevant for inclusion of persons with disabilities.

Democracy

The Action aims to contribute to democratic governance and gender equality guided by the principles of democracy, the rule of law, equality and solidarity. It will strengthen the PFM systems and make roles, responsibilities, procedures and reporting more transparent. It will also strengthen SAIs, Parliaments and CSOs to demand accountability from Governments and improve transparency of public expenditure strengthening democracy dynamism in all six PALOP-TL countries.

Conflict sensitivity, peace and resilience

Supporting improvements in the PFM system (including transparency) may provide more certainty on the delivery of financial resources and capacity to mitigate fiduciary risks, including on fraud and corruption, to manage climate funds.

Disaster Risk Reduction

The Action will support the countries to build resilient PFM systems and fiscal measures in emergency contexts at the national level through peer-to-peer exchange of experiences on the impact of Covid-19 on i) State Budgets; ii) linking public policies with the SDGs; and iii) improving social spending and service delivery for all. Countries will be able to draw lessons from each other and reinforce their national response mechanisms. This will most certainly, benefit the countries that are more likely to face natural disasters.

Other considerations if relevant

N/A

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	Lack of governments' willingness to implement the agreed reform plans and roadmaps and to provide data on budgetary execution or other relevant data.	H	H	Sustained political dialogue and engagement with all PALOP-TL countries (especially in those countries that benefit from EU Budget Support operations). Peer pressure will also push for budget transparency.
External environment	The fragmentation and lack of coordination among different national authorities.	M	M	A coherent coordination structure was already built-in previous Action's phases, and it will be further enhanced by the presence of PFM experts based in main countries
People and organisations	Lack of human resources and financial capacity of the beneficiaries' institutions to sustain results - especially in a global context of increased financial crisis due to Covid-19 impact or due to political instability.	M	H	Focus on institutional and legal reforms; capacity-building; digitalisation and technological support to ensure sustainability of the results, enhance resilience and efficient budget planning. Furthermore, the Annual Work Plans will enable flexibility and alignment with the national priorities and political situations.

Communication and information	Lack of coordination and communication among different EU initiatives.	M	H	Coordination mechanisms with the EU Delegations, such as joint annual programming meetings, will be defined at the Action's inception phase as to capitalise on other EU initiatives and step-up efforts in countries with a slower implementation rate.
Planning, processes and systems	Different levels of capacity among stakeholders (institutions and CSOs) from different countries.	M	M	Early identification of weaknesses and strengths of all stakeholders during programme formulation will allow the Action to tailor training and technical assistance activities. In addition, a training needs assessment will be conducted to verify specific needs of new Member of Parliaments, member of Court of Auditors and CSOs.
External environment	Gender equality priorities are not anymore at the core of national policies.	L	M	Continuous political dialogue, supported by evidence of major current challenges in gender-sensitive protection measures (in the context of Covid-19), as well as peer pressure from countries where GRB reforms have taken place, to ensure that gender equality stays on the national agenda.

Lessons Learnt:

- Flexibility and adaptation to the beneficiaries' changing needs is key to foster political buy-in and ownership of the Programme. This has proven to be crucial to ensure sustainability in interventions linked to economic governance.
- A participative process in the formulation of activities, results, indicators, and baselines, through Annual Work Plans contributes to tailored responses to the beneficiaries' needs and priorities, rooted on South-South and Triangular cooperation and peer-to-peer learning practices (including CoP).
- The quality and efficiency of the EU policy dialogue can be increased, notably in countries benefitting of Budget Support operations, by receiving critical, timely insider information, networks and connection to PFM institutions.
- Importance in continuing to work in enhancing peer-to-peer collaboration and network as it has proven to be successful in fostering difficult but critical transformation in institutions.
- Fostering closer coordination with national and regional EU-funded projects through formal and informal dialogue and exploring potential synergies is needed.

3.5 The Intervention Logic

The underlying intervention logic for this action is to build upon the successful achievements of the Pro PALOP-TL SAI Programme previous phases, contributing to SDG 16, particularly in the promotion of accountable and inclusive institutions in the PALOP-TL countries (**Impact**). By bringing together PFM actors through systematic interactions and initiatives, using South-South and triangular cooperation (involving Brazil and Portugal), the Action aims at promoting a holistic approach to PFM reforms and enabling environments for inclusive public policy dialogue resulting in **impactful changes in budget transparency, domestic resource mobilisation and external control of public expenditures and policies practices in the PALOP-TL countries (Outcome)**. It will also ensure alignment with sustainable development plans and goals and will contribute to respond to the macroeconomic recession emerging from the Covid-19 pandemic. The South-South/Triangular cooperation, peer-to-peer methodologies for capacity development and technical assistance have been tested and standardized in previous phases. The Action foresees consolidating these achievements through enhancing partnerships at international level (e.g., IMF/FAD, WBG, Open Government Partnership, European Parliament) in order to step up the visibility of the results obtained and promote meaningful replication of successful activities/dynamics through the sharing of experiences and lessons learned between peers.

Firstly, the consolidation and strengthening of PFMS practices and domestic resource mobilisation capacities by the Ministries of Finance (**Output 1**) will be achieved by improving the degree of openness (Open Data), periodicity and detail of budget data made available to the public by Ministries of Finance; increasing the involvement of Executives in the Open Government initiatives; and enhancing dialogue on domestic resource mobilisation. Capacities for DRM will be built in line with the Adis Tax Initiative including training official to better monitor *fight tax evasion, illicit financial flows and corruption* and transparency and dissemination of revenue data. Secondly, the improvement of external control and audit by Parliaments, SAI, CSOs and citizens' public participation will be achieved by enhancing legislative budget scrutiny and follow up on recommendations on public expenditure and policies (**Output 2 and 3**); increasing SAI's external control and audit of public accounts mainly through collaborative/coordinated performance audits; and increasing public budgets, expenditure and policies' social monitoring capacities by CSOs. Strengthening peer-to-peer international partnerships and South-South / Triangular cooperation (**Output 4**) will transversally contribute to the consolidation of the external public expenditures and policies oversight.

The relevance of the GRB approach as a contribution to increased transparency and comprehensiveness on public finance information is also highlighted in a **fifth Output**, to be achieved by mainstreaming gender equality (**Output 5**) through a more systemic use of GRB by the Executives; and enhancing legislative oversight, social monitoring and external control/audit of gender responsive budgeting. GRB tools aim at accelerating the achievement of the 2030 Agenda for Sustainable Development commitments, fostering and strengthening EU engagement on gender equality in PALOP-TL countries.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	Contribute to SDG 16, particularly in the promotion of accountable and inclusive institutions in the PALOP-TL countries.	PALOP-TL countries' score on World Bank Indicators for Governance/ Government Effectiveness	<u>2020</u> AO: 11,06; CV: 61,02; GB: 8,17; MZ: 23,56; STP: 28,37; TL: 19,23.	<u>2027</u> AO: tbd; CV: tbd; GB: tbd; MZ: tbd; STP: tbd; TL: tbd.	Worldwide Governance Indicators	<i>Not applicable</i>
Outcome	Enhanced transparent and gender inclusive budgets, domestic resource mobilisation (DRM) and external control of public expenditures and policies practices in the PALOP-TL countries.	1. PALOP-TL countries' score on <i>Index of Budget Transparency</i> 2. PALOP-TL countries' score on <i>IBP - Open Budget Index/ Budget Oversight</i> 3. PALOP-TL countries' score on <i>IBP - Open Budget Index/ Public Participation</i> 4. PALOP-TL countries' score on <i>IIAG/ Efficiency of Revenue Mobilisation</i> 5. PALOP-TL countries' score on <i>IIAG/ Gender</i>	1. <u>2021</u> AO: 50; CV: 58; GB: 27; MZ: 63; STP: 68; TL: 43 2. <u>2019</u> AO: 33; MZ: 50; STP: 41; TL: 48 3. <u>2019</u> AO: 9; MZ: 11; STP: 0; TL: 6 4. <u>2019</u> : AO: 25; CV: 100; GB: 31.9; MZ: 80.6; STP: 52.8	<u>2027</u> 1. AO: tbd; CV: tbd; GB: tbd; MZ: tbd; STP: tbd; TL: tbd 2. AO: 41-60; MZ: 61-80; STP: 61-80; TL: 61-80 3. AO: 12; MZ: 15; STP: 10; TL: 15 4. AO: 41-53,9; CV: 100; GB: 41-53,9; MZ: 90; STP: 54-70,9	- PALOP-TL Civil Society Online Budget Platform: PALOP-TL Index of Budget Transparency - International Budget Partnership (IBP) - Open Budget Index - Ibrahim Index for Africa	<i>The implementation of the agreed reform plans and roadmaps progresses take place to increase the accountability of the institutions.</i> <i>Beneficiaries have the necessary human and financial resources to sustain the Action's results.</i>

			5. 2019: AO: 53; CV: 68,2; GB: 44,2; MZ: 50,6; STP: 64,7	5. AO: 54 - 70,9; CV: above 71; GB: 54-70,9; MZ: 54 - 70,9; STP: above 71	Governance (IIAG) - Project reports for countries that are not in the OBI or IIAG	
Output 1	1. Consolidated and strengthened PFMS and domestic resource mobilisation capacities by the Ministries of Finance in the PALOP-TL countries	<p>1.1. Budget documents, including sources of revenue and expenditure by functional level are available in all countries in a timely manner, according to international standards</p> <p>1.2. Primary government expenditures as a proportion of original approved budget (%)</p> <p>1.3. % of trained Executives with improved competencies on PFMS (including through the Action's PFM Postgraduation and Masters' degree), disaggregated by sex</p> <p>1.4. % of trained Executives with improved competencies on domestic resource mobilisation, disaggregated by sex</p> <p>1.5. Status of PFM e-governance systems and services (non-existent, created/new, improved)</p> <p>1.6. # of CoP on DRM and tax reforms.</p>	<p>1.1. <u>2021</u>: No</p> <p>1.2. AO: 88,53 (2018); CV: 82,55 (2016); GB: 69,46 (2017); MZ: 103,3 (2014); STP: 73,49 (2019)</p> <p>1.3. N/A</p> <p>1.4. N/A</p> <p>1.5. Tbd</p> <p>1.6. 2022: 0</p>	<p><u>2027</u></p> <p>1.1. Yes</p> <p>1.2. Tbd</p> <p>1.3. 80% trainees significantly increase their competencies</p> <p>1.4. 80% trainees significantly increase their competencies</p> <p>1.5. Tbd</p> <p>1.6. 3 (three) CoPs</p>	<p>- PALOP-TL Country Index Assessment of Budget Transparency</p> <p>- SDG indicators – World Bank Data</p> <p>- Survey among relevant officials (baseline and endline assessment)</p> <p>- Project narrative reports</p>	<p><i>The PALOP-TL countries maintain their political will to provide financial data and to work in improving their Domestic Resource Mobilisation policies and capacities.</i></p> <p><i>The beneficiaries of this Action deepen their expertise in order to adequately apply it on PFMS reforms, digitalisation and dematerialization.</i></p>

Output 2	2. Improved <u>external control and audit by Parliaments, Court of Auditors</u> and other external control watchdogs in the PALOP-TL countries	<p>2.1. a) IBP/ OBI legislative oversight score</p> <p>b) IBP/ OBI audit oversight score</p> <p>2.2. % of trained MPs, Parliamentary and SAI's officials with improved skills on public expenditure and policies external control and audit skills (including through the Action's PFM postgraduation and Masters' degree), disaggregated by sex</p> <p>2.3. Status of PFM e-governance systems and services (non-existent, created/new, improved)</p>	<p>2.1. a) <u>2019</u>: AO: 33; MZ: 58; STP: 33; TL: 39</p> <p>b) <u>2019</u>: AO: 33; MZ: 33; STP: 56; TL: 67</p> <p>2.2. N/A</p> <p>2.3. Tbd</p>	<p><u>2027</u></p> <p>2.1. a) AO: 41-60; MZ: 61-80; STP: 41-60; TL: 41-60</p> <p>b) AO: 41-60; MZ: 41-60; STP: 60-100; TL: 60-100</p> <p>2.2. 80% trainees significantly increase their skills</p> <p>2.3. Tbd</p>	<p>- International Budget Partnership (IBP) - Open Budget Index</p> <p>- Project reports for countries that are not in the OBI (GB and CV)</p> <p>- Survey among relevant officials (baseline and endline assessment)</p> <p>- Project narrative reports</p>	<p><i>The beneficiaries of the Action deepen their expertise in order to properly scrutinize and monitor the State Budget, leading to the improvement of the executive's mandate</i></p>
Output 3	3. Enhanced <u>budget and policy monitoring by the CSOs</u> and increased <u>citizens public participation</u>	<p>3.1. Mechanisms are available in all countries for inclusive and gender-sensitive public participation in all stages of the budget process (4 stages: Formulation – executive; Approval – legislature; Implementation – executive and Audit – SAI)</p> <p>3.2. # PALOP-TL countries where the CSOs effectively coordinate and use the Civil Society Online Budget Platform for State Budget monitoring including oversight of the fiscal revenue (DRM), on an annual basis</p>	<p>3.1 <u>2021</u>: No</p> <p>3.2 0 countries</p>	<p><u>2027</u></p> <p>3.1 Yes</p> <p>3.2 6 (six) PALOP-TL countries</p>	<p>- Survey among relevant CSOs (endline assessment)</p> <p>- Project narrative reports</p>	<p><i>National CSOs (including gender CSOs) maintain their interest and have the resources to increase their role in monitoring the budget and related policies.</i></p>

Output 4	4. Strengthened peer-to-peer international partnerships among PALOP-TL national oversight institutions	<p>4.1 Peer-to-peer international and south-south/triangular partnerships are established with European Parliament (Committee on Budgetary Control and the Committee on Budgets), European Court of Auditors, IMF Fiscal Affairs Department and AFRITAC.</p> <p>4.2 # of high visibility and knowledge-sharing initiatives where PALOP-TL tested methodologies and good practices are shared</p>	<p>4.1. <u>2022</u>: No</p> <p>4.2. 0</p>	<p><u>2027</u></p> <p>4.1. Yes</p> <p>4.2. 10</p>	<p>- Formalized partnership documents (MoU, exchange of letters, partnership agreements,...)</p> <p>- Survey among relevant officials (baseline and endline assessment)</p> <p>- Project narrative reports</p>	<p><i>International Partners show interest in partnering in a collaborative manner.</i></p>
Output 5	5. Enhanced Gender-responsive Budgeting (GRB) practices and mainstreaming in the PALOP-TL countries.	<p>5.1. # PALOP-TL countries where GRB is included and/or maintained in State budgets, in alignment with national development plans/policies</p> <p>5.2. a) # PALOP-TL parliaments that oversee public expenditure on gender, on a systematic basis</p> <p>b) # PALOP-TL that carried out an SDG 5 performance audit</p> <p>c) # PALOP-TL autonomously monitored by CSOs on public expenditure and/or policies on gender, on a systematic basis</p> <p>5.3. % of original approved allocations to gender programming on State budget</p>	<p>5.1. <u>2021</u>: 4 (four) PALOP-TL countries (CV, AO, STP and TL)</p> <p>5.2. <u>2021</u>: a) 4 PALOP-TL Parliaments (CV, AO, STP and TL)</p> <p>b) <u>2021</u>: 1 (one) country (CV)</p> <p>c) <u>2021</u>: 2 (two) countries (AO and STP)</p> <p>5.3. <u>2019</u> AO: 5,2%; CV: 67,2%; GB: 2,2%; MZ: 10%; STP: 20,2%; TL: 44,1%</p> <p>5.4. <u>2020</u> AO: tbd; CV: tbd; GB:</p>	<p><u>2027</u></p> <p>5.1. 6 (six) countries</p> <p>5.2. a) 6 (six) countries</p> <p>b) 6 (six) countries</p> <p>c) 6 (six) countries</p> <p>5.3. AO: tbd; CV: tbd; GB: tbd; MZ: tbd; STP: tbd; TL: tbd</p> <p>5.4. AO: tbd; CV: tbd; GB: tbd; MZ: tbd; STP: tbd; TL: tbd</p>	<p>- The 6 countries' Annual State Budgets and general State Account</p> <p>- Project Reports and M&E system</p>	<p><i>Gender equality priorities stay at the core of national policies, in the context of Covid-19.</i></p>

		5.4. % expenditures as a proportion of original approved allocations to gender programming on State budget	tbd; MZ: tbd; STP: tbd; TL: tbd			
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4.IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with Cabo Verde only, as the programme will be mainly coordinated from this country.

In order to implement this action, it is NOT envisaged to conclude a financing agreement with Angola, Guinea-Bissau, Mozambique, São Tomé and Príncipe and Timor-Leste.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

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 measures⁴.

4.3.1. Indirect Management with a pillar assessed entity

This Action may be implemented in indirect management with the United Nations Development Programme (UNDP). This implementation entails consolidating, scaling up and expanding the results obtained in the previous phases of the Programme. It aims to use the innovative tools created and implemented to further promote transparent and efficient PFM, budget oversight and economic governance in core economic governance state institutions and CSOs in the six PALOP-TL countries, contributing to the achievement of the Action's Overall Objective: To contribute to SDG 16, particularly in the promotion of accountable and inclusive institutions in the PALOP-TL countries, as described in section 3.

The envisaged entity has been selected using the following criteria:

- has a strong record of successful implementation of projects in the Economic Governance sector in the PALOP-TL countries (namely Pro PALOP-TL ISC and its Phase II), where it established a sound knowledge of the context, an impressive open access and fluid working relations with all targeted institutions. The Previous statement was confirmed by the latest ROM and the Mid-term Independent Evaluation in 2021, that noted the relevance of the project as well as UNDP's strong implementation capacity and track record throughout the implementation of the Pro PALOP-TL SAI - Phase II Programme;
- has ensured a good level of visibility for the EU, good quality visibility materials and EU presence at all times;
- has promoted and facilitated EU led High Level Dialogues;
- has physical presence and longstanding cooperation frameworks in all PALOP-TL countries.

⁴ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

4.3.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

N/A

4.3.3 Other actions or expenditure

N/A

4.4 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, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

For this multi-country action, natural persons who are nationals of, and legal persons who are effectively established in the following countries and territories covered by this action, are also eligible: South Africa, Brazil, Australia.

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Objective 1 composed of		
Implementation modalities		
Indirect Management with UNDP - cf. Section 4.3.1	7 850 000	N.A.
Evaluation	150 000	N.A.
Audit		
Totals	8 000 000	N.A.

4.6. Organisational Set-up and Responsibilities

- 1) A **Project Management Unit**: a flexible team that administers, manages and monitors day-to-day overall's project activities and directly provides specialised technical assistance. The Management Unit will be based at the UNDP Cabo Verde and its staff includes a Programme Manager supported by a dedicated team of experts in the relevant specific domains of the project (Budget transparency, External Control, Gender Budgeting, Communications and Visibility, Monitoring and Evaluation, as well as Finance and Administration).

- 2) The UNDP offices in the six PALOP-TL countries will designate a person to support the project (the planning and implementation of the project activities, logistics), and provide project assurance.
- 3) A decentralised **team of international Public Finance experts** that will be in charge of boosting and supporting the activities related to PFM and provide relevant technical assistance to the beneficiaries in the countries, operating as a PFM knowledge-sharing regional network.
- 4) A **Country Coordination Committee** in each of the six PALOP-TL countries that will provide a forum to discuss workplans and progress on results at the national level as well as policy development, collaboration and information-sharing in line with the decisions of the Project Steering Committee. It will ensure that the project remains on track, on time and within budget. It will be composed by the national beneficiaries' institutions (Ministries of Finance, Courts of Auditors, Parliament representatives (Specialised Committee on public finance) and CSOs), UNDP and the EU Delegations and meet twice a year;
- 5) A **Project Steering Committee** that will be responsible to oversee the project results and activities and overall financial execution, as well as to increase the political dialogue. The Steering Committee will be composed by UNDP, EU Delegations, and high-level representatives from all PALOP-TL beneficiary institutions (Ministries of Finance, Courts of Auditors and parliament representatives (Specialised Committee on public finance), CSO), and it will meet once a year (physically or virtually).

Representatives from other relevant initiatives in the Economic Governance sector can be invited to take place in the governance structure meetings, in order to ensure coordination and avoid duplication. As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

4.7 Pre-conditions [Only for project modality]

N/A

5.PERFORMANCE MEASUREMENT

5.1 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 partner's responsibilities. To this aim, the implementing partner 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 (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

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).

Roles and responsibilities for data collection, analysis and monitoring:

The implementing partner will have specific responsibilities for monitoring and reporting under this action. Common indicators will as much as possible be used in order to allow wide reporting. Indicator values will be measured at regional or on a country-by-country basis depending on the nature of the activities, including gender disaggregation. All monitoring and reporting shall assess how the action is taking into account the human rights based approach and gender equality.

5.2 Evaluation

Having regard to the importance of the action, a midterm evaluation may be carried out and final evaluation will be carried out for this action or its components via independent consultants.

It may be carried out for problem solving and learning purposes, in particular with respect to comparing the planned outcomes and outputs to the achieved ones and analyse performance. It should also identify the weaknesses and strengths of the project's design and implementation strategy, as well as identify lessons learned and provide relevant strategic and operational recommendations for the second part of the project.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the innovative tools that will be further developed and consolidated, as well as the digitalisation component that needs to be assessed in a national and regional perspectives in the PALOP-TL region. In addition, new areas where the Action is intervening such as Climate and Domestic Resource Mobilisation policies, should have special attention during the evaluation. The final evaluation should entail a more in-depth exercise to assess the achievements of the different phases of the Programme as a whole.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

All evaluations shall assess to what extent the action is taking into account the human rights based approach as well as how it contributes to gender equality and women's empowerment. Expertise on human rights and gender equality will be ensured in the evaluation teams.

Evaluation services may be contracted under a framework contract.

5.3. Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

An Intervention⁵ (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: ‘a given contract can only contribute to one primary intervention and not more than one’. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as

Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
Contract level		
<input checked="" type="checkbox"/>	Single Contract 1	foreseen individual legal commitment (or contract) OPSYS ACT-60995/CRIS NDICI AFRICA/2022/044-164

⁵ [Ares\(2021\)4450449](#) - For the purpose of consistency between terms in OPSYS, DG INTPA, DG NEAR and FPI have harmonised 5 key terms, including ‘action’ and ‘Intervention’ where an ‘action’ is the content (or part of the content) of a Commission Financing Decision and ‘Intervention’ is a coherent set of activities and results which constitutes an effective level for the operational follow-up by the EC of its operations on the ground. See more on the [concept of intervention](#).