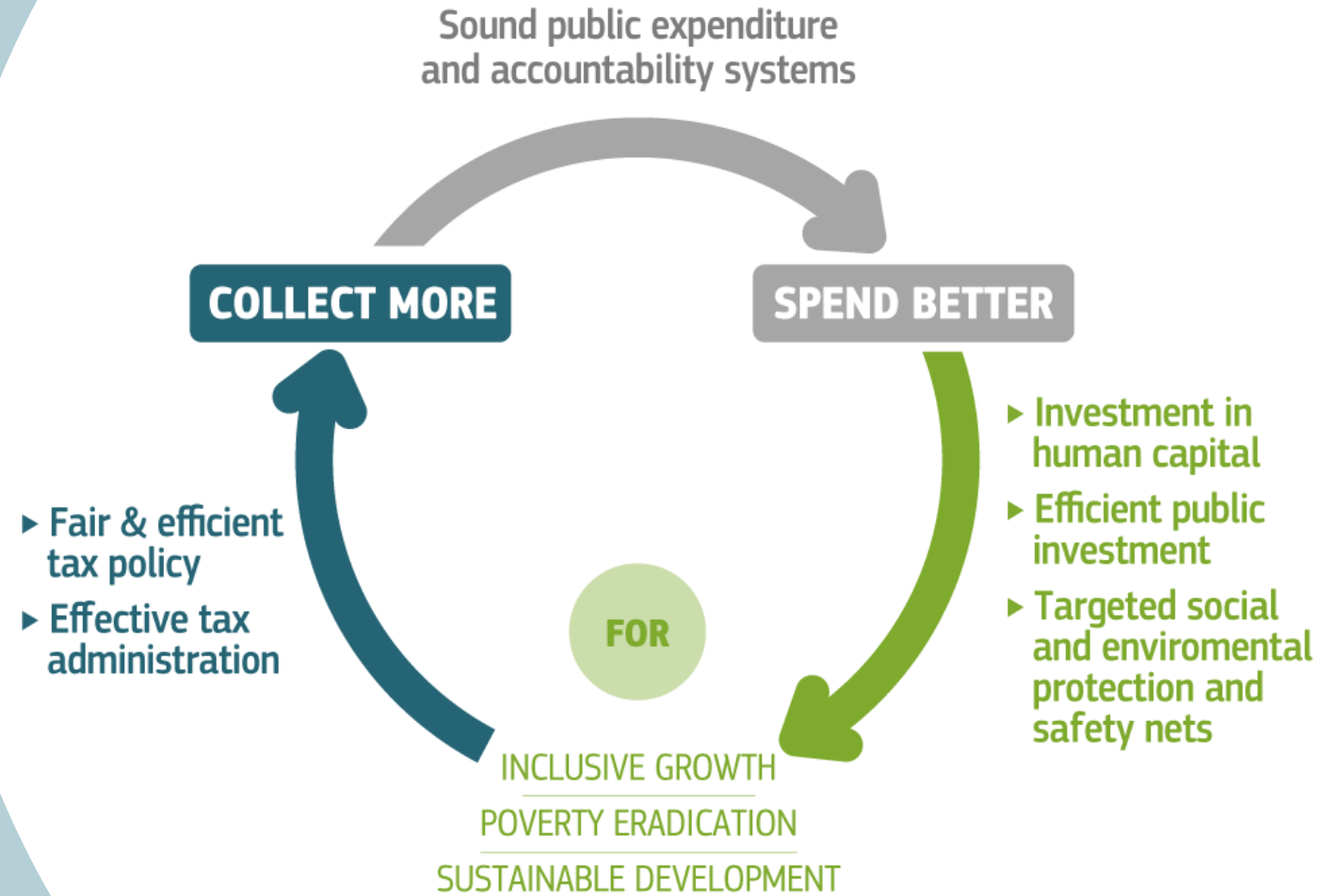


# Evaluation of EU **Collect More Spend Better (2015-2020)**

SUMMARY PPT



# AGENDA

- Evaluation objectives and approach
- Mapping of EU support to CMSB
- Conclusions
- Recommendations



# Evaluation objectives, scope and approach



## Subject

EU support to **Collect More Spend Better (CMSB)** at the international level and in partner countries and regions

## Purpose

- **Mapping** EU support to CMSB
  - Providing an **independent assessment**
- Lessons & recommendations to improve current & future EU future interventions under the CMSB approach

## Scope

- **Temporal:** 2015-2020
- **Institutional:** EU interventions in all the countries and regions falling under the mandate of DG INTPA and DG NEAR
- **Aid modalities:** Budget Support programmes, TA programmes, partnerships with international institutions

## Approach

**A mix of data collection and analysis tools:**

- **Qualitative:** literature review, HQ interviews, E-Survey
- **Quantitative:** mapping, analysis of PEFA scores, ANOVA & cluster analysis
- **16 case studies:** 12 countries (9 field visits) & 4 international partnerships

# EU CMSB approach (2015): a call for global action

**Closing the tax policy gap and tax administration gap** by increasing the efficiency effectiveness, fairness and transparency of DRM and tackling tax avoidance, tax evasion and illicit financial flows

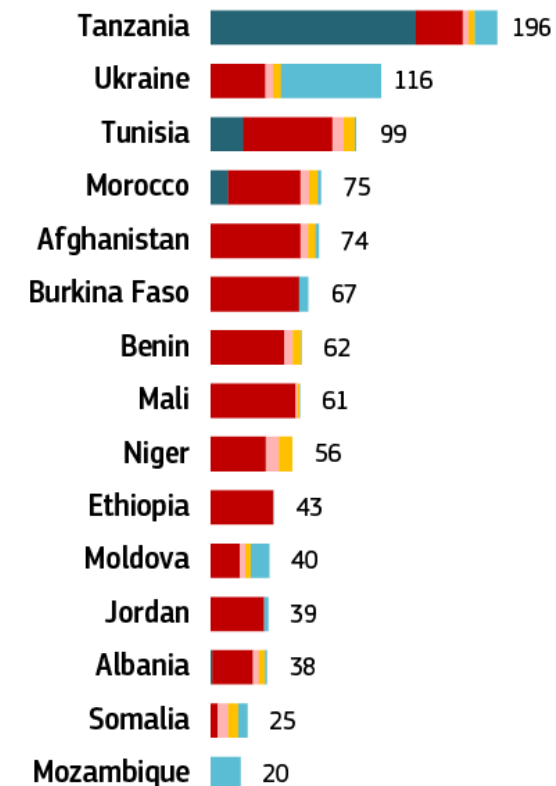
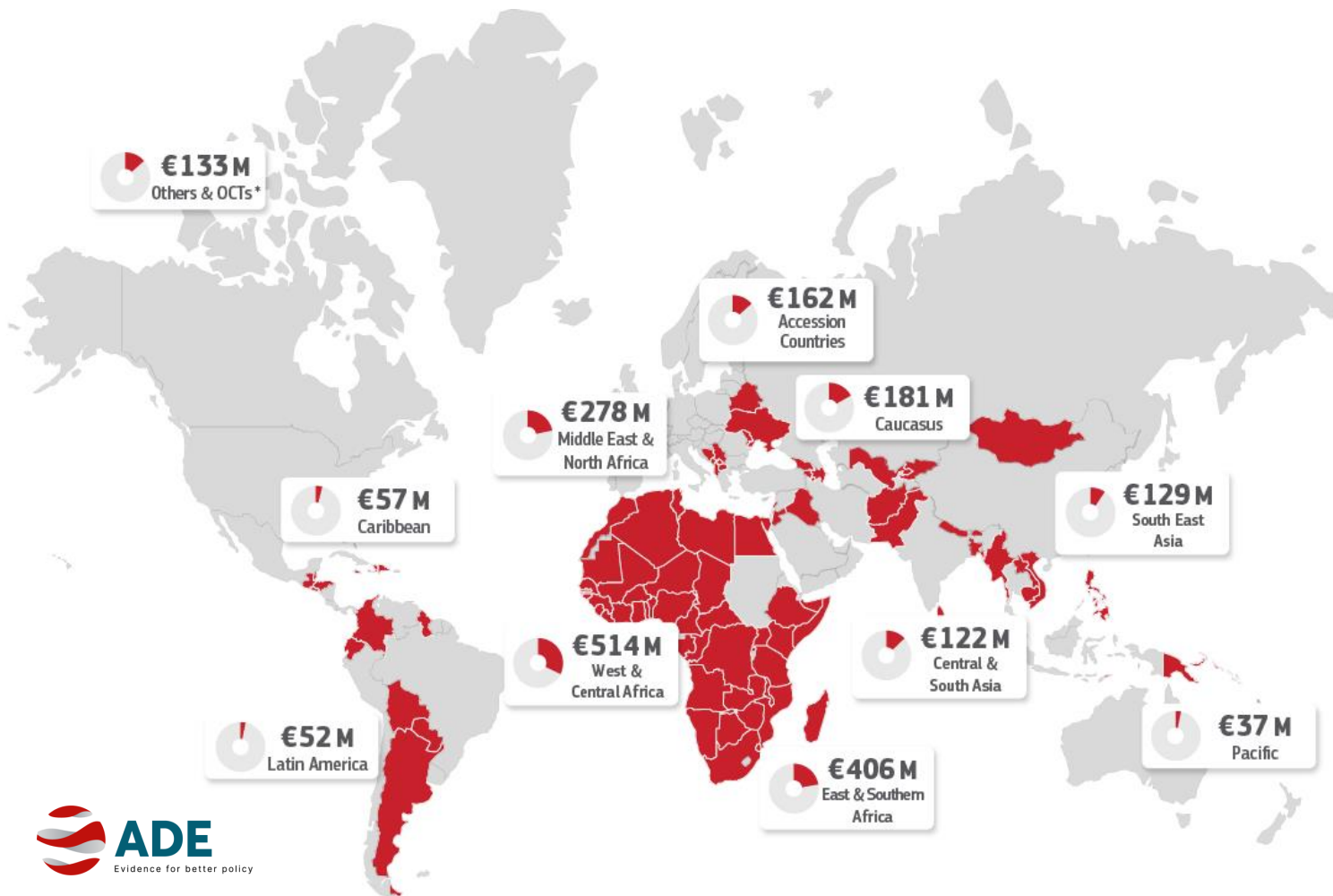


**Improve the efficiency and effectiveness of public expenditure and financial accountability systems** by addressing three important issues: (i) investment expenditure, (ii) public procurement, and (iii) debt management + subsidy programmes

# EU: a key supporter of PFM systems in developing and emerging countries

TOTAL DISBURSED/CONTRACTED:  
€ 2,069 M

2015-2020

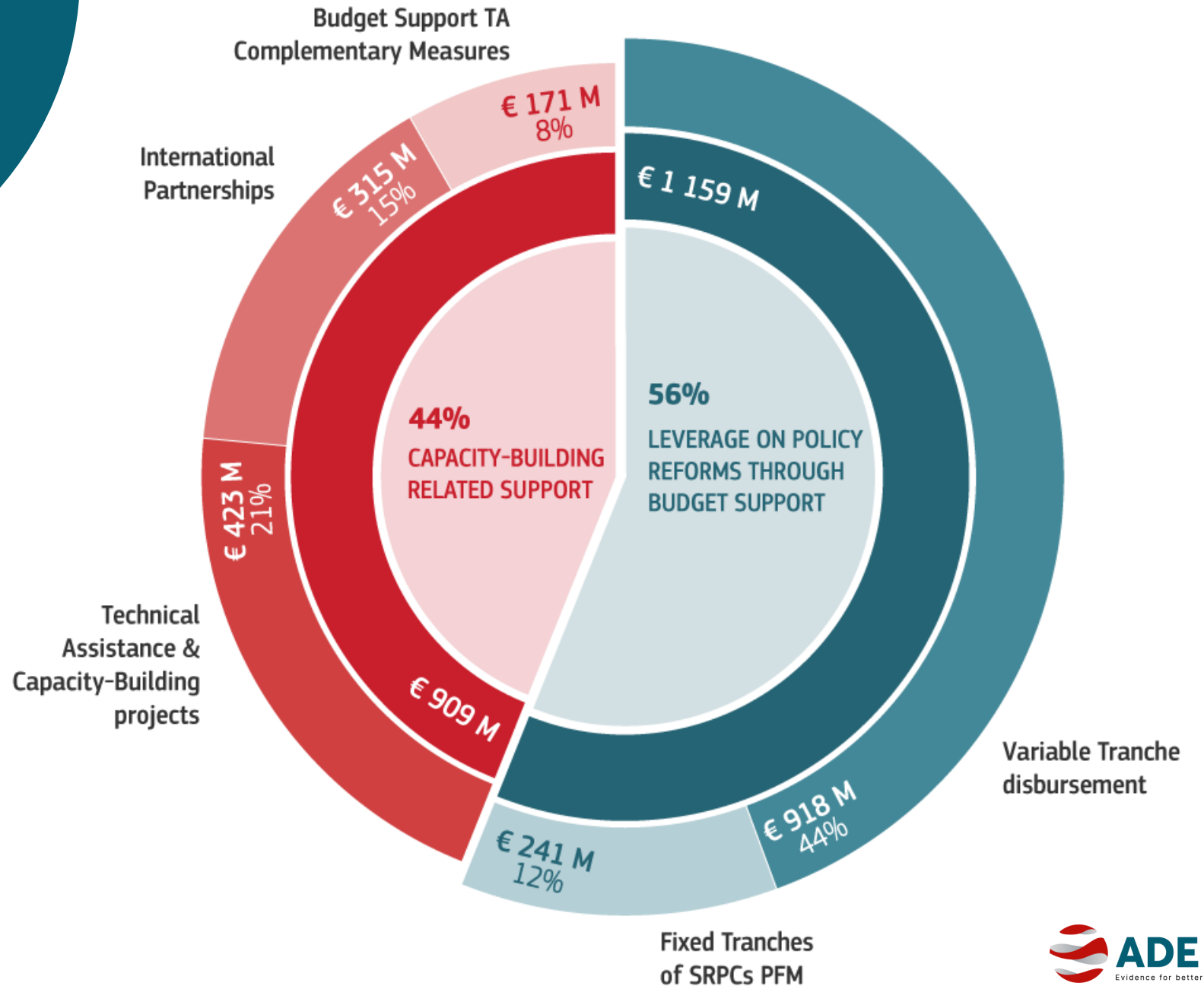


● FTs ● VTIs ● CM ● TA & CB ● IOs

FT: Budget support fixed tranches; VTI: Budget support variable tranche indicators; CM: Budget support complementary measures; TA: Technical assistance; CB: Capacity-building; IO: Partnerships with international organisations.

\* € 125M to Others (regions/continents that do not fit in the regional classification) and € 8M to Overseas Countries and Territories (OCTs) such as the Greenland  
**Source:** EC Budget Support database and CRIS

# Aid modalities used to implement EU core CMSB funding

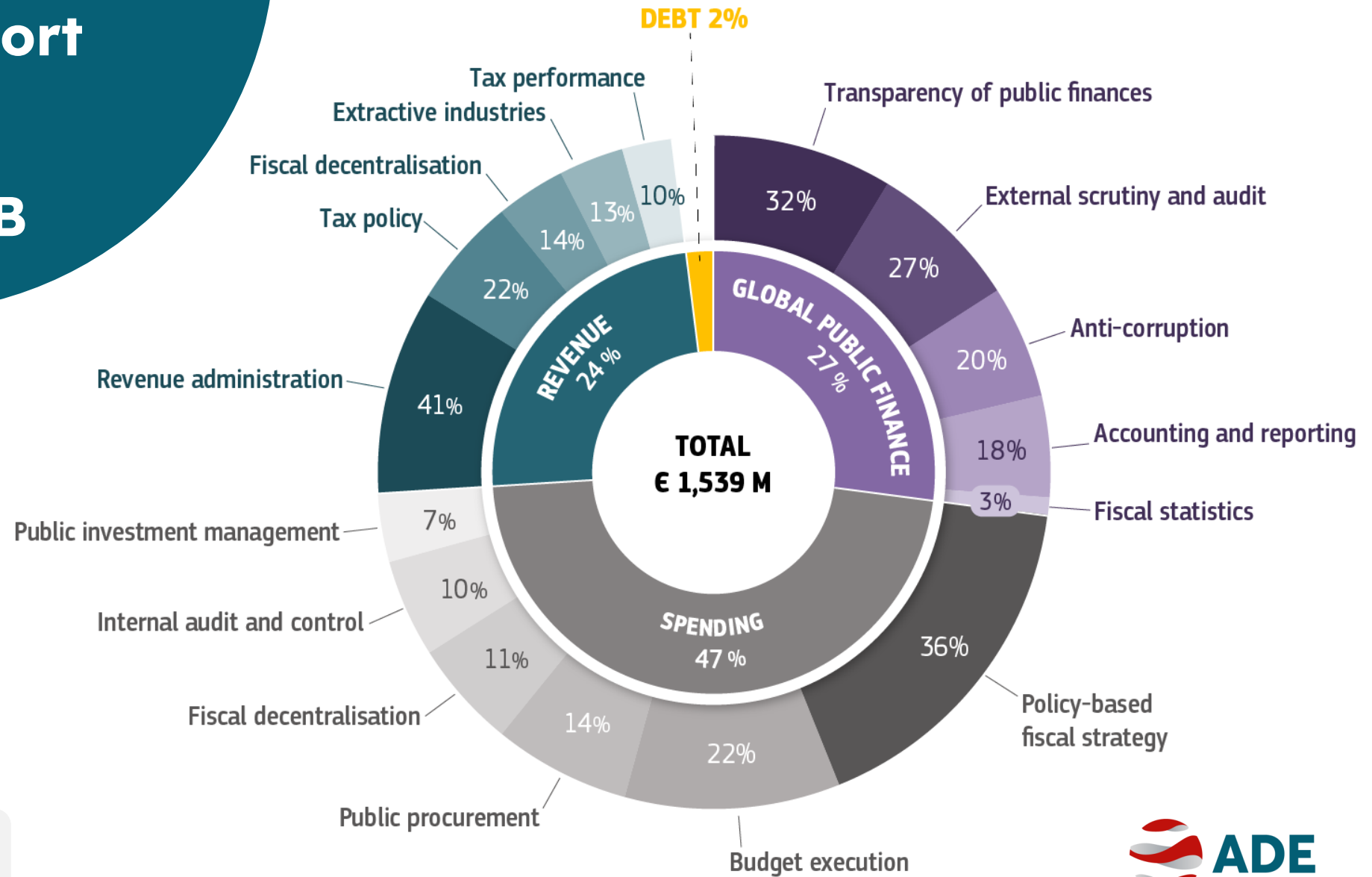


## Notes:

> Concerning Budget Support Complementary measures, TA was almost equally mobilised through SRPCs and SRBC/SDG-Cs

> Budget Support amounts do not correspond to a specific activity

# Thematic distribution of budget support performance indicators related to CMSB

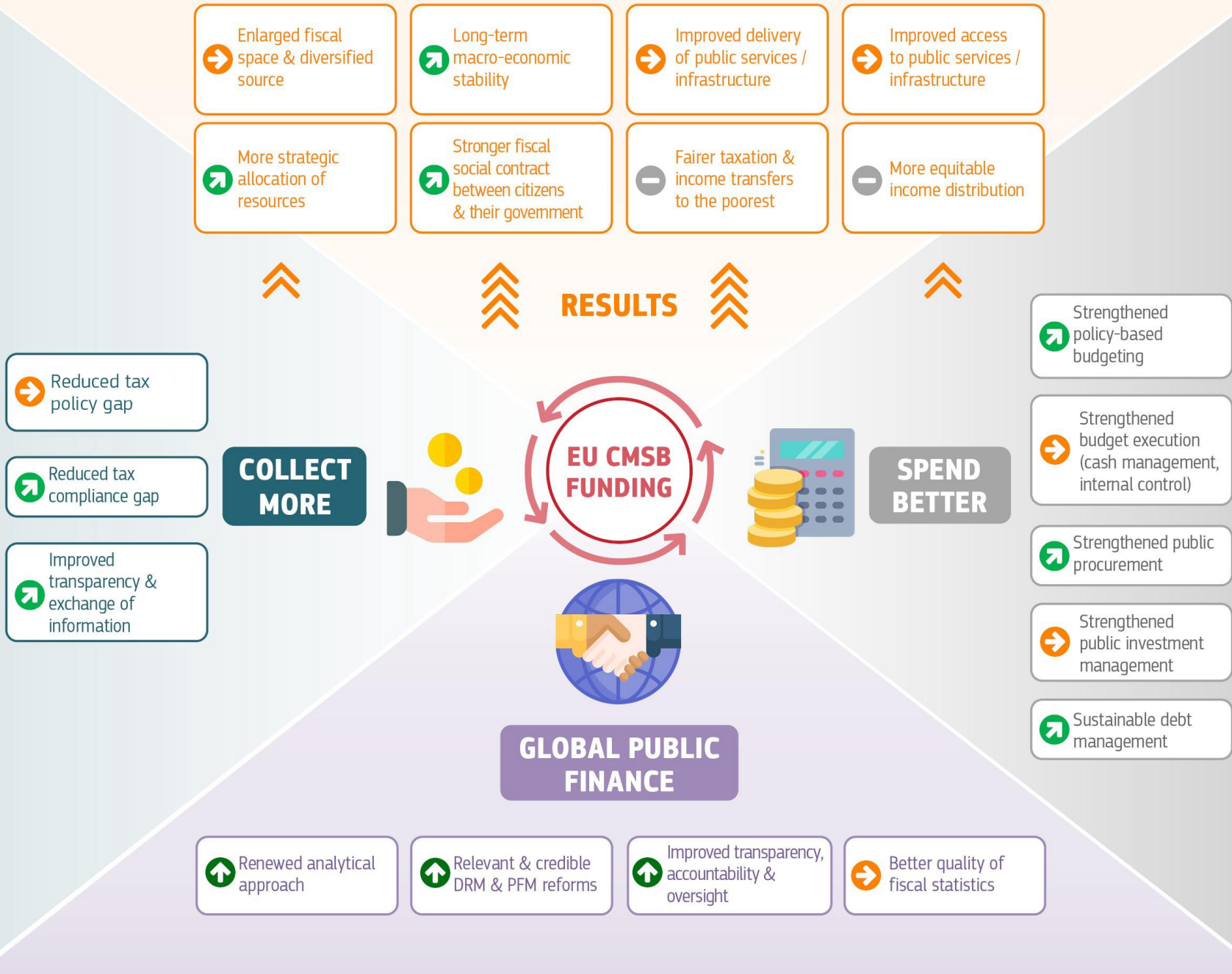


Source: EC Budget Support database

# Conclusions







# Relevance of EU response under CMSB approach

<b>C1</b> <b>CMSB: relevant but incomplete framework to guide EU support to reinforcing public finance systems</b>		A more comprehensive approach for PFM reforms, linking revenue, spending and debt management
		Increased attention on Domestic Revenue Mobilisation (DRM)
		Spending strand not entirely covered
		Unfamiliar to nearly 40% of EU staff involved in public finance
<b>C2</b> <b>At country level, holistic approach adopted but not fully achieved</b>		Ambitious response addressing Global Public Finance, DRM and Spending in a relatively comprehensive way and with increasing attention to DRM
		Increased use of SRPCs dedicated to support PFM reforms
		Revenue, expenditure and debt still approached in a fairly independent manner and with limited linkages with broader issues (e.g., PAR)
<b>At international level, growing EU role in implementing a more joint approach in a complex environment</b>		Increasing EU role in international partnerships covering various CMSB areas
		Low EU profile on the international public finance scene
		Multiple initiatives often operating in isolation

# Design of EU CMSB support

## C3

**Pragmatic and comprehensive response adapted to different contexts and needs but underestimating political economy factors**

In-depth analysis of the context, promotion and extensive use of international diagnostic tools

Combination of Budget Support and capacity-building assistance was useful to tackle a wide range of complex issues and to work with various PFM actors

A more strategic policy dialogue, mainly due to Budget Support

Intervention design not sufficiently considering internal institutional and/or political factors:

- Time needed for PFM reforms underestimated;
- Some BS performance indicators not realistic and/or not sufficiently contextualised;
- Resistance to change underestimated.

Results chain insufficiently developed (too optimistic on outcomes and causality)

## C4

**A wide spectrum of interventions with the risk to be fragmented**

Dispersion of EU CMSB portfolio of interventions (country and international levels).

Existence of a clear strategic framework (e.g., EU acquis) or international benchmarks

Limited attention to decentralisation, public investment management and public-private partnerships

# Delivery of EU CMSB support

<b>C5</b> High flexibility, uneven timeliness	Budget Support programmes flexible in the face of changing circumstances (political and economic changes and COVID-19) & disbursements according to plan
	Capacity-building support often encountered significant implementation delays (e.g., slow pace of reforms)
<b>C6</b> Synergies underexploited	Synergies within EU CMSB support and with other EU interventions not fully exploited
	EU support to international partnerships largely disconnected from EU support provided at the country level
	Lack of synergies between the partnerships implemented by the different donors
<b>C7</b> Strong in-country presence but limited in-house technical expertise on specific CMSB areas	Technical capacity to contribute to technical PFM/DRM issues strengthened at the HQ level
	Strong in-country presence
	Too limited capacities – in number and skills – in EUDs to implement this ambitious approach
	Swift mobilisation of external expertise but challenging to attract high-quality experts
	Rare use of technical expertise provided by EU-funded partnerships (e.g., RTACs or RMTF)

# Working with partners

<b>C8</b> <b>Close partnerships with beneficiary countries with the Government in the driving seat</b>	EU CMSB support fully aligned with national policies and anchored in national systems.
	Reinforcing government capacities for fleshing out PFM and DRM reforms as a cornerstone
	Pace of PFM reforms significantly affected by their weak capacities and slow-moving political and institutional environments
	Partners' limited understanding of EU Budget Support as an aid modality
<b>C9&amp;10</b> <b>Key, proactive and demanding role to promote coordination with other DPs with positive results even if still uneven</b>	Budget Support, Multi-Donor Trust Funds, delegated agreements with EU Member States were conducive to stronger working relationships on PFM/DRM, including with IMF and WB
	Aid modalities provided leverage to the EU: credibility and a seat at the table to discuss PFM/DRM technical and policy issues
	Growing collaboration with the IMF-RTAC delivering high quality expertise
	Uneven but improved coordination within Multi-Donor Trust Funds: enhanced processes of information exchange, coordination and strategic discussion
	Uneven donors' willingness for coordination
	Growing national leadership in organising and steering coordination mechanisms but still weak institutional capacities.
	Low visibility

# Effectiveness of EU CMSB support

## C11 > C16

**EU contribution to PFM reinforcement: significant progress achieved, that remains to be consolidated for bringing about outcomes**

A more systemic approach to PFM reforms

Strengthening tax administration systems

Introduction of programme budgeting and results-based management, including medium term budgeting

Improving transparency and accountability and reinforcing the fight against corruption

Rolling out PFM reforms in priority sectors (agriculture, education, health, and justice), including social protection

No evidence of systemic improvements in the budget execution cycle, except for some stages (internal audit and expenditure control stages)

Limited support for the development of statistical and M&E systems

Less EU attention on public investment than might have been expected

Very limited involvement in the financial management of state-owned enterprises

# Recommendations



# Strengthen EU global strategic approach in DRM, PFM and debt management



**R1**

**Promote the CMSB approach as a comprehensive strategic framework for EU support to public finance, emphasising its importance in implementing the Global Gateway.**

- › Cover all the components of the budget cycle in the CMSB approach and put greater emphasis on the linkages between the “Collect” and “Spend” strands of the approach.
- › Ensure better knowledge and visibility of the CMSB approach among specialised EU staff as a fundamental cornerstone of the Global Gateway.

**R2**

**While maintaining a demand-driven approach, prioritise EU support in CMSB areas where the EU has a comparative advantage.**

- › Prioritise support in the area of transparency and accountability, with a multi-stakeholder approach that is more explicitly linked to the fight against corruption.
- › Give greater importance to public service delivery, with a focus on fiscal and budgetary management within sector ministries and deconcentrated and decentralised authorities, especially in areas targeted by the Global Gateway.
- › Focus more on public investment management, public procurement and debt management within the framework of the support developed by the EU to boost investment, including public-private investment.



# Consolidate EU approach at international & country level



**R3**

## **At international level, further develop joint approaches while ensuring more space given to developing countries.**

- › Take the vision of having the SDGs at the heart of the CMSB approach to international circles.
- › Clarify the terms of the partnership with the IMF, integrating all the financing provided by the EU to the various IMF trust funds/RTACs.
- › Ensure synergies and complementarities between existing trust funds and international initiatives.
- › Rationalise and increase complementarities between existing diagnostics tools.

**R4**

## **At country level, strengthen the overall coherence and leverage effects of the EU's CMSB portfolio.**

- › Adopt a comprehensive and integrated framework encompassing all EU supports to public finance and continuously monitor and evaluate the EU CMSB portfolio.
- › Systematically frame PFM issues within broader PAR and economic policy reforms.
- › Ensure coherence between EU DG INTPA/NEAR support and i) support provided to international taxation initiatives; ii) trade policies.

## **R5 & 6** Strengthen the leverage effect of budget support while addressing political economy issues, duration of reforms and commitments from the authorities.

- › Strengthen the incentive effect of budget support variable tranches in line with programmed reforms.
- › Strengthen the application of the general budget support eligibility conditions to ensure more credibility of PFM/DRM reforms plans and budget allocations.
- › Reinforce and consolidate policy dialogue at strategic level.
- › Strengthen complementarities between EU instruments and aid modalities and better identify and articulate the role of capacity development and TA in the package.

## **R7** Continue promoting coordination and complementarities between different donor interventions at the country level.

- › Promote the internalisation of the coordination of reform processes within national authorities and strengthen national capacities.
- › Strengthen consultation processes between budget support providers, especially on the definition of variable tranche indicators or performance assessment frameworks on PFM/DRM & joint budget support reviews.
- › Reinforce EU involvement in trust funds and RTACs capacity development.
- › Promote EU joint programming in the PFM/DRM areas.

**R8**

## **Design and implement a capacity building strategy for CMSB support adapted to EU ambition.**

- › Design and implement a comprehensive capacity-building strategy for EU services to deploy their CMSB support.
- › Further develop internal training programmes related to CMSB areas.
- › Further reinforce interactions between HQ and EUDs through HQ missions, more specific technical guidance, and regular exchange of information.
- › Provide more durable access to high level technical expertise for EUDs and HQ.
- › Reinforce partner countries' understanding and ownership of Budget Support programmes.

**R9**

## **Make EU support to public finance at the international & country levels more visible.**

- › Ensure increased visibility of EU contribution to IMF&WB trust funds and IMF capacity development activities in general.
- › Improve visibility of EU-funded actions at the country level.
- › Work more directly with CSOs, medias and Parliament to initiate public debate on budget issues.

# Publications are online

  
**EVALUATION OF THE EUROPEAN UNION EXTERNAL ACTION**  
 THEMATIC EVALUATION  


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**EVALUATION OF EU COLLECT MORE SPEND BETTER (2015-2020)**  


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**VOLUME I – MAIN REPORT**  
 June 2023





  
**Evaluation of EU support to “Collect More Spend Better” 2015-2020**

In 2015, in the context of the 2030 Agenda for Sustainable Development, the EU launched “Collect More Spend Better” (CMSB) acknowledging the essential role of domestic public finance systems in achieving the overall objectives of sustainable development. This approach aimed at providing a holistic perspective recognizing the need to simultaneously intensify domestic resource mobilisation, strengthening public spending and debt management, while promoting more transparency and accountability.



  
**Lessons learnt, best practices and recommendations emerging from the Evaluation of EU support to “Collect More Spend Better” (2015-2020)**



**Overall approach to support public finance: EU strategic framework**

**The EU as a key supporter of PFM systems in develop**

Since the early 2000s, the EU's cooperation put emphasis on the strengthening of PFM systems, notably through the provision of significant budget support to developing and emerging countries. Between 2015 and 2020, the EU disbursed EUR 7.5 billion in support that was directly or indirectly related to CMSB. Out of this total, EUR 2 billion directly addressed priorities covered by the CMSB approach.

With 56% of EU core CMSB support having been channeled through budget support, this aid modality continued being the main channel to deliver EU support to public finance management at the country level. Budget support provided leverage on policy reforms, notably through policy dialogue, eligibility criteria and the use of variable tranche performance indicators (VTIs) in CMSB areas. The EU also provided significant capacity-

building support either as stand of budget support organisations or a significant part to fund the Res thematic trust (see Fig 1).

The EU support the wide spect global perspective public finance or the fight ag more resource-funding) than to debt manag

**What overall approach to adopt?**

Promote the Collect More Spend Better (CMSB) approach\* as a comprehensive strategic framework for EU support to public finance, emphasising its importance in implementing the Global Gateway and in achieving the Sustainable Development Goals (SDGs).

LESSON	RECOMMENDATIONS
The leading role that governments are expected to play in achieving development goals requires both greater fiscal space within a sustainable macroeconomic framework, better allocation of resources and better delivery of public goods and services. An effective budget and a sound PFM system are key to increase investment in human development and develop a solid enabling infrastructure. They are also necessary to implement sound policies to uphold sustainable food and environmental systems, peace and security, and the Global Gateway priorities.	<ol style="list-style-type: none"> <li>Cover all the components of the budget cycle in the CMSB approach and put greater emphasis on the linkages between the “Collect” and “Spend” strands of the approach.</li> <li>Put the SDGs at the heart of the CMSB approach to strengthen the link between PFM reforms and their purpose, in particular increasing access to quality public services.</li> <li>Ensure better knowledge and visibility of the CMSB approach among specialised EU staff as a fundamental cornerstone of the global gateway strategy.</li> </ol>

\* <https://data.europa.eu/dg10/204132460>

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