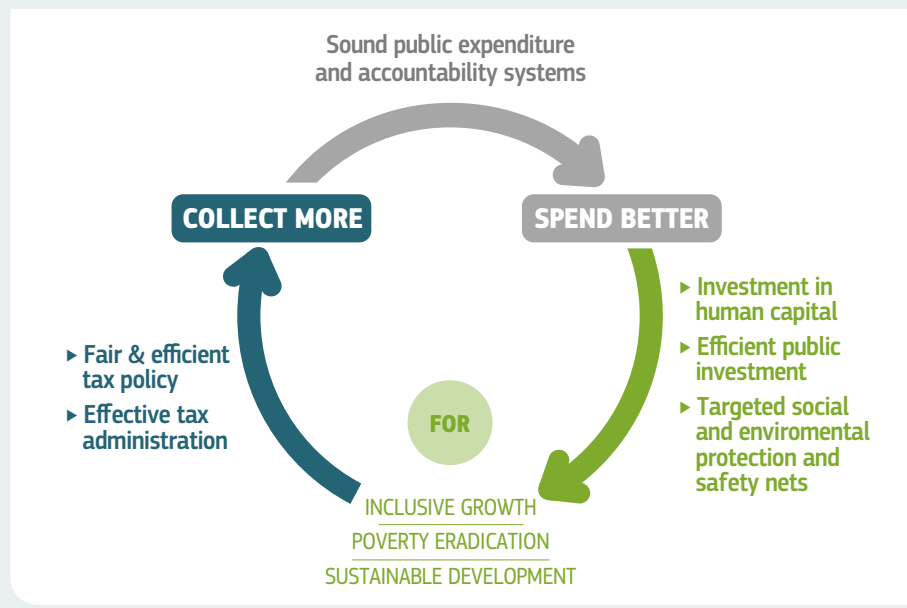




# Evaluation of EU support to “Collect More Spend Better” 2015-2020

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 intensifying domestic resource mobilisation, strengthening public spending and debt management, while promoting more transparency and accountability.



## EVALUATION METHODOLOGY

The European Commission commissioned an external evaluation to have an independent assessment of EU support to CMSB and to learn from experience

The evaluation consisted of:

- ✔ 9 Evaluation Questions covering the OECD DAC evaluation criteria
- ✔ Tax literature review
- ✔ Mapping of EU support to CMSB
- ✔ Global interviews with staff of EU HQ
- ✔ Quantitative analysis (Cluster analysis, ANOVA analysis, Review of PEFA scores)
- ✔ E-survey to EU staff
- ✔ 16 case studies covering EU CMSB support in 12 countries and 4 EU partnerships with international organisations active in public finance

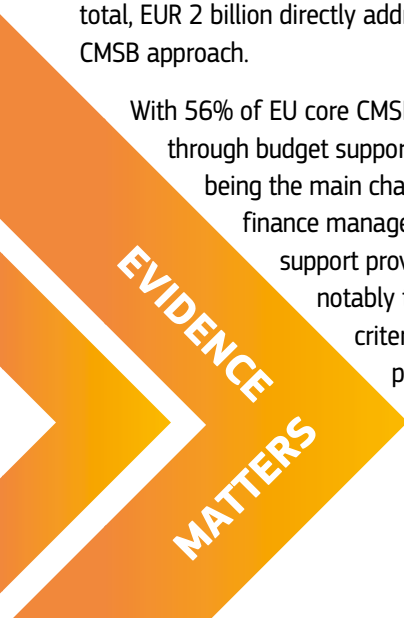
## The EU as a key supporter of PFM systems in developing and emerging countries

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.

building support (44% of EU core CMSB support), implemented either as stand-alone interventions, complementary measures of budget support, or capacity building through international organisations active in public finance. The IMF benefitted from a significant proportion of the EUR 315 million allocated to international partners. These EU contributions were mostly used to fund the Regional and Technical Assistance Centres (RTACs) and thematic trust funds in the field of domestic revenue mobilisation (see Fig.1) .

The EU supported many of the different thematic areas across the wide spectrum of the CMSB approach. It mostly adopted a global perspective covering simultaneously several dimensions of public finance systems, including transparency, external audit and/or the fight against corruption. Beyond that, the EU has devoted more resources to “spending management” (23% of EU core CMSB funding) than to domestic revenue mobilisation (16%). EU support to debt management remained limited (see Fig.2).

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-



\* <https://data.europa.eu/doi/10.2841/37400>

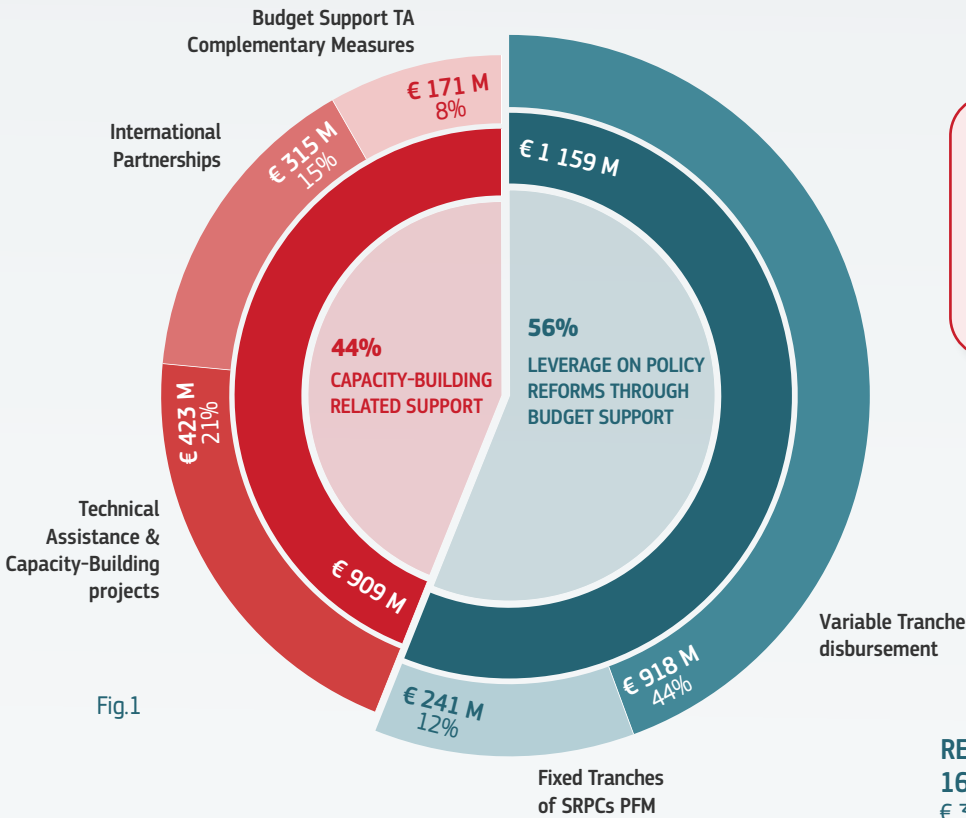


Fig.1

2015-2020  
**TOTAL DISBURSED / CONTRACTED: €2,069 M**

**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

Africa, in particular Western and Central African countries, received the bulk of EU's CMSB funding. Beneficiaries from the Eastern and Southern Neighbourhoods, and, to a lesser extent, EU candidate countries and potential candidates also received significant support.

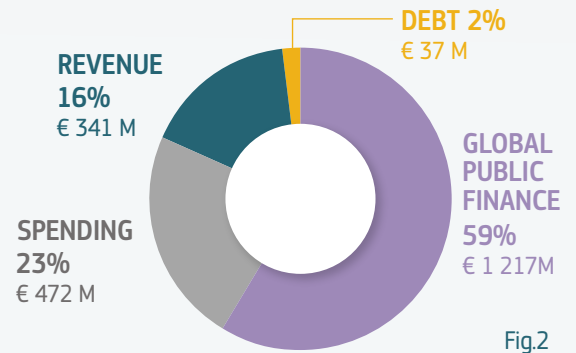
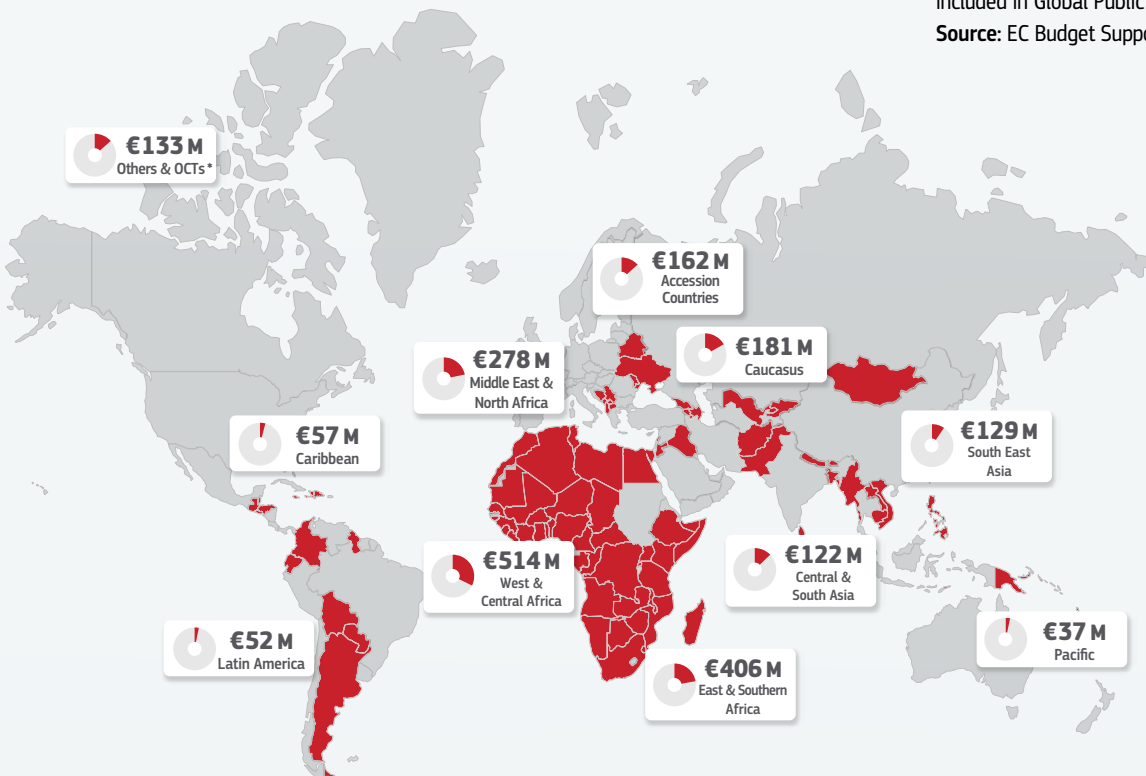


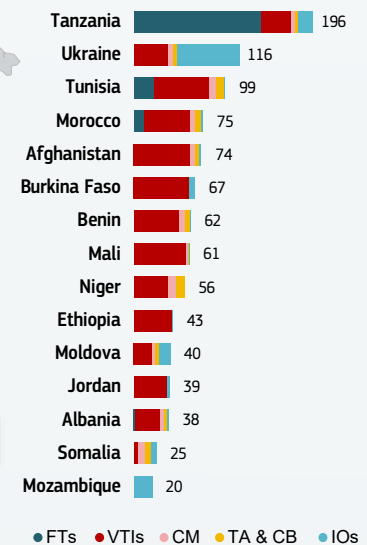
Fig.2

**Note:** the fixed tranches of the 12 Sector Reform Performance Contracts (SRPCs) dedicated to PFM (amounting € 241M) were included in Global Public Finance

**Source:** EC Budget Support database and CRIS



**Top 15 beneficiary countries: € 1,127 M (54 % of total)**



\* € 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

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



# Main findings of the evaluation

**CMSB: A pragmatic and comprehensive approach at the country level.** It was well adapted to different contexts and needs but hindered by the slow pace of PFM reform and implementation.



At the country level, the EU's CMSB approach was not a "one-size-fits-all" approach. The EU considered the contexts, needs and institutional specificities of the beneficiaries, as well as other partner interventions. The EU established close partnerships with beneficiaries, and its support was fully aligned with the strategies, policies and priorities of partner governments. National PFM reform strategies and action plans were largely informed by international diagnoses (e.g. PEFA, TADAT), with the latter providing a solid understanding of the strengths and weaknesses of PFM systems.

Overall, while the EU interventions were highly relevant to the needs identified, their design, especially that of budget support programmes, was often too optimistic regarding the pace of PFM reforms and the leverage effect to be expected from the selected performance indicators (in particular those at outcome level). The EU often underestimated the time needed for partners to make progress on PFM reforms and for reforms to take effect. The short duration of budget support programmes compared to the time needed for reforms did not facilitate a long-term vision being adopted.

At the country level, the EU relied on a wide range of instruments and aid modalities to support Public Finance Management and Domestic Resource Mobilization. It used a mix of technical assistance, technical policy dialogue on PFM, budget support complementary measures and performance indicators for variable tranche disbursement, and increasingly the IMF regional and technical expertise centres - which have been largely funded by the EU. This allowed the EU to adapt its response to specific contexts and partners' needs, including in times of crisis, to tackle complex and multidimensional issues across the wide spectrum of CMSB areas, and to work with a large variety of PFM actors.

Relying on a useful **mix of EU aid modalities and instruments at the country level.**



A wide spectrum of interventions leading to **some dispersion with limited synergies.**



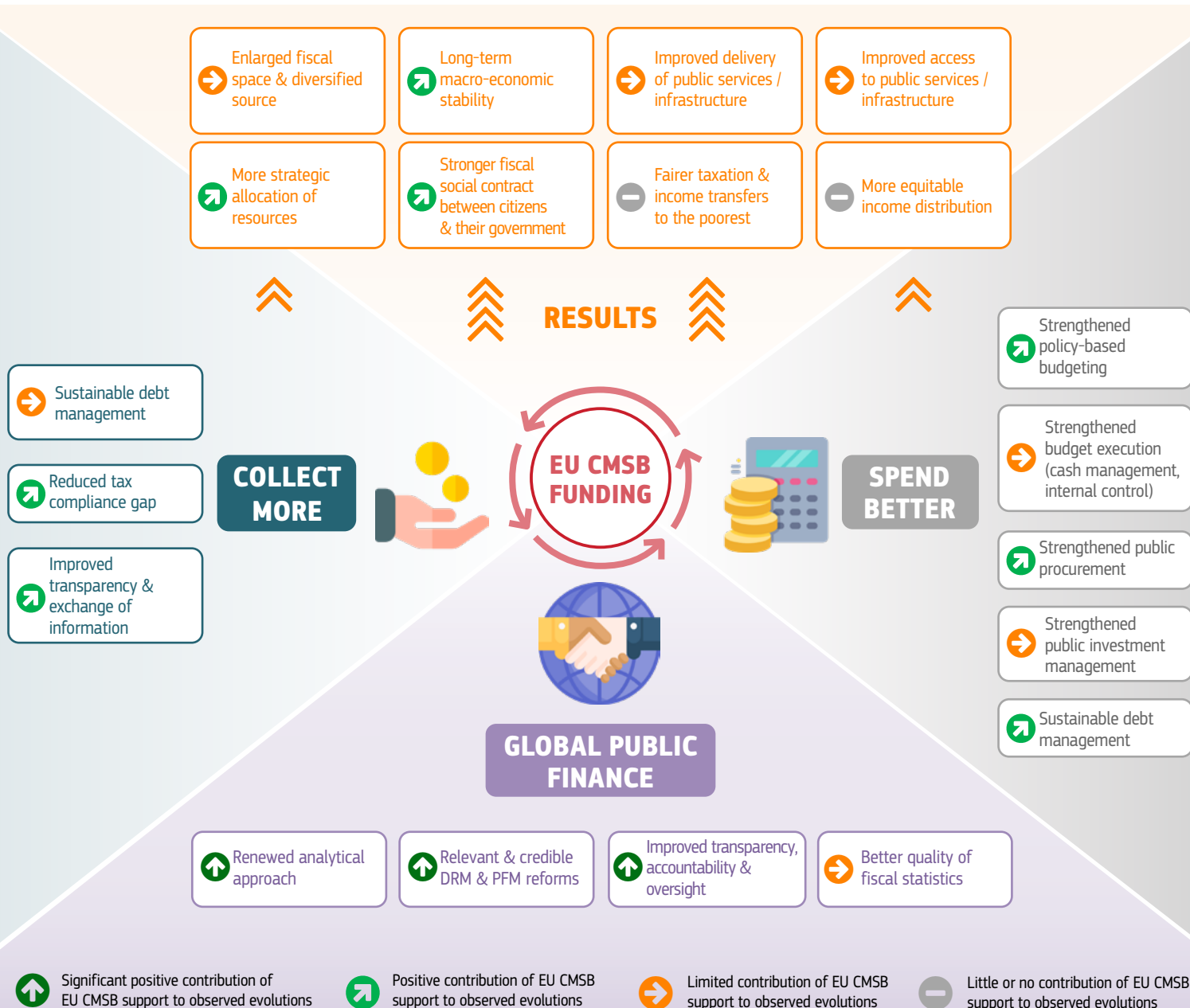
It has not always been an easy task to obtain a clear view of the EU's strategic priorities to support CMSB at the country level. The comprehensive and pragmatic EU approach has often led to an observed dispersion and lack of clear pattern of the EU CMSB portfolio of interventions. The synergies within EU CMSB support, although promising, were still rather timid, both within budget support programmes, as well as between different aid modalities. This was also the case between EU CMSB support and other EU interventions in the field of priority sectors (education, agriculture, social protection). Overall, IMF/WB capacity development operations (partly funded by the EU) were rarely integrated into the rationale of EU support provided at the country level.

By channelling support to international organisations active in public finance, the EU made a significant contribution to increasing overall capacities to support a wide range of CMSB areas. These include debt management, public procurement, anti-money laundering, tax policy and tax administration, international tax governance and cooperation, and the fight against tax evasion. To date, the role of the EU has been more financial. The EU has not sufficiently guided the technical support provided by the IFIs in public finance. Still, the EU increasingly participated in major international fora and became more visible over time.

A growing EU role in implementing a **more joint and coordinated response at the international level**, albeit with limited influence on strategic orientations.



**Main outcomes:** more relevant PFM reforms, including stronger attention to “Collect More”, leading to progress being made in small steps, with slight improvements in the performance of PFM systems.



**The EU’s in-house technical expertise**, especially at the country level, has **not been commensurate** with the ambition of the CMSB approach.

From 2015 to 2020, EU support to public finance management made a strong contribution to the formulation of relevant and wide-reaching approaches to PFM reforms, covering all the pillars of a good PFM system. The CMSB approach shed more light on the “Collect More” strand of public finance. EU-supported DRM reforms led to progress being made in small steps, mainly paving the way for improved tax administration efficiency. Beyond that, the EU contributed to advancing reforms related to transparency, accountability, the fight against corruption and spending management, in particular the adoption of policy-based budgeting, and to roll out PFM reforms in priority sectors.

The performance of beneficiaries’ PFM systems has nevertheless only moderately improved reflecting the complexity of reforms. While EU contributions to outcomes have been visible in terms of macroeconomic stability, countries’ financing patterns have changed little over the last few years, showing no sustainable widening of the fiscal space that would allow an increase in public spending.



# Main recommendations



1

## Strengthening the EU's global strategic approach in the areas of DRM, PFM and debt management

The CMSB approach, linking revenue, spending and debt management more closely should be promoted as the comprehensive framework for EU support to public finance. The importance of consolidating PFM systems in implementing the Global Gateway should be further emphasised. While maintaining a demand-driven approach, the EU would gain from further prioritising support in CMSB areas where it has a comparative advantage (such as in transparency and accountability and in the roll-out of PFM reforms to sector ministries).



2

## Consolidating the EU's approach at the international level and at the country level

The efforts made in developing a joint approach with international partners to supporting public finance should be amplified and rationalized in accordance with the EU's long-term objectives. More space should be given to developing countries to fix the strategic orientations. At country level, adopting a comprehensive and integrated framework encompassing all EU supports to public finance across the aid modalities, should strengthen the overall coherence and leverage of the EU's CMSB portfolio.



3

## Reinforcing effectiveness by strengthening the design and implementation of EU aid modalities under the CMSB umbrella and better addressing political economy issues

As the main modality used to support public finance reforms, the incentive effects of Budget Support programmes should be strengthened in line with a consolidation of policy dialogue at strategic level. This involves ensuring the credibility of PFM/DRM reforms as a condition for budget support eligibility, the relevance of performance indicators and the leverage of complementary measures as well as stronger complementarities with other EU interventions. Addressing political economy issues, duration of reforms and ensuring a strong commitment from the authorities have proven to be key factors in the success of reform support.



4

## Enhancing EU technical capacities and expertise in public finance to support the EU's ambitious approach and improving EU visibility

Staff skills should be adapted to the EU ambition. This means to reinforce internal technical skills on the one hand and to facilitate sustainable access to relevant external expertise on the other hand. In parallel, EU support to public finance at the international and the country levels should be made more visible to all relevant international and national stakeholders (authorities, civil society actors, citizens, international institutions).

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