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## ANNEX

of the Commission Decision on the individual measure in favour of the Republic of Angola, Cabo Verde, Guinea-Bissau, Mozambique, São Tomé e Príncipe and Timor-Leste (PALOP-TL countries) to be financed from the 11<sup>th</sup> European Development Fund

### **Action Document for Programme for Consolidating Economic Governance and Public Finance Management systems in the PALOP-TL (Pro PALOP-TL SAI – Phase II)**

<b>1. Title/basic act/ CRIS number</b>	<i>Programme for Consolidating Economic Governance and Public Finance Management systems in the PALOP-TL (Pro PALOP-TL SAI – Phase II)</i>  CRIS number: MTR/FED/039-765  financed under the 11 <sup>th</sup> European Development Fund (EDF)	
<b>2. Zone benefiting from the action/location</b>	PALOP-TL ( <i>Países Africanos de Língua Oficial Portuguesa e Timor-Leste</i> )  The action shall be primarily carried out at the following location: PALOP-TL countries (Angola, Cabo Verde, Guinea-Bissau, Timor-Leste, Mozambique, São Tomé e Príncipe); the six Portuguese speaking countries from the African, Caribbean and Pacific (ACP) Group of States.	
<b>3. Programming document</b>	Multiannual Indicative Programme (MIP) 2014-2020 for the PALOP-TL countries	
<b>4. Sector of concentration/ thematic area</b>	Priority area 2: Governance Capacity Development	DEV. Aid: YES <sup>1</sup>
<b>5. Amounts concerned</b>	Total estimated cost: EUR 8 093 700  Total amount of EDF contribution: EUR 8 000 000  This action is co-financed by:  - United Nations Development Programme (UNDP) for an amount of EUR 93 700 <sup>2</sup> .	

<sup>1</sup> Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

<sup>2</sup> 100 000 USD – UNDP exchange rate used 0.937.

<b>6. Aid modality and implementation modality</b>	Project Modality Indirect management with United Nations Development Programme (UNDP).			
<b>7 a) DAC codes</b>	Main DAC code – 151 (Government and Civil Society, General) 15111 (Public finances management) 15170 (Women’s equality organisations and institutions)			
<b>b) Main Delivery Channel</b>	UNDP 41114			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	x
	Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	The Programme contributes to human development, specifically to education, knowledge and skills; gender, women empowerment, protection of women and girls’ rights; youth; skills and social inclusion. It also links to Flagships 6 and 10, respectively the EU Resource Transparency Initiative (Eurti) and the Domestic Revenue Mobilisation (DRM) initiative for growth and development <sup>3</sup> .			

<sup>3</sup> [https://ec.europa.eu/europeaid/sites/devco/files/com\\_collectmore-spendbetter\\_20150713\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/com_collectmore-spendbetter_20150713_en.pdf).

<b>10. Sustainable Development Goals (SDGs)</b>	<p><b>Main Goal:</b></p> <p>Goal 16. "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels"<sup>4</sup></p> <p><b>Secondary Goals:</b></p> <p>Goal 5. "Achieve gender equality and empower all women and girls"<sup>5</sup></p> <p>Goal 10. "Reduce income inequality within and among countries"<sup>6</sup></p> <p>Goal 17. "Strengthen the means of implementation and revitalise the global partnership for sustainable development"<sup>7</sup></p>
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## SUMMARY

The **Programme for Consolidating Economic Governance and Public Finance Management Systems (PFMS) in the PALOP-TL (Pro PALOP-TL SAI – Phase II)** covers the second priority area of the 11<sup>th</sup> EDF PALOP-TL MIP: "Governance capacity Development".

The programme intends to **improve economic governance in the PALOP-TL countries**, with a particular focus **on public finance accountability, effectiveness and transparency**. The proposed programme aims to expand and consolidate Pro PALOP-TL SAI's initiatives and successes of South-South and triangular cooperation<sup>8</sup> to continue to promote capacity development, further develop regional dialogue and deliver technical assistance in the above-referred domain.

Within this scope, it is proposed to focus the intervention on three domains for consolidating PFMS, where ongoing cooperation between PALOP-TL countries and the EU has had a positive impact, and has demonstrated the added-value of implementing actions at regional level in this field. The programme seeks to achieve the following results:

- 1) The capacities of governments to ensure fiscal and budget transparency in the PALOP-TL countries are improved.
- 2) The capacities of supreme audit institutions and other relevant external control institutions' to ensure external audit/control over PFMS in the PALOP-TL countries are enhanced.
- 3) The capacities of parliaments and civil society organisations (CSO) to ensure effective legislative oversight and social monitoring of PFMS in the PALOP-TL countries are strengthened.

The programme will develop a facility to support initiatives for capacity development, South-South and triangular cooperation, exchanges of experiences and "peer-to-peer" learning, with a view to fostering transformation in institutions, processes and human resources. The beneficiaries of the programme were identified through the relevant 10<sup>th</sup> EDF programmes (PALOP-TL Regional Indicative Programme (RIP) and National Indicative Programmes (NIPs)), as well as by means of a thorough mapping, analysis and diagnostic carried out along the implementation of the

<sup>4</sup> <http://www.un.org/sustainabledevelopment/peace-justice/>.

<sup>5</sup> <http://www.un.org/sustainabledevelopment/gender-equality/>

<sup>6</sup> <http://www.un.org/sustainabledevelopment/inequality/>

<sup>7</sup> <http://www.un.org/sustainabledevelopment/globalpartnerships/>

<sup>8</sup> The UN's working definition for triangular cooperation is "Southern-driven partnerships between two or more developing countries, supported by a developed country(ies) or multilateral organisations to implement development cooperation programmes and projects".

Pro PALOP-TL SAI between 2014 and 2017<sup>9</sup>, complemented by an ad-hoc mapping consultation process in the six countries in 2016-2017.

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

## 1 CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

The **PALOP – Portuguese speaking African Countries** (Angola, Cabo Verde, Guinea-Bissau, Mozambique and São Tomé e Príncipe) – formally began their South-South bilateral cooperation in the 1970s after their independence. Timor-Leste joined the group in 2007 and the acronym **PALOP-TL** was adopted. Irrespective of its geographic discontinuity, the PALOP-TL countries constitute a cohesive community that shares common institutional practices and cultures, legal frameworks, a common language, history and a long-standing tradition of South-South and bilateral cooperation.

The first MIP of the European Development Fund (EDF) with PALOP was established in 1992 (with Timor-Leste joining as from 2007), thereby launching a fruitful and successful relationship with the European Union, with a particular focus on governance. The PALOP-TL countries have different characteristics in terms of demography, Gross Domestic Product (GDP) per capita and human development. According to the Statistics Agency of the United Nations, the total PALOP-TL population was around 56.6 million in 2015<sup>10</sup>. In terms of GDP per capita, Angola is classified as a medium-high income country while Cabo Verde, São Tomé e Príncipe and Timor-Leste as medium-low income and Guinea-Bissau and Mozambique as low income countries<sup>11</sup>. Cabo Verde, São Tomé e Príncipe and Timor-Leste are countries with average levels of human development while Angola, Guinea-Bissau and Mozambique are ranked as low human development countries<sup>12</sup>. Cabo Verde, Guinea-Bissau and São Tomé e Príncipe are Small Island Developing States (SIDS<sup>13</sup>) with special development challenges.

According to the International Budget Partnership's Open Budget Survey (OBS) results<sup>14</sup>, the **social and external control over the management of public expenditure**, as well as the capacity **for public participation in budgetary processes and budget transparency**, continue to represent a challenge for the efficient management of public finances in the PALOP-TL countries. The December 2017 update of the OBS on budget transparency did not register major improvements in Angola<sup>15</sup>, Mozambique, São Tomé e Príncipe and Timor-Leste. Available Public Expenditure and Financial Accountability (PEFA) measurements<sup>16</sup> are outdated for most of the covered countries, except for Cabo Verde with its latest public version from 2016 and Mozambique (2015 - carried out with the new methodology), but data seem to confirm persistence of challenges to ensure efficient **external audit** and the **legislative scrutiny** of the external audit

<sup>9</sup> Information regarding all actions carried out within the framework of the Pro PALOP-TL SAI can be found at the website (<http://www.propaloptl-sai.org/index.php/en/>), AGORA Portal (<https://www.agora-parl.org/palop/>), YouTube Channel ([https://www.youtube.com/channel/UCqQShed9k1\\_1tQqqduF\\_tcg](https://www.youtube.com/channel/UCqQShed9k1_1tQqqduF_tcg)) and Facebook page (<https://www.facebook.com/propalop.tl>).

<sup>10</sup> 27.9 – Mozambique; 25.1 – Angola; 1.8 – Guinea-Bissau; 1.1 – Timor-Leste; 0.5 – Cabo Verde; and 0.2 – São Tomé e Príncipe.

<sup>11</sup> World Bank Open Data 2016.

<sup>12</sup> Human Development Report 2016.

<sup>13</sup> <https://sustainabledevelopment.un.org/topics/sids>.

<sup>14</sup> Guinea-Bissau and Cabo Verde are not covered – see Baseline Annex to the Logframe for more detailed information. Source: <http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/>.

<sup>15</sup> <https://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/country-info/?country=ao>.

<sup>16</sup> Find more detailed information in Baseline Annex to the Logframe. Source: <https://pefa.org/assessments/listing>.

reports. Meanwhile **disclosure and timeliness of fiscal information, as well as comprehensiveness of the fiscal information included in the expenditure reports**, vary substantially between the measured countries. Data also seem to back the perception that legislative scrutiny of the annual budget law has consistently improved in the PALOP-TL countries measured. However, in January 2018, among all PALOP-TL countries, the **Open Government Partnership** (OGP)<sup>17</sup> has only recorded the formal adherence of the government of Cabo Verde to the Open Government Partnership and principles (Member), without any other relevant steps having been made by this executive. Regardless of the existence of ad-hoc initiatives promoting the openness of the legislature to the public, none of the PALOP-TL countries has an **Open Government Action Plan**, nor an **Open Parliament Action Plan** formally submitted to the partnership which supports the assessments of low parliamentary openness in these countries<sup>18</sup>.

Stronger PFMS can lead to improved delivery of public services and effectiveness of public investment. A well-functioning Public Finance Management (PFM) system is critical for most PALOP-TL countries due to the dominance of the public sector in their economies. The PALOP<sup>19</sup> have public expenditure ratios exceeding 30 % of the GDP, while Timor-Leste<sup>20</sup> have 50 % (International Monetary Fund World Economic Outlook, 2016).

The fundamental challenge to building sustainable and functional PFM systems in PALOP-TL countries is demonstrated by the referred assessments above. The general weakness in PFM is exacerbated by a limited scrutiny of service delivery, investments, and financial management systems by oversight institutions. Institutions such as the Supreme Audit Institutions (SAIs), parliaments (in particular, parliamentary budget committees) and the civil society organisations continue to face considerable constraints to ensure PFM external control, legislative budget oversight and social monitoring of public expenditures due to their limited capacity to scrutinise – although some positive examples can be highlighted (ex. the budget committee in Cabo Verde, the NGO Platform "Budget Monitoring Forum" in Mozambique), which can be used as resources and inspiration for other countries in the region. Furthermore, insufficient data on PFM, transparency/accountability and corruption add to the complexity of PFM-related affairs in most of these countries. Efforts through projects/activities in this field, at national and regional level, continue to be a valuable contribution in addressing such issues.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

Sector and national policy documents highlight a series of persisting challenges and priorities within the area of economic governance in the PALOP-TL countries.

In **Angola**, the "Joint Way Forward"<sup>21</sup> sets out "peace and security" and "good governance and human rights" as two of the eight areas of common interest. The EDF's 2014-2020 NIP<sup>22</sup> has identified work with civil society within its sectors, allowing support to civil society to participate in the formulation and implementation of public policies and budget cycles. With regard to national public policy, members of the new executive branch resulting from the 2017 general elections set out macroeconomic stabilisation and economic growth as the main intermediary objectives to achieve sustainable development in the main policy and strategy documents

<sup>17</sup> OGP is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance.

<sup>18</sup> Find more detailed information in Baseline Annex to the Logframe. Source: <https://www.opengovpartnership.org/participants>.

<sup>19</sup> [http://www.imf.org/external/pubs/ft/weo/2017/02/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=43&pr1.y=13&c=614%2C624%2C688%2C716%2C654&s=GGX\\_NGDP&grp=0&a=.](http://www.imf.org/external/pubs/ft/weo/2017/02/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=43&pr1.y=13&c=614%2C624%2C688%2C716%2C654&s=GGX_NGDP&grp=0&a=)

<sup>20</sup> [http://www.imf.org/external/pubs/ft/weo/2017/02/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=22&pr1.y=18&c=537&s=GGX\\_NGDP&grp=0&a=.](http://www.imf.org/external/pubs/ft/weo/2017/02/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=22&pr1.y=18&c=537&s=GGX_NGDP&grp=0&a=)

<sup>21</sup> "Caminho Conjunto Angola-União Europeia".

<sup>22</sup> [https://ec.europa.eu/europeaid/sites/devco/files/nip-angola-edf11-amended-2016\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/nip-angola-edf11-amended-2016_en.pdf).

(government programme 2017-2022, national development plan 2018-2022 and the programme for macroeconomic stabilisation 2018-2022).

In **Cabo Verde**, the EDF 2014-2020 NIP<sup>23</sup> focuses on the control of public finances considering that "public financial management is well developed, regardless of persistent shortfalls that are being addressed through ambitious reforms carried out by the Executive". The 2014-2020 NIP has identified "the promotion of good governance" through the strengthening of efficiency of the administration, and ensuring "equality among genders" and "reform of public finances management" among its pillars. The National Plan for Sustainable Development 2017-2021 identifies the credibility and sustainability of public finances as a pressing need to tackle the level and limits of the public debt, reliance on external aid, major development challenges and financing for development needs. According to the plan, public finance reform will be pursued, among others, through improving the quality of public expenditure, efficiency and effectiveness in the management of public affairs.

In **Guinea-Bissau**, the EDF 2014-2020 NIP<sup>24</sup> establishes the "consolidation of democratic governance" as one of the three fundamental sectors, and it sets the promotion of reforms aiming at the strengthening of governance (including through the reestablishment of the PFMS, budget transparency and financial reporting) as the main objective for the country. The Guinea-Bissau government establishes the "fostering of economic growth and poverty reduction" as a priority in the second pillar of its programme. These priorities require better and more efficient control of the public finances.

In **Mozambique**, the EDF 2014-2020 NIP<sup>25</sup> selected "good governance and development" as a priority domain of intervention, devoting to it roughly half of the NIP envelope. The PAANE II programme (Support to Non State Actors – 22 000 000 EUR) also foresees a component in support of civil society monitoring of the national budget and public expenditure. The government's 2016-2019 strategic plan for public finances<sup>26</sup> aims, among others, to ensure greater efficiency in public expenditure (in-year and end-year expenditure reports included), while the government's 2015-2035 National Development Strategy recognises that peace, stability and democracy are a pre-requisite for achieving its objectives.

In **São Tomé e Príncipe**, the 2017-2020 European Union Roadmap towards the engagement of civil society<sup>27</sup> establishes the target of a greater participation of civil society in promoting political governance. In the case of **Timor-Leste**, the government's 2011-2030 Strategic Development Plan<sup>28</sup> identifies good governance and a professional, capable and responsive public sector as essential for the delivery of government services and the implementation of the Strategic Development Plan. The plan selects transparency and accountability among key principles to achieve good governance, accountability for results, grievance mechanism systems for citizens, and the proper use of public money in Timor-Leste. The EU's 2014-2020 NIP<sup>29</sup> supports this strategy with a strong focus on public finances.

According to the aforementioned documents, the PALOP-TL countries identify the good management of public finances as one of their priority areas for the promotion of good governance. All the PALOP-TL countries will see their parliaments re-elected between 2017 and 2021. Furthermore, all these countries are engaged in translating the targets set by SDG 5, 10, 16 and 17 into their national public policies.

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<sup>23</sup> Source: [https://ec.europa.eu/europeaid/national-indicative-programme-cape-verde-2014-2020\\_en](https://ec.europa.eu/europeaid/national-indicative-programme-cape-verde-2014-2020_en)

<sup>24</sup> <https://www.gtai.de/GTAI/Content/DE/Trade/Fachdaten/PRO/2016/08/Anlagen/PRO201608025005.pdf?v=1>.

<sup>25</sup> [https://ec.europa.eu/europeaid/national-indicative-programme-2014-2020-mozambique\\_en](https://ec.europa.eu/europeaid/national-indicative-programme-2014-2020-mozambique_en).

<sup>26</sup> [www.mef.gov.mz/index.php/documentos/1178--165/file?force\\_download=1](http://www.mef.gov.mz/index.php/documentos/1178--165/file?force_download=1)

<sup>27</sup> Source: [https://eeas.europa.eu/headquarters/headquarters-homepage/11719/feuille-de-route-de-lue-pour-lengagement-avec-la-societe-civile-2014-2017-sao-tome-et-principe\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/11719/feuille-de-route-de-lue-pour-lengagement-avec-la-societe-civile-2014-2017-sao-tome-et-principe_en).

<sup>28</sup> [http://timor-leste.gov.tl/wp-content/uploads/2012/02/Strategic-Development-Plan\\_EN.pdf](http://timor-leste.gov.tl/wp-content/uploads/2012/02/Strategic-Development-Plan_EN.pdf).

<sup>29</sup> [https://ec.europa.eu/europeaid/sites/devco/files/nip-edf11-timor-leste-2014-2020\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/nip-edf11-timor-leste-2014-2020_en.pdf).

The new European Consensus on Development – "Our World, our Dignity, our Future"<sup>30</sup> and the "Agenda for Change"<sup>31</sup>, strive to contribute to democratic governance, gender equality and opportunities for young people, guided by the principles of democracy, rule of law, equality and solidarity. The United Nations 2030 Agenda for Sustainable Development clearly refers to governance, particularly within the scope of SDG 16 ("Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels") and SDG 5 ("Achieve gender equality and empower all women and girls"), SDG 10 ("Reducing income inequality inside countries and between them") and SDG 17 ("Strengthen the means of implementation and revitalise the global partnership for sustainable development").

The action, in line with the policy documents above, intends to nurture changes and transformations in persons and institutions with an impact on transparency and accountability in the public finances management in the PALOP-TL countries.

### **1.1.2 Stakeholder analysis**

The stakeholder analysis builds on an ad-hoc mapping and on previous sector analyses, in particular the Pro PALOP-TL SAI<sup>32</sup> stakeholders' analysis in the domain of external jurisdictional/technical control<sup>33</sup>, legislative oversight<sup>34</sup> and social monitoring<sup>35</sup> of public finances, including budgetary transparency that remains valid for this action. The analysis is based on independent reports, mainly the Open Budget Survey<sup>36</sup>, the most recent country PEFA exercises<sup>37</sup>, and the Global Parliamentary Report 2017 on "Parliamentary oversight and Parliament's power to hold government to account"<sup>38</sup>, that were used as baselines and further complemented with direct discussions with stakeholders and evidence from the support given between 2014 and 2016.

The action intends to work with rights holders represented by civil society and duty bearers in the three branches of government who are willing and able to support its objectives. Given that public financial management has implications for the entire population, public and private institutions of any given country, **the general target group of the project are citizens and residents of the PALOP-TL countries in their capacity as rights holders vis-à-vis the Executive, Legislative and Judiciary branches of government as duty bearers.**

#### **1) Executive stakeholders: Ministries of Finance - Budget transparency**

The **Ministries of Finance** of Angola, Cabo Verde, Mozambique, São Tomé e Príncipe, and Timor-Leste have all taken steps to implement programmatic state budgets, results-based budgeting/planning and gender-responsive budgets. They are at different stages of implementation, but all need to strengthen their respective capacities in this domain.

In Cabo Verde, Guinea-Bissau, Mozambique, São Tomé e Príncipe, and Timor-Leste the Ministries of Finance have been systematically ensuring the timely publicity of expenditures' end-year and in-year (quarterly) reports – none has been preparing the mid-term report on expenditures. All these countries would benefit substantially from more comprehensiveness and timeliness in these reports, as well as more publicity and accessibility to the wider public.

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<sup>30</sup> OJ C 210 of 30.6.2017.

<sup>31</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Increasing the impact of EU Development Policy: an Agenda for Change, COM(2011)637 final of 13.10.2011.

<sup>32</sup> Implemented by UNDP from December 2013 to December 2017, financed by the EU, under the 10<sup>th</sup> EDF.

<sup>33</sup> <http://www.propaloptl-sai.org/index.php/en/2015-02-23-10-57-51/cabo-verde>.

<sup>34</sup> Idem.

<sup>35</sup> <http://www.propaloptl-sai.org/index.php/pt/plataforma-osc/mapeamento-das-osc-palop-tl>.

<sup>36</sup> <https://www.internationalbudget.org/open-budget-survey/results-by-country/country-info/?country=ao>

<sup>37</sup> <https://pefa.org/what-pefa>.

<sup>38</sup> [http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/parliamentary\\_development/global-parliamentary-report-2017.html](http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/parliamentary_development/global-parliamentary-report-2017.html).

## **2) Judiciary stakeholders: Supreme Audit Institutions (SAI) - External jurisdictional/technical control of PFMS**

All PALOP-TL countries have now a legal framework that enables external jurisdictional/technical control of public finances to carry out the different types of audits (concomitant, financial, performance, ex-ante and ex-post) with clear benefits to the timeliness of the **Supreme Audit Institutions (SAI)** conclusions and decisions. Some of these countries, namely Angola, Mozambique and Guinea-Bissau, would benefit from more independence of the **Heads of the SAI** with regards to the executive, while others such as Mozambique and Timor-Leste would benefit from the institutional autonomy of the SAI (from the Administrative Court and "Tribunal de Recurso" respectively).

In addition, the legal frameworks of all PALOP-TL countries allow for external audit to be carried out in line with the international standards (IPSAS, ISA and ISSAI)<sup>39</sup>, covering revenue forecasting and collection, major public works, public procurement, private-public partnerships, state patrimony, state-owned enterprise sector, among others. It is paramount to continue to foster and develop these SAI capacities in order to be able to fulfil their legal responsibilities and attributions.

Cabo Verde, Guinea-Bissau and São Tomé e Príncipe have recently developed standard operating procedures (SOP) for verifications and "in loco" certification missions to be included in the manual for audits and for the audit report. These SAI need to continue to train their respective staff and auditors to use effectively these SOP to face new challenges linked with the new legal framework on external control of public finance in Cabo Verde, and the persistent legal, institutional and human resources weaknesses in Guinea-Bissau and São Tomé e Príncipe. In Mozambique, the Ministry of Finance developed a system to ensure follow-up by its internal audit unit (Inspectorate General of Finances) of the SAI recommendations and audit results. The other PALOP-TL countries would benefit substantially from similar systems. All PALOP-TL SAI have accrediting **auditors** in SAI-PMF (SAI Performance Measurement framework) with the ability of carrying out capacity assessment and strategic planning exercises autonomously. This was done within the framework of the partnership between the previous Pro PALOP-TL SAI and the OISC|CPLP<sup>40</sup>. Mozambique and Cabo Verde have undergone a SAI-PMF exercise successfully. More auditors need to be trained and more exercises need to be conducted within the SAI PALOP-TL II to ensure regular auto- and "peer-to-peer" evaluations.

All PALOP-TL countries are developing mechanisms to further involve the public in their agenda through websites, public information sessions and institutional audio-visual programmes (radio programme in Guinea-Bissau). Angola has been evolving from an institutional information approach towards a results-based and accountability approach – with its "transparency" TV programme focusing more on the SAI decisions and judgements regarding public managers and institutions' accounts, within the legal framework. This should be the trend in all other PALOP-TL countries and much more is needed to involve the public in the work and agenda of the SAI in the PALOP-TL countries.

## **3) Legislative stakeholders: Parliaments - Legislative budget oversight of PFMS**

**Parliaments** in Angola, Cabo Verde, Mozambique, São Tomé e Príncipe and Timor-Leste have benefitted from coaching and targeted training to staff and Members of Parliament (MPs) from "**budget committees**" to develop methods, tools and skills to ensure effective scrutiny and oversight of revenue collection, public expenditures and accounts. Most of these parliaments have expressed their interest in institutionalising independent parliamentary budget analysis structures

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<sup>39</sup> IPSAS – International public sector accounting standards; ISA – International standards on auditing; ISSAI – International standards of supreme audit institutions.

<sup>40</sup> Organização das Instituições Superiores de Controle (ISC) da Comunidade dos Países de Língua Portuguesa.



and there is an established PALOP-TL community of practices of legislative "budget committees" that has been very dynamic in the past three years. Standardised methods for training and carrying out legislative budget oversight that fits to all PALOP-TL legal and institutional contexts were developed by the Pro PALOP-TL SAI and applied successfully in Cabo Verde and in the PALOP-TL community of practice of legislative budget committees. The budget committees need to be fostered and consolidated, since PALOP-TL parliaments, like most parliaments in the world, remain quite weak in facing the executive to ensure budget oversight and pursue "the power of the purse"<sup>41</sup>.

Parliaments in Angola and Cabo Verde joined Timor-Leste in pushing forward with an agenda for legislative transparency. Parliaments need to lead the advocacy efforts through the planning and implementation of legislative transparency action plans, ensuring that the executives of the other PALOP-TL countries join Cabo Verde in the Open Government Partnership and that a legislative transparency agenda and action plan are adopted in their own countries.

Parliaments should also lead in the advocacy for more responsive budgeting in each of the PALOP-TL countries, among others through a systematised approach to legislative oversight of public expenditure allocated to gender equality. This was done successfully in Cabo Verde with Pro PALOP-TL SAI support, where an in-depth comparative study and mapping were developed<sup>42</sup>. This important baseline needs to be fostered and further developed in all other PALOP-TL countries.

#### **4) Civil Society Stakeholders: Social Monitoring of PFMS**

The PALOP-TL countries are dissimilar in terms of social monitoring of PFMS, irrespective of the incipient and weak engagement of the public in the budgetary processes in all those countries (see the Open Budget Surveys (OBS) for this dimension). Mozambique and Timor-Leste have a more participative **civil society** that has been able to ensure some engagement and feedback from the executive and the legislative. In Angola, the capacity among CSOs varies substantially with very limited interactions with the executive in general terms. São Tomé e Príncipe, Cabo Verde and Guinea-Bissau register incipient efforts in this domain, even if the first of these countries already has some CSOs active on the topic. Recently, a **community of practices for PALOP-TL CSOs**, working on social monitoring of PFMS (many of them also part of the group of PALOP-TL CSO working with the International Budget Partnership (IBP)), was fostered with Pro PALOP-TL SAI support on the basis of joined trainings and conferences for exchanges of experiences, involving other stakeholders of the PFMS and training tools (e-Learnings adapted to classroom training). PALOP-TL CSOs need more capacity development in relevant domains of public finance, but also need to consolidate this community of practices, allowing for more South-South cooperation among the PALOP-TL countries.

The groups above were identified in more detail through an ad-hoc mapping of stakeholders (Jan-Apr 2017), which established a list of 124 entities, grouped by component of the action, including **public institutions and private institutions of public interest ("not for profit"), CSOs, women's and gender equality (and young people) interest groups, Supreme Audit Institutions (SAIs), national parliaments, Ministries of Finance, national/regional/transnational entities/platforms gathering CSO, SAI and/or parliament/parliamentary entities of the Community of Portuguese Speaking Countries (CPLP)**<sup>43</sup> and PALOP-TL. The mapping also comprises **23 academic and higher education**

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<sup>41</sup> The power of the purse is the ability of one group to manipulate and control the actions of another group by withholding funding, or putting stipulations on the use of funds. The power of the purse can be used positively (e.g. awarding extra funding to programmes that reach certain benchmarks) or negatively (e.g. removing funding for a department or programme, effectively eliminating it). The power of the purse is most often utilised by forces within a government that do not have direct executive power, but have control over budgets and taxation.

<sup>42</sup> <http://www.propaloptl-sai.org/index.php/pt/orcamento-sensivel-ao-genero/contexto-geral-igualdade-de-genero>.

<sup>43</sup> The CPLP includes all PALOP-TL countries, Brazil and Portugal.

**institutions** of the PALOP-TL, Brazil and Portugal that were consulted during the identification of this project.

### **1.1.3 Priority areas for support/problem analysis**

The 11<sup>th</sup> EDF PALOP-TL MIP indicates that *"a technical facility response mechanism and innovative solutions (...) will be based on demand and availability of specific expertise between a minimum of two countries and will promote South-South and North-South cooperation (...) deepening cooperation at various levels and/or speed, depending on specific interest existing on key policy areas between PALOP-TL countries"*.

This South-South triangular cooperation and "peer-to-peer" exchanges mechanism for capacity development and technical assistance have been tested and standardised between 2010 and 2017 in various 9<sup>th</sup> and 10<sup>th</sup> EDF PALOP-TL/EU projects (especially the UNDP-implemented Pro PALOP-TL PACE<sup>44</sup> and Pro PALOP-TL SAI). The action intends to harness lessons learned from these initiatives and to consolidate them in a single facility of South-South cooperation for capacity building, technical assistance and South-South triangular cooperation. It also aims to facilitate the sharing of experiences and lessons learned between peers in the context of a Programme for Consolidating Economic Governance and Public Finance Management Ecosystems in the PALOP-TL (Pro PALOP-TL SAI – Phase II). (More detail under point 4.3).

The action concentrates on those priority areas where the grounds for PALOP-TL regional cooperation has already been set up by previous PALOP-TL/EU programmes with the potential to contribute to more accountable and responsive institutions.

All diagnosis and assessments made within the framework of the Pro PALOP-TL SAI, and of direct budget support programmes and EDF NIPs in the PALOP-TL countries, showed that there are:

- i. Improving but persistent **deficits in institutional and individual capacity and independence of SAI and parliaments** to ensure efficient external control of PFM. Both institutions also lack transparency over their own activities and show limited engagement with the wider public. A sub-optimal utilisation of sector/specialised training facilities at regional level was noted.
- ii. **Limited social monitoring/public participation in public finances,**
- iii. **Insufficient cooperation and communication channels** between the different actors of the public finances cycle (Parliament, Courts of Auditors, Ministries of Finance and CSOs), with poor exposure to international standards and practices (especially in remote or relatively isolated countries) and limited capacity to translate good practices in their local/national contexts.

The latest Pro PALOP-TL SAI ROM<sup>45</sup> (14.12.2017) concluded that clear gains resulted from the project's intervention: the capacities of the relevant institutions and actors for PFMS in the PALOP-TL countries were developed in a sustainable manner (all four Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) indicators – efficiency, effectiveness, pertinence and sustainability – were fully met). Notwithstanding these gains and exceptional buy-in from the beneficiaries, evaluations converged in recognising that it is paramount to ensure continuity and broadening the support provided to even out levels of institutional and human capacity achieved by the beneficiary institutions (starting from very different baselines), particularly but not exclusively with regards to the civil society organisations.

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<sup>44</sup> Support to the 2009 - 2011 Electoral Cycles of the PALOP-TL.

<sup>45</sup> Result Oriented Monitoring exercise. (Internal monitoring exercise carried out in development cooperation projects).

These persisting challenges at PFM outcome level, irrespective of the achievements and outputs of specific interventions such as the Pro PALOP-TL SAI, are backed by the International Budget Partnership/Open Budget Survey, most recent country PEFA exercises<sup>46</sup>, the Mo Ibrahim Index for governance in Africa (IIAG 2017)<sup>47</sup>, the United Nations Economic Commission for Africa (UNECA) Report on Governance in Africa (AGRII)<sup>48</sup>, the Global Parliamentary Report 2017 on "Parliamentary oversight and Parliament's power to hold government to account"<sup>49</sup>, as well as by papers published by the World Bank Institute regarding budgetary legislative oversight. It was also confirmed by the consultations organised in the six PALOP-TL countries in 2016-2017.

The action is therefore designed to respond to the interlinked three main challenges highlighted above, to strengthen PFMS in the PALOP-TL countries, by:

- i. **Building capacity of key PFM stakeholders within the Ministries of Finance-** increasing the technical ability of staff to effectively ensure that the basic functions of a good PFM system are respected;
- ii. **Improving the public finance oversight roles of Parliaments, SAIs and Civil Society-** enhancing the capacity of Public Accounts Committees in the parliamentary system, SAIs and of CSOs to tackle constraints to effective engagement in the budget process at national levels;
- iii. **Enhancing policy dialogues and South-South cooperation in the area of PFM** – at the regional and international level.

This approach will contribute to equitable budgets and efficient public expenditure (availability, scope, comprehensiveness and timeliness of fiscal information), improved performance, and stronger accountability.

The capacity of SAI and parliaments (particularly the budget committees) to carry out external audits and legislative budget oversight has been strengthened over the last decade, including through Pro PALOP-TL SAI (2014-2017). However, in the case of parliaments, most of the beneficiary countries have just renewed or are expected to soon renew their electoral cycles (Angola 2017, Cabo Verde 2016, Guinea-Bissau 2018, Mozambique 2019, São Tomé e Príncipe 2018, and Timor-Leste 2017). In the case of Angola, Cabo Verde and Timor-Leste, which have high turnover rates of Members of Parliament, there is a strong need to continually engage in the professional development of parliamentarians in both the budget discussions and the oversight and scrutiny of public expenditure. The action will also promote greater engagement of CSOs and overall public participation in ensuring more efficient checks and balances in the beneficiary countries' PFM systems. CSOs will, as a result, have the capacity to effectively participate in the debate over sector policies and demand accountability to: (a) support parliaments in the task of scrutinising and approving the budget and monitoring its implementation; (b) monitor public expenditure and implementation of public policy; (c) follow-up on SAI audit reports' recommendations and influence their action plans.

## 1.2 Other areas of assessment

N/A.

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<sup>46</sup> See outcome baselines.

<sup>47</sup> Idem.

<sup>48</sup> <https://www.uneca.org/publications/african-governance-report-iv>.

<sup>49</sup> [http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/parliamentary\\_development/global-parliamentary-report-2017.html](http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/parliamentary_development/global-parliamentary-report-2017.html).

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Degradation of the political situation in some beneficiary countries impacting political stability.	M	Consolidating existing regional platforms and offsetting the delays in some countries by developing in others activities open to individual actors from affected countries.
Lack of governments' willingness to provide data on budgetary execution or other relevant data.	M	The political dialogue between the EU and each PALOP-TL and peer pressure for budget transparency, especially in those countries that receive budget support from the EU.
Lack of capacity of beneficiaries to get involved, accompany and appropriate the results of activities of the project.	H	Strong component of technical assistant, to support drafting of annual work plans by the beneficiaries in a participatory way that allows effective responses to the demands and needs through efficient budget appropriations and planning both at national and multi-country levels. Ensure that the project's country coordination committees meet and follow-up the implementation of the activities at national level.
Government instability or change in its composition may alter political priorities.	L	The formulation phase and the project inception phase will allow reconfirming the alignment with the respective national priorities.
Varying levels of capacity between stakeholders from different countries participating in project activities.	H	A training needs assessment will be conducted to verify specific needs specific for new MPs and CSOs.
<b>Assumptions</b>		
The main assumption is that the political climate in the PALOP-TL countries remains stable without serious security problems and that there is stability, continuity of policies and beneficiary institutions in the PALOP-TL countries.		
Through previous interventions, the EU has already supported civil society participation in the monitoring of the budget and this is not seen as a source of risk in terms of the CSOs security or ability to perform that role without harassment from authorities. It is therefore assumed that the same climate of openness will continue in the PALOP-TL countries.		
It is also assumed that the implementation of the programme will be performed with high-quality management and effectiveness in obtaining results.		

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

The action uses as main baseline the lessons learned and the experiences gained from the 10<sup>th</sup> EDF project Pro PALOP-TL SAI, as well as from the EU direct budget support programmes and relevant NIPs initiatives in the PALOP-TL countries. It will build upon the PALOP-TL SAI project's results.

Over 4 000 persons (SAI auditors, staff from the ministries of finance and inspectorate-general of finance, MPs and parliamentary staff, and members of civil society organisations) benefitted from training and capacity development initiatives in the fields of external control, legislative budget oversight, social monitoring of public expenditure and budgetary transparency through the Pro PALOP-TL SAI. A database has been established, taking stock of websites, portals and the LMS (learning management system) platform in the Portuguese language dealing with these questions and also regional platforms (OISC|CPLP, CSO Lusophone networks that nurture fiscal/budgetary openness, the Network of Women Parliamentarians within the context of the CPLP Parliamentary Assembly, among others) that can be expanded and capitalised upon.

According to the two ROM missions<sup>50</sup> on **Pro PALOP-TL SAI** and one mid-term evaluation<sup>51</sup>, the project had a positive, sustainable impact on the Public Finance Management systems in the PALOP-TL countries.

The latest ROM highlighted the following as gains from the project's intervention: (i) cohesive and dynamic PFM communities of practices gathering the Executive branches, parliaments (in particular budget committees and administrations), SAIs and CSOs started to gain ground and tackle important policy and governance matters; (ii) innovative capacity development tools and methods were systematised with strong national ownership; (iii) progress in external control of PFM and budget transparency was made; (iv) strong ownership of the intervention logic and goals, as well as confidence and buy-in from beneficiary institutions with regards to the project's products and management unit (set up by the UNDP Cabo Verde office and with contact points in each UNDP PALOP-TL country offices) were achieved.

Pro PALOP-TL SAI achieved greater openness in Ministries of Finance, Courts of Auditors and parliaments (in particular parliamentary budget committees) and public involvement in the budgetary process as mentioned in the projects' ROM (December 2017). In Angola, in Cabo Verde, in São Tomé e Príncipe, and in Guinea-Bissau, where these relations are still in a more incipient stage and are facing some challenges for various reasons, the project's intervention as a "broker", facilitator and promoter of access to knowledge and good practices was critical. On the other hand, all project evaluations concur in recognising **the need to boost support to civil society and public engagement in budgetary processes** and to further support the executive (Ministry of Finance) in promoting fiscal and budget transparency. For reasons well documented, both domains were not sufficiently developed within the framework of the Pro PALOP-TL SAI.

The evaluations were also consistent in acknowledging the impact and fundamental role of South-South and triangular cooperation, exchanges of experiences and learning among peers, involving the beneficiary institutions and individuals, **as an instrument for capacity building and technical assistance**<sup>52</sup>. The environment created by Pro PALOP-TL SAI based on capacity development, as well as discussion forums, delivered through "peer-to-peer" learning and exchanges of experiences, was considered pivotal in achieving some critical national results and

<sup>50</sup> The 1<sup>st</sup> ROM report was submitted on 20 November 2015 and the 2<sup>nd</sup> ROM draft presented in December 2017.

<sup>51</sup> The mid-term evaluation report was submitted to UNDP Cabo Verde on December 2016.

<sup>52</sup> As also recognised by the EU and the UN in various documents: the Joint Declaration of the VI Brazil-EU (Brasilia, 24 January 2013) summit, in the Charter of Brasilia (annex 6), in the Policy Brief 8 (March 2013) issued by the European Strategic Partnerships Observatory, and by the United Nations Office for South-South Cooperation (UNOSSC) <http://www.unsouthsouth.org/library/publications/good practices in SSStC for sustainable development>.

also for confidence building among the project's stakeholders. The referred evaluations considered that the methodology adopted, i.e. participatory elaboration of country annual work plans with regional activities, enabled the project to promptly respond positively and with flexibility to the beneficiary demands in otherwise closed domains of governance. The United Nations Office for South-South Cooperation (UNOSCC) also highlighted: the innovative role of the Pro PALOP-TL SAI in its use of shared history processes, institutional practices, legal frameworks and cultural ties among these countries; its engagement with the beneficiary institutions in the development of the project, which resulted in their appropriation; the creation and use of online platforms such as AGORA<sup>53</sup>, OISC|CPLP<sup>54</sup> and LegisPALOP; capacity building via peer learning, expert advice and access to cutting edge information and knowledge.

In addition, lessons learnt of the following exchange and cooperation mechanisms were also analysed: the *UNDP Transfer of Knowledge Through Expatriate Nationals (TOKTEN)*, the European Commission's *Technical Assistance and Information Exchange Instrument (TAIEX)*, the *Trade Development Cooperation Agreement Facility* signed between the European Union and South Africa, the *EU-Brazil Support for Sectorial Dialogues* and the *United Nations Volunteer Programme (UNV)*. These experiences demonstrate the advantages of using an approach/instrument/facility based on South-South and triangular cooperation as an effective tool for developing capacities and providing technical assistance.

### 3.2 Complementarity, synergy and donor coordination

The action will act in coordination and synergy with national programmes (financed by the 10<sup>th</sup> and 11<sup>th</sup> EDF, and by other donors, as identified in the donor matrix annexed) and with ongoing PALOP-TL regional programmes. In particular, the Project for Support of the PALOP-TL Economic and Financial Management Training Institute (PAIGEF<sup>55</sup>), implemented by the Government of Angola and designed to improve institutional capacities and human resources in the management of public finances in the PALOP-TL countries, through high level training and the exchange of experiences among countries, will certainly be associated to the action, to maximise the current investment made in these facilities. The LegisPALOP<sup>56</sup> database, now active also thanks to a no-cost cooperation agreement with the Pro PALOP-TL SAI, may serve as an example of the potential synergies to be established.

Furthermore, the beneficiary institutions in the PALOP-TL countries are members of the CPLP, and in their respective sub-regions, they are already members of platforms with a regional or sub-regional scope that promote partnerships and South-South and triangular cooperation across the three domains of the action. More specifically, the action could build on, cooperate and support networks such as: the OISC|CPLP – the Organisation of Supreme Audit Institutions of the Community of Portuguese Speaking Countries; the CPLP Ombudsman network; the AP-CPLP – the CPLP Parliamentary Assembly and its networks of women MPs and parliamentary administrations; and the network of PALOP-TL/CPLP CSOs promoting social monitoring of public expenditure and fiscal openness in the beneficiary countries.

<sup>53</sup> AGORA([www.agora-parl.org](http://www.agora-parl.org)) is a Global Portal for Parliamentary Development jointly implemented by UNDP, International IDEA, the World Bank Institute and the National Democratic Institute. AGORA also works closely with the European Union: the European Parliament's Office for the Promotion of Parliamentary Development is an official Partner to the AGORA project, and the European Commission has made several contributions to AGORA since its launch in 2010. Since its launch at the National Assembly in Paris on 2 March 2010, AGORA has become the leading portal for the parliamentary development community, connecting international organisations, parliamentary development experts and professionals, but also Members of Parliament (MPs), parliamentary staff, Non-Government Organisations (NGOs) and civil society organisations active in the field of parliamentary development.

<sup>54</sup> OISC/CPLP is the organisation of Supreme Audit Institutions of the Community of Portuguese speaking countries. The organisation was created in 1995 and is a member of INTOSAI since 2010 – more information @ <http://www.oiscclp.org/>.

<sup>55</sup> Financed by the EU under the 10<sup>th</sup> EDF and the Angolan national government.

<sup>56</sup> <http://www.legis-palop.org/bd/Home.aspx/CreditosInternacionais>.

During the implementation of the action, partnerships between the implementing agency, the beneficiary countries, and country programme committees will ensure donor coordination of this regional action with country government and donors' programmes, including with EU programmes, especially when drafting and reviewing their annual activity work plans.

To capitalise on the arrangements and relations already established by the Pro PALOP-TL SAI, it is proposed that the action replicate and improve its same coordination mechanism: daily management ensured by the Project Management Unit; coordination and follow-up at the national level ensured by the Country Coordination Committee in each beneficiary country, supported by national UNDP offices, already established in each PALOP-TL countries and active in this field, and supranational oversight at the Project Steering Committee. This mechanism allows complementing and reinforcing efforts undertaken by different partners at national level, avoiding duplication of structures and of activities and overlapping in the implementation of the activities. Project results and activities will be duly reported in the dialogue frameworks addressing PFM performance in countries with EU budget support and through sector coordination mechanisms.

### **3.3 Cross-cutting issues**

#### ***Gender Equality and rights-based approach***

This action abides by the recommendations and targets of national and EU policies, including the EU's *Toolkit on Mainstreaming Gender Equality in EC Development Cooperation*, but also the promotion of gender equality and human rights across all its components such as the EU Gender Action Plans (GAP) and the CPLP Strategic Plan for Equality and Empowerment of Women.

Accordingly, the action will mainstream gender in all of its components, strengthening capacities of PFM actors to advocate for and apply gender-sensitive budgeting approaches, and promoting external control, legislative oversight and social monitoring of public resources effectively allocated and efficiently implemented to promote national gender equality policies and targets. Concerning human rights and RBA (rights-based approach), the action will specifically target the strengthening of leadership and participation of women and youth in the PFM sector and its oversight. Furthermore, the action will apply a RBA, focusing on enhancing participation of rights holders, particularly women and youth, and access to the decision-making process, transparency, accountability and access to information in the sector. Participation of female staff will be promoted for all the capacity building efforts.

#### ***Good Governance***

The action will strengthen the PFM system 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. In this way, the project will contribute towards sustainability of the PFM reform efforts.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

The Action is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 16 (Promoting peaceful and inclusive societies for sustainable development, providing universal access to justice and building efficient, responsible and inclusive institutions across all levels). The Action also holds relevance to bringing about SDG 5 (Attaining gender equality and empowering all women and young females), SDG 10 (Reducing income inequality inside countries and between them) and SDG 17 (Strengthen the means of implementation and revitalise the global partnership for sustainable development). The gender dimension in particular is included through Gender Responsive Budgets and ensuring that there is adequate representation of women in capacity development activities supported by the project. In addition, all countries identified gender-based violence and

inheritance rights as a major development challenges and the project can contribute to addressing them through monitoring of the budget allocated for the implementation of policies related to SDG 5.

**The Overall Objective (OO)** of the project is to **improve economic governance in the PALOP and Timor-Leste.**

**The Specific Objective (SO)** or outcome is: **to improve the performance of PALOP-TL countries on Public Finance accountability, effectiveness and transparency.**

Indeed, the specific objective will be pursued through the operationalisation of a facility, that will allow for: (i) technical support, professional training, follow-up and mentoring in a framework of peer-learning, promotion of sectorial dialogue and interinstitutional South-South and triangular cooperation among, in particular, PALOP-TL, CPLP members and other countries that present good practices, with particular attention to PALOP-TL neighbours; (ii) quick impact support<sup>57</sup> in specific contexts and areas allowing for a "variable geometry" implementation able to provide effective corporate response to evolving and volatile contexts with desirable flexibility without jeopardising the results and budget of the action; (iii) consolidation and enhanced use of a knowledge acquis, database and standardised practices on fiscal transparency in the PALOP-TL countries through studies, conferences, trainings and working groups using cross-fertilisation between professional practices and academic studies and research.

The facility, in order to contribute to this specific objective (outcome), will be responsible to achieve the three following **Expected Results (outputs)**:

O1: The executives' capacities to ensure fiscal and budget transparency in the PALOP-TL countries are improved.

O2: The supreme audit institutions and other relevant external control institutions' capacities to ensure external audit/control over PFMS in the PALOP-TL countries are enhanced.

O3: The capacities of parliaments and CSO to ensure effective legislative oversight and social monitoring of PFMS in the PALOP-TL countries are strengthened.

## **4.2 Main activities**

Under each output, the facility will promote a set of overarching activities aiming to: (1) train and develop skills and capacities (training, technical assistance, peer support etc.), exploiting existing national capacity building institutions as well as bilateral or multilateral agreements and capacity building facilities; (2) promote information dissemination and sensitisation campaigns; (3) promote legal and institutional reforms; (4) carry out procurement and enhancement of Information and Communication Technology (ICT) systems; (5) promote community of practices through a South-South and triangular facility using "peer-to-peer" learning and exchanges of experiences, focusing on the exposure to and domestication of best practices, as triggers for change (see also 4.3). These overarching activities will be customised according to national/institutional needs and strategic documents, in order to provide a local response to local needs, but using global/regional means and channels. More specific activities will be integrated in Annual Work Plans to be developed during the project inception phase, jointly with the direct beneficiaries, in order to reflect regional, national and institutional needs and strategic plans, and in close coordination with national EU and other donors' supported PFM programmes.

**O1:** Activities 1 to 5 above will aim to ensure that the executives of the PALOP and Timor-Leste (in particular Ministries of Finances and Plan) develop skills and capacities for producing and publicising the standard budget documents in line with the international standards and have active

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<sup>57</sup> Quick impact support is small scale, low cost projects planned and implemented within a short timeframe.



and dynamic communities of practices involving the Ministries of Finance and other relevant stakeholders of the PFM systems in the PALOP and Timor-Leste.

**O2:** Activities 1 to 5 above will aim to ensure that the SAI and other relevant external control institutions of the PALOP and Timor-Leste develop skills and capacities for carrying out different types of audit exercises and produce audit reports in line with international standards.

**O3:** Activities 1 to 5 described above will aim to ensure that the MPs, parliamentary staff and CSO members in the PALOP and Timor-Leste develop internal capacities for carrying out oversight initiatives and parliamentary openness, analyse and scrutiny budget and expenditure information, carry out Public Finances social monitoring and simplify public budget information in line with the international standards.

Crosscutting activities promoting gender responsive budgeting, legislative oversight and social monitoring of public expenditures focusing on gender equality will be implemented under each output. External control/audit (mainly through collaborative/coordinated performance audits), legislative oversight and social monitoring of public expenditures focusing on the environment and climate change issues (including relevant national SDG targets) may be implemented transversally.

### 4.3 Intervention logic

The programme's intervention logic builds upon developing the capacities and promotion of dialogue and cooperation amongst the different stakeholders (identified under point 1.1.2), towards a common objective: better allocation, management and use of public finances to effectively deliver public services by governments. Therefore, it adopts an approach to promote good economic and democratic governance by strengthening the capacity of state and non-state actors to oversee and actively participate in the policy-making processes related to the allocation, management and use of public funds for better service delivery.

The action's approach favours the exchange of expertise through virtual and physical mobility mechanisms allowing the strengthening of the capacity of public administration and governance actors. The implementation of previous 10<sup>th</sup> EDF projects, namely Pro PALOP-TL PACE (Electoral cycle support in the PALOP-TL countries) and Pro PALOP-TL SAI between 2010-2017 allowed to design, test, standardise and scale-up South-South and triangular cooperation at institutional level – from electoral management bodies to the relevant stakeholders of PFM ecosystems in the PALOP-TL countries. They built upon the longstanding tradition of bilateral cooperation among these countries at state and institutional level. The projects were able to systematically use these channels to maximise opportunities for "peer-to-peer", learning events, communities of practices promoting exchanges of experiences, access to databases, etc. A facility will continue to develop these mechanisms and is meant to bring about sustainable and effective transformation of targeted individual and collective practices in public administration institutions and environment by:

a) Serving as "broker" and resort to, whenever possible and accepted by the beneficiaries, other **pre-existing mechanisms for South-South and triangular institutional cooperation** (ex. platforms, bilateral or multilateral institutional agreements etc.), thus reinforcing and progressively consolidating these ties into working practices and networks for advice and support.

b) Using **peer learning and exchange** for capacity building whenever adequate, feasible and desirable by the beneficiaries, as the main instrument for technical assistance. As demonstrated by previous PALOP-TL experiences, institutions are keener to trust, open up, seek assistance and retain information and working methods from fellow colleagues in similar environments. This peer learning and exchange will include good practices from non-PALOP-TL countries to expose PALOP-TL countries to other innovative ways of developing their institutions.

c) Promoting **exposure of beneficiaries to established patterns and good international practices** and training with international recognition, thus breaking the isolation some of the institutions may face (especially in more remote areas or in relatively isolated contexts).

d) **Identifying the specific needs** where the action can respond with a regional added value **in collaboration with concerned institutions**, so to have a **flexible tailor-made approach** and concentrate the scarce resources on specific interventions in all of the three key areas, through the establishment of concerted annual work plans.

e) Having a **variable geometry approach**, where countries opt-in and out of selected regional activities according to the needs of their concerned institutions. This will avoid the engagement of participants in irrelevant capacity building activities, and will also allow for a balance among countries, each one having the possibility to be "on the lead/trainer" for some actions, and "learner" for others – a balance that is expected to reinforce the countries' interest and ownership of regional cooperation.

During the 12-month Inception Phase, a complete functional analysis of all the stakeholders will be undertaken through Annual Work Plans (Planos de trabalho anuais) that will build upon the above mentioned lessons learned (and baseline – see point 3.1). These bottom-up work plans will define detailed activities through an inclusive process aimed at identifying capacity gaps against the actual mandate of each stakeholder.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the six PALOP-TL countries represented by the National Authorising Officer of Mozambique, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

### **5.2 Indicative implementation period**

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

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

### **5.3 Implementation of the budget support component**

N/A.

### **5.4 Implementation Modalities**

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

#### **5.4.1 Indirect management with an international organisation (UNDP)**

This action may be implemented in indirect management with the United Nations Development Programme (UNDP) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323.

This implementation entails developing a facility to support and broker initiatives for capacity development, South-South and triangular cooperation, exchanges of experiences and "peer-to-

peer" learning, with the expectation to foster institutional-based, process-based and human resources-based change and transformational dynamics to obtain the three results mentioned under point 4.1.

The project will implement a series of activities that include but are not limited to: capacity building trainings on audit public finance management, workshops and study visits for exchange of experiences and good practices on control of public finances in the PALOP-TL countries; Technical Assistance (TA) for the conception, programming and planning of budget and to reinforce accountability; systematisation of financial reporting norms; acquisition of equipment and TA for accounting systems and information on management and audit of public finances; support to reforms of legal and institutional frameworks in particular in revising laws on State budget and audit offices; sensitisation and information campaigns on legal restructuring of public finance management systems, including promoting budget transparency with fiscal and budget information available to the public, etc.

The entrusted entity will perform annual work plans (Planos de Trabalho Anuais) in the different countries, in consultation with the beneficiary entities to ensure that the concrete activities to be implemented by the project respond to the most pressing needs and strategies of the beneficiaries.

This implementation is justified because various independent evaluations noted UNDP good capacity and track record throughout the implementation of the 10<sup>th</sup> EDF PALOP-TL SAI and PALOP-TL PACE<sup>58</sup> projects, upon which the current action aims to build upon. In particular, through these projects UNDP established a sound knowledge of the context, an open access and fluid working relations with the targeted institutions – trust being an essential element for interventions on domains linked to governance - all of which will ease contacts and allow a faster start-off of activities. UNDP has a physical presence in all six PALOP-TL countries (that can be "activated" when needed), and all PALOP-TL are its members. For these reasons, this option has been indicated by the PALOP-TL as the preferred one during the last Ministerial Meeting in Praia (December 2016) and the last Steering Committee of the PALOP-TL SAI (February 2018).

The entrusted entity would carry out the following budget-implementation tasks:

Recruit the Programme management team; launch, award and follow up the implementation procedures for the provision of services and supplies, overseeing the execution of the Programme, as member of the Steering Committee; Launch, award and follow up the implementation of grants; Establish partnership agreements (and other implementation tools allowed by its rules and regulations) with regional professional organisations, training institutions etc., to be identified during the inception phase of the programme, to run/host some of the activities supported by the facility. Among the potential organisations with already active regional partnerships, that could be enhanced by the Programme are the Institute for Financial and Economic Management (IGEF) (Angola), some of the countries' Lawyers' Bar Association, CPLP professional associations, the Judicial Training Centre (Maputo), the Centre for Creative Leadership/Leadership Beyond Boundaries Programme, the Getúlio Vargas Foundation (FGV) and LegisPALOP, the "Conselho nacional de justiça" in Brazil, the "Centro de Estudos Judiciários" (CEJ) in Portugal etc. UNDP will remain always accountable towards the EU in respect of the implementation of the action.

### **5.5 Scope of geographical eligibility for procurement and grants**

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

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<sup>58</sup> Programme of Support to the 2009 – 2011 electoral cycles of the PALOP-TL countries.

In accordance with Article 22(1)(a) of Annex IV to the ACP-EU Partnership Agreement, the Commission decides that natural and legal persons from the following countries having traditional economic, trade or geographical links with neighbouring partner countries shall be eligible for participating in procurement and grant award procedures: South Africa, Brazil, Australia. The supplies originating there shall also be eligible.

In accordance with Article 20(6) of Annex IV to the ACP-EU Partnership Agreement and with regard to the regional<sup>59</sup> nature of this action, the Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for participating in procurement and grant award procedures: South Africa, Brazil, and Australia. The supplies originating there shall also be eligible.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement, on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

	<b>EU contribution (in EUR)</b>	<b>Indicative third party contribution (in EUR)</b>
<b>5.4.1 Indirect management with UNDP out of which (indicative amounts)</b>	<b>7 600 000</b>	<b>93 700</b>
<i>Output 1 - The executives' capacities to ensure fiscal and budget transparency in the PALOP-TL countries are improved</i>	<i>2 000 000</i>	<i>31 200</i>
<i>Output 2 - The supreme audit institutions and other relevant external control institutions' capacities to ensure external audit/control over PFMS in the PALOP-TL countries are enhanced</i>	<i>2 800 000</i>	<i>31 200</i>
<i>Output 3 - The capacities of parliaments and CSO to ensure effective legislative oversight and social monitoring of PFMS in the PALOP-TL countries are strengthened</i>	<i>2 800 000</i>	<i>31 300</i>
<b>5.9 - Evaluation and 5.10 - Audit</b>	<b>150 000</b>	
<b>5.11 – Communication and Visibility</b>	<b>150 000</b>	
<b>Contingencies</b>	<b>100 000</b>	
<b>Total</b>	<b>8 000 000</b>	<b>93 700</b>

<sup>59</sup> Pursuant to Article 20(6) of Annex IV to Cotonou Agreement, the regional dimension is the only option for EDF-ACP States.

Remuneration of UNDP of 7 % of the eligible direct costs of the Action is included in this amount.

### 5.7 Organisational set-up and responsibilities

The entrusted entity will implement the following management structure:

a) A **project Management Unit**: a small, flexible, dedicated team that administers, manages and monitors day-to-day overall project's activities. This team will be supported by the necessary expertise to be deployed in the other beneficiary countries. The staff would include experts in the different specific domains of the project, and some members should be familiar with UNDP procedures on recruitment, procurement and project execution modalities. The team will be led by a Programme Manager supported by a Senior Advisor and should include a dedicated finance and administration officer to record, process, disburse and report income and expenditures on a regular basis. The Finance Officer works closely with the UNDP Country Office finance professionals. The management team will be working closely with SAI, parliament and CSO participating in the project.

b) A **Country Coordination Committee** for each PALOP-TL, co-chaired by UNDP Country Office and the a representative of the National Authorising Officer (NAO), comprising of the EU Delegation, Parliament (Specialised Committee on public finances), national SAI (Court of Auditors), representatives of the Ministry of Finance and of CSOs involved in the programme. Representatives of other programmes/donors with prominent activities in the sector can be invited to participate in the country coordination committees. This mechanism, facilitated by the UNDP Resident Representatives of the PALOP-TL, would meet as required and in any case no less than twice a year, to discuss the evolving local sector environment, share plans and activities, review progress in planning and implementation of the annual work plans, deliberate issues of common concern, negotiate agreed responses and analyse emerging needs and risks at a national level. This forum would be an important part of local coordination in each beneficiary country, with the emphasis on policy development, collaboration and information-sharing in line with the decisions of the project Steering Committee.

c) A **PALOP-TL Project Steering Committee** to ensure that the project remains on track, on time and within budget. The Steering Committee would meet annually and would be responsible for general oversight of project activities including financial oversight, and approval of funding allocations within the overall budget as recommended by the project's management unit. It should receive regular reports from the management unit and the NAO, approve major activities and expenditures, reach consensus and take decisions in any change in the work plans affecting the project structure and strategy, carry out risk analysis and consider funding for emerging issues. It is facilitated by the project management unit (PMU), which would also provide secretariat services and liaise with the Steering Committee chair (NAO services) in the preparation of agendas, notification to members, reports on the various projects' activities and provision of minutes. The Steering Committee includes representatives from the PALOP-TL beneficiaries of the project (Ministries of Finance, Courts of Auditors and parliament representatives (Specialised Committee on public finances), Civil Society Organisations (CSO)); EU Delegations and NAOs representatives. The Committee may meet physically or virtually (using the recently installed PALOP-TL videoconferences facilities).

### 5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing 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). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed, and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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

## **5.9 Evaluation**

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

The mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to identifying progress in the Programme, analyse performance and formulate recommendations for the second part of the Programme. The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

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

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

Indicatively, two contracts for evaluation services shall be concluded. The mid-term evaluation foreseen during Q9 and the final evaluation foreseen during Q17.

## **5.10 Audit**

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

Indicatively, one contract for audit services shall be concluded at the end of the action.

## **5.11 Communication and visibility**

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

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

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

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

The communication and visibility activities of the Programme shall be integrated and organised in coordination with the PALOP-TL communication plan and its implementation.

## **6. PRECONDITIONS**

N/A.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

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

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verificatio n	Assumptions
Overall objective: Impact	<i>(OO) Improve economic governance in the PALOP-TL</i>	OO 1. World Bank Indicators for Governance: OO 1.1: "Effectiveness of Government", OO 1.2: "Quality of Regulation", OO 1.3. "Control of Corruption" in the PALOP-TL.**  (**) The indicator OO 1.3 above matches with the EU RF Level 1 #4 and #5	Refer to Baseline Annex.	Refer to Baseline Annex.	(1) The Worldwide Governance Indicators (WGI) project - <a href="#">Link</a> ;	
Specific objective	<i>(SO) The Accountability, effectiveness and</i>	SO 1. IBP Open Budget Index: SO 1.1. ("OBI ranking", "Transparency	Refer to Baseline Annex.	Refer to Baseline Annex.	(1) International Budget	1. Timely and effective utilisation of



	<p><b><i>transparency capacities and practices of Public Finance Management Actors in the PALOP-TL are strengthened</i></b></p>	<p>(OBI)",</p> <p>SO 1.2"Budget Oversight by Legislature",</p> <p>SO 1.3. "Budget Oversight by SAI",</p> <p>SO 1.4. "Public Participation in Budget processes";</p> <p>SO2: World Economic Forum Gender Gap Index</p> <p>SO 3: PEFA indicators</p> <p>SO 3.1. "performance of public finances",</p> <p>SO 3.2. "budgeting, reporting",</p> <p>SO 3.3. "external scrutiny" and "audit".</p> <p>SO 4. SDG 16 indicators</p> <p>SO 4.1. indicator 16.6.1.</p> <p>SO 4.2. indicator 16.7.1.</p> <p>(**) All indicators at SO1 and SO3 match with the EU RF Level 1 #13 and EU RF Level 2 #14.</p>			<p>Partnership (Open Budget Survey) - <a href="#">Link</a></p> <p>(2) World Economic Forum Gender Gap Index – <a href="#">Link</a>;</p> <p>(3) Public Expenditure and Financial Accountability - <a href="#">Link</a></p> <p>(4) SDG 16 indicators - <a href="#">link</a></p>	<p>the project deliverables by the beneficiaries</p> <p>2. Implementation of the agreed reform plans and roadmaps progresses in line with the planned timeline</p>
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Output 1	( (01) The executives' Capacities to ensure fiscal and budget transparency in the PALOP-TL are improved	<p>Results:</p> <p>(1) # of staff of ministries of finances trained on budget transparency and PFM (disaggregated by sex, by organisation of origin, by country)</p> <p>(2) # of staff of ministries of finances involved in information &amp; sensitisation campaigns on budget transparency and PFM (disaggregated by sex, by organisation of origin, by country)</p> <p>(3) ICT PFMS procurement to MoF – including hardware, software and IMS</p> <p>(4) # of persons trained through initiatives using South-South and triangular cooperation, "peer-to-peer" learning, exchanges of experiences and good practices on the production and publication of budgets and</p>	<p><b><u>2017:</u></b></p> <p>(1) ANG: 23; CV: 56; GB: 120; MOZ: 830; STP: 80; TL: 0</p> <p>(2) ANG: 0; CV: 0; GB: 244; MOZ: 0; STP: 46; TL: 0</p> <p>(3) ANG: 0; CV: 0; GB: 0; MOZ: 0; STP: 0; TL: 0</p> <p>(4) PALOP-TL: 0;</p> <p>(5) PALOP-TL: did not exist by 2017</p> <p>(6) ANG: 4; CV: 120; GB: 2;</p>	<p><b><u>2021:</u></b></p> <p>(1) ANG: 50; CV: 50; GB: 50; MOZ: 50; STP: 50; TL: 50</p> <p>(2) ANG: 120; CV: 20; GB: 50; MOZ: 120; STP: 20; TL: 20</p> <p>(3) ANG: 1; CV: 1; GB: 1; MOZ: 1; STP: 1; TL: 1</p> <p>(4) PALOP-TL: 300</p>	<p>(1) Websites and other social networks of Pro PALOP-TL SAI; (2) Narrative reports on the progress of Pro PALOP-TL SAI; (3) Evaluation reports on project results; (4) Websites and other social networks of beneficiary institutions in the PALOP-TL; (5) Activity reports of project beneficiary</p>	<p>1. Staff trained by the Action is participating in the respective reforms and able to apply their new skills and knowledge/ results.</p> <p>2. Information systems and other physical systems established are supported with sufficient funding and maintenance personnel.</p> <p>3. The regulations allow enactment of the new gender responsive budgeting, oversight methodology,</p>
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		<p>expenditure reports</p> <p>(5) Available and functional community of practices in the domain of budget transparency involving government officials (in particular from ministries of finances and/or planning)</p> <p>(6) # of government officials trained on Gender responsive budgeting</p> <p>(7) Status of a gender responsive budgeting methodology</p> <p>(8) Status of medium-term expenditure frameworks including gender-responsive budget planning )</p>	<p>MOZ: 4; STP: 3; TL: 0</p> <p>(7) ANG: aware but not endorsed; CV: endorsed; GB: aware but not endorsed; MOZ: aware but not endorsed; STP: aware but not endorsed; TL: not aware and not endorsed</p> <p>(8) ANG: does not include; CV: include; GB: does not include; MOZ: does not include; STP: does not include; TL: partially include</p>	<p>(5) PALOP-TL: At least one community of practices of government officials is functional and dynamic : 30; STP: 30; TL: 30</p> <p>(6) PALOP-TL: All PALOP-TL have endorsed the GRB methodology.</p> <p>(7) PALOP-TL all include or partially include gender-</p>	institutions.	audit manuals and other new PFM external control and oversight products
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				responsive budget planning. .		
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***( O2) The supreme audit institutions and other relevant external control capacities to ensure external audit/control capacity over PFMS in the PALOP-TL are enhanced***

- (1) # of judges, auditors and officials from SAI and other external control institutions trained and accredited on external control/audit of PFMS matters (disaggregated by sex, by organisation of origin, by country)
- (2) # of judges, auditors and officials from SAI and other external control institutions who participate in awareness events carried out by SAI with the project's support on external control/audit of PFMS matters
- (3) ICT PFMS procurement to SAI – including hardware, software and IMS
- (4) # of judges, auditors and officials from SAI and other external control institutions trained through initiatives using South-South and triangular cooperation, "peer-to-peer" learning, exchanges of experiences and good practices on external control/audit of the public expenditures and accounts
- (5) Available and functional

**2017:**

- (1) ANG: 60; CV: 174; GB: 226; MOZ: 26; STP: 60; TL: 7
- (2) ANG: 15; CV: 11; GB: 176; MOZ: 0; STP: 42; TL: 0
- (3) ANG: 0; CV: 2; GB: 0; MOZ: 0; STP: 1; TL: 1
- (4) PALOP-TL: 259
- (5) PALOP-TL: 1 community of practices exists and meets at least once in a year;
- (6) No collaborative performance audits carried out in any two SAI in the PALOP-TL.

**2021:**

- (1) ANG: 120; CV: 100; GB: 150; MOZ: 100; TL: 150
- (2) ANG: 120; CV: 100; GB: 150; MOZ: 100; TL: 150
- (3) PALOP-TL: all have procurement to enhance their ICT systems
- (4) PALOP-TL: 300
- (5) PALOP-TL: At least 3 communities of practice exist and each meets physically or

- (1) Websites and other social networks of Pro PALOP-TL SAI; (2) Narrative reports on the progress of Pro PALOP-TL SAI; (3) Evaluation reports on project results; (4) Websites and other social networks of beneficiary institutions in the PALOP-TL; (5) Activity reports of project beneficiary institutions.

Output 3	(03) The capacities of Parliamentary and CSO to ensure effective legislative oversight and social monitoring of PFMS in the PALOP-TL are	<p>(1) # of MPs, parliamentary staff and members of the civil society trained and accredited in social monitoring of PFMS and analysis/simplification of budget information (disaggregated by sex, by organisation of origin, by country)</p> <p>(2) # of persons participate in report on legislative oversight and social monitoring software and IMS) for legislative openness ICT systems</p> <p>(3) Procurement of ICT systems design to simplify budget and expenditure information (CSO platforms)</p> <p>(4) # of MPs, parliamentary staff and members of civil society that develop skills, tools and methods budget oversight and social monitoring of PFMS and simplified formal mechanisms for dialogue (formal meetings and/or open sessions) between Parliament, Supreme Audit</p>	<p><b>2017:</b></p> <p>(1) ANG: 515; CV: 208; GB: 91; TP: 62; TL: 65</p> <p>(2) ANG: 0; CV: 352; GB: 65; MOZ: 35; STP: 115; TL: 210</p> <p>(3) ANG: 0; CV: 1; GB: 0; MOZ: 0; STP: 1; TL: 1</p> <p>(4) PALOP-TL: 0</p> <p>(5) PALOP-TL: 3450</p> <p>(6) ANG: 0; CV: 0; GB: 0; MOZ: 0; STP: 0; TL: 0</p> <p>(7) ANG: 95; CV: 60; GB: 60; MOZ: 25; STP: 30; TL: 180</p> <p>(8) ANG: aware and endorsed Budget Committee and Women Caucus trained; CV: aware and endorsed Budget Committee and Women Caucus trained; GB: aware but not endorsed Budget Committee and Women</p>	<p><b>2021:</b></p> <p>(1) ANG: 300; CV: 150; GB: 150; MOZ: 300; TL: 150</p> <p>(2) ANG: 500; CV: 300; GB: 350; MOZ: 500; TL: 350</p> <p>(3) PALOP-TL: all All PALOP-TL parliaments use ICT platforms for legislative openness</p> <p>(4) PALOP-TL: at least one ICT system allowing to simplify budget and expenditure information from PALOP-TL countries is available and managed by CSOs.</p> <p>(5) PALOP-TL:4000</p> <p>(6) PALOP-TL: all use formal meetings and/or open sessions</p>	<p>(1) Websites and other social networks of Pro PALOP-TL SAI; (2) Narrative reports on the progress of Pro PALOP-TL SAI; (3) Evaluation reports on project results; (4) Websites and other social networks of beneficiary institutions in the PALOP-TL; (5) Activity reports of project beneficiary</p>	
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		<p>Institutions – Ministries of Finances and the OSC held outside of regiment/legal requirements</p> <p>(5) # of MPs, parliamentary staff &amp; CSO trained on Gender responsive budgeting</p> <p>(6) Status of a gender responsive budgeting legislative oversight methodology</p> <p>(7) Status of enactment of annual budget including gender-responsive budgeting</p> <p>(8) Status of a gender responsive budgeting legislative oversight methodology</p> <p>(9) Status of enactment of annual budget including gender-responsive budgeting</p>	<p>Caucus trained; MOZ: aware but do not endorsed Budget Committee and Women Caucus trained; STP: aware but do not endorsed Budget Committee and Women Caucus trained; TL: not aware and not endorsed not trained</p> <p>(9) ANG:0; CV: 1 (2018 budget); GB: 0; MOZ: 0 ; STP: 0; TL: 0</p>	<p>(7) ANG: 150; CV: 60; GB: 90; MOZ: 150; TL: 90</p> <p>(8) PALOP-TL: all are trained and able to use the methodology.</p> <p>(9) At least 4 PALOP-TL countries enacted state budgets including GRB.</p>	institutions.	
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## 1. IMPACT BASELINE INDICATORS

[32]



## 2. OUTCOME BASELINE INDICATORS

Baseline para o Documento de Acção ProGov PALOP-TL																															
Última actualização: 17/08/2017																															
		Angola					Cabo Verde					Guiné Bissau					Moçambique					São Tomé e Príncipe					Timor Leste				
		Valor	Unidade	Ano	Meta em 2021	Fonte	Valor	Unidade	Ano	Meta em 2021	Fonte	Valor	Unidade	Ano	Meta em 2021	Fonte	Valor	Unidade	Ano	Meta em 2021	Fonte	Valor	Unidade	Ano	Meta em 2021	Fonte	Valor	Unidade	Ano	Meta em 2021	Fonte
(1) Índice Orçamento Aberto (Open Budget Index)	(1.1.) Abertura Orçamental (Fiscal Openness)	81	rank	2015	50-60	OBS	NA	rank	2015	NA	OBS	NA	rank	2015	NA	OBS	72	rank	2015	35-45	OBS	81	rank	2015	50-60	OBS	68	rank	2015	30-40	OBS
	(1.2.) Transparência Orçamental	26/100	Mínima	2015	41-60	OBS	NA	rank	2016	NA	OBS	NA	rank	2016	NA	OBS	38/100	Mínima	2015	41-60	OBS	29/100	Mínima	2015	41-60	OBS	41/100	Limitada	2015	41-60	OBS
	(1.3.) Fiscalizacao legislativa orçamental	20/100	Fraca	2015	40-50	OBS	NA	rank	2017	NA	OBS	NA	rank	2017	NA	OBS	33/100	Fraca	2015	40-50	OBS	40/100	Fraca	2015	40-50	OBS	45/100	Limitada	2015	60-70	OBS
	(1.4.) Controlo externo das despesas públicas pela ISC	33/100	Fraca	2015	50-60	OBS	NA	rank	2018	NA	OBS	NA	rank	2018	NA	OBS	42/100	Limitada	2015	60-70	OBS	56/100	Limitada	2015	60-70	OBS	83/100	Adequada	2015		OBS
	(1.5.) Oportunidades para o público participar no processo orçamental	12/100	Fraca	2015	30-40	OBS	NA	rank	2019	NA	OBS	NA	rank	2019	NA	OBS	2/100	Fraca	2015	30-40	OBS	4/100	Fraca	2015	20-30	OBS	10/100	Fraca	2015		OBS
(2) World Economic Forum Gender Gap Index	(2.1.) Global Gender Gap Index ranks a specific country out of 144 countries for inequalities affecting gender using a set of 4 indicators	117	Rank	2016	60-70	WEF	36	Rank	2016	15-25	WEF	ND	Rank	2016	ND	WEF	21	Rank	2016	20	WEF	ND	Rank	2016	ND	WEF	ND	Rank	2016	ND	WEF
	(2.2.) Economic participation & opportunity	0,643	Score	2016		WEF	0,729	Score	2016		WEF	ND	Score	2016		WEF	0,750	Score	2016		WEF	ND	Score	2016		WEF	ND	Score	2016		WEF
		120	Rank	2016	60-70	WEF	104	Rank	2016	50-60	WEF	ND	Rank	2016	ND	WEF	13	Rank	2016	13	WEF	ND	Rank	2016	ND	WEF	ND	Rank	2016	ND	WEF
		0,565	Score	2016		WEF	0,610	Score	2016		WEF	ND	Score	2016		WEF	0,798	Score	2016		WEF	ND	Score	2016		WEF	ND	Score	2016		WEF
		40	Rank	2016	20-30	WEF	23	Rank	2016	15-20	WEF	ND	Rank	2016	ND	WEF	21	Rank	2016	21	WEF	ND	Rank	2016	ND	WEF	ND	Rank	2016	ND	WEF
	(2.3.) Political empowerment	0,251	Score	2016		WEF	0,343	Score	2016		WEF	ND	Score	2016		WEF	0,361	Score	2016		WEF	ND	Score	2016		WEF	ND	Score	2016		WEF
(3) Indicadores PEFA em Transparência Orçamental, Escrutínio Externo e Auditoria	(3.1.) Quality and timeliness of in-year budget reports (PI24)	ND	ND	2017	B+	ND	B	Grade	2016	A	PEFA	D+	Grade	2014	C	PEFA	B	Grade	2015	B+	PEFA	C	Grade	2013	B	PEFA	C+	Grade	2014	B	PEFA
	(3.2.) Quality and timeliness of annual financial statements (PI25)	ND	ND	2017	B+	ND	C	Grade	2016	B+	PEFA	SA	Grade	2014	C	PEFA	B+	Grade	2015	A	PEFA	D+	Grade	2013	B	PEFA	A	Grade	2014	A	PEFA
	(3.3.) Scope, nature and follow-up of external audit (PI26)	ND	ND	2017	B	ND	C	Grade	2016	B+	PEFA	D	Grade	2014	C	PEFA	C+	Grade	2015	B+	PEFA	C	Grade	2013	B+	PEFA	C+	Grade	2014	B	PEFA
	(3.4.) Legislative scrutiny of the annual budget law (PI27)	ND	ND	2017	B	ND	B+	Grade	2016	A	PEFA	SA	Grade	2014	C	PEFA	C+	Grade	2015	B+	PEFA	B+	Grade	2013	B+	PEFA	B+	Grade	2014	B	PEFA
	(3.5.) Legislative scrutiny of external audit reports (PI28)	ND	ND	2017	B+	ND	D+	Grade	2016	A	PEFA	D	Grade	2014	C	PEFA	C+	Grade	2015	B+	PEFA	D	Grade	2013	B+	PEFA	C+	Grade	2014	B	PEFA
(4) ODS 16	(4.1.) ODS 16.6.1. - Despesas primárias do governo como proporção do orçamento original aprovado, por setor (ou por códigos de orçamento ou similares)	ND	ND	2017	below 20%	ND	ND	ND	2017	below 20%	ND	ND	ND	2017	below 35%	ND	ND	ND	2017	below 20%	ND	ND	ND	2017	below 35%	ND	ND	ND	2017	below 35%	ND
	(4.2.) ODS 16.7.1. - Proporções de posições (por sexo, idade, pessoas com deficiência e grupos populacionais) em instituições públicas (legislaturas nacionais e locais, serviço público e judiciário) em relação às distribuições nacionais	ND	ND	2017	above 25%	ND	ND	ND	2017	above 40%	ND	ND	ND	2017	above 20%	ND	ND	ND	2017	above 40%	ND	ND	ND	2017	above 20%	ND	ND	ND	2017	above 40%	ND
Nota explicativa:																															
(1) Índice Orçamento Aberto (Open Budget Index): o rank é entre 102 países avaliados pelo Open Budget Index - 0-20 (scant or no information); 21-40 (minimal information); 41-60 (some information); 61-80 (significant information); 81-100 (extensive information). Source: <a href="https://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-">https://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-</a>																															
(2.) World Economic Forum Gender Gap Index - 0.00 (imparity); 1.00 (parity)																															
(3.) Indicadores PEFA em Transparência Orçamental, Escrutínio Externo e Auditoria: Cada item é avaliado em 1 de 8 graus (A, B+, B, C+, C, D+, D, D*)																															
Source: ANG - Indisponível para consulta pública; CV 2016 - <a href="https://pefa.org/assessments/cabo-verde-2015">https://pefa.org/assessments/cabo-verde-2015</a> ; GB 2006 (versão 2013 indisponível para consulta pública) - <a href="https://pefa.org/assessment/gw-feb14-pfmp-public-en">https://pefa.org/assessment/gw-feb14-pfmp-public-en</a> ; MOZ 2015 - <a href="https://pefa.org/assessment/mz-2015-pfmp-final-en">https://pefa.org/assessment/mz-2015-pfmp-final-en</a> ; STP 2013 - <a href="https://pefa.org/assessment/st-oct13-pfmp-public-en">https://pefa.org/assessment/st-oct13-pfmp-public-en</a> ; TL 2014 - <a href="https://pefa.org/assessment/pefa-tl-2014">https://pefa.org/assessment/pefa-tl-2014</a>																															
ND - Não Disponível																															
NA - Não se Aplica																															
SA - Sem Avaliação																															