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<u>THIS ACTION IS FUNDED BY THE EUROPEAN UNION</u>

<u>ANNEX 4</u>

of the COMMISSION IMPLEMENTING DECISION on the financing of the Multi-Annual Action Plan for Global Challenges – Partnerships for 2022-2023

Action document for "Collect More – Spend Better" 2022

MULTI ANNUAL PLAN 2022-2023
This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and action plans in the sense of Article 23(2) of NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title **CRIS/OPSYS business reference** **Basic Act**	Global Challenges Partnerships: Collect more - spend better 2022 OPSYS number: ACT-60942 Financed under the Neighbourhood, Development and International Cooperation Instrument NDICI-Global Europe
2. Team Europe Initiative	No
3. Zone benefiting from the action	Global The action shall be carried out at the following location: developing countries.
4. Programming document	Multiannual Indicative Programme Global Challenges Multi Annual Action Programme 2022-2023 for Partnerships
5. Link with relevant MIP(s) objectives / expected results	Objective 2: Stronger economic governance and inclusive societies
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Human Development — Good Governance — Public Finance Management/Domestic Revenue Mobilisation
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG1: End poverty in all its forms everywhere Other significant SDGs (up to 9) and where appropriate, targets: SDG8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

	SDG10: Reduce income inequality within and among countries SDG16: Promote just, peaceful and inclusive societies SDG17: Revitalise the global partnership for sustainable development			
8 a) DAC code(s)	15114 Domestic Revenue Mobilisation 15111 Public Finance Management			
8 b) Main Delivery Channel	OECD INTOSAI/IDI World Bank - 44001			
9. Involvement of multilateral partners	Yes, see 8b)			
10. Targets	☐ Migration ☒ Climate ☐ Social inclusion and Human Development ☒ Gender ☐ Biodiversity ☐ Education ☒ Human Rights, Democracy and Governance			
11. Markers **(from DAC form)**	**General policy objective** @	**Not targeted**	**Significant objective**	**Principal objective**
	Participation development/good governance	☐	☐	☒
	Aid to environment @	☒	☐	☐
	Gender equality and women's and girl's empowerment	☐	☒	☐
	Trade development	☒	☐	☐
	Reproductive, maternal, new-born and child health	☒	☐	☐
	Disaster Risk Reduction @	☒	☐	☐
	Inclusion of persons with Disabilities @	☒	☐	☐
	Nutrition @	☒	☐	☐
	RIO Convention markers	**Not targeted**	**Significant objective**	**Principal objective**
	Biological diversity @	☒	☐	☐
	Combat desertification @	☒	☐	☐
	Climate change mitigation @	☒	☐	☐
	Climate change adaptation @	☒	☐	☐
12. Internal markers	**Policy objectives**	**Not targeted**	**Significant**	**Principal**

and Tags:			objective	objective
	Digitalisation @ digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	☒	☐ ☐ ☐ ☐ ☐ ☐	☐ ☐ ☐ ☐ ☐ ☐
	Connectivity @ transport people2people energy digital connectivity	☒	☐ ☐ ☐ ☐ ☐	☐ ☐ ☐ ☐ ☐
	Migration @ (methodology for tagging under development)	☒	☐	☐
	Reduction of Inequalities (methodology for marker and tagging under development)	☐	☒	☐
	Covid-19	☒	☐	☐
BUDGET INFORMATION				
13. Amounts concerned	**Budget line: 14 02 02 43** Total estimated cost: EUR 121 430 000 Total amount of the EU budget contribution for 2022 : EUR 16 000 000, which is the sum of the **OECD/G20 Inclusive Framework on BEPS and Global Forum** (7 000 000), the **PEFA** programme (5 000 000), the **Supreme Audit Institutions** (2 000 000) and **DMF** (2 000 000) Other contributions (indicative)[1]: EUR 105 430 000 These actions are jointly co-financed by: For the **OECD Inclusive Framework on BEPS and Global Forum**: **(i) OECD Inclusive Framework on BEPS** Budget for the total programme (2022 to 2026): 36 560 000 European Commission (to be committed in 2022): 5 000 000 Other funders: 31 560 000 **(ii) OECD Global Forum** Budget for the total programme (2023 to 2027): 23 600 000 European Commission (to be committed in 2022): 2 000 000			

[1] This amount includes EU contribution only for 2022 and contributions from other partners during the whole respective periods of the five programmes as indicated in the section 13 of the summary table.

	Other funders: 21 600 000 For the total **PEFA** programme (2023 to 2027, Phase 6, indicative[2]): 18 170 000 European Commission (to be committed in 2022): 5 000 000 Other funders (indicative amount)[3]: 13 170 000 For the **Supreme Audit Institutions**: Budget for the total programme (2022 to 2027, indicative amount): 3 000 000 European Commission (to be committed in 2022): 2 000 000 Other funders (indicative amount): 1 000 000 For **DMF III**[4]: Budget for the total programme (2022-2024): 40 100 000 European Commission (to be committed in 2022): 2 000 000 Other funders: 38 100 000
MANAGEMENT AND IMPLEMENTATION	
14. Type of financing	Project Modality **Indirect management:** • **BEPS/Global Forum:** Contribution agreement with OECD • **PEFA:** Contribution agreement with the World Bank • **DMF III**: Contribution agreement with the World Bank **Direct management** • Supreme Audit Institutions: Direct grant with **INTOSAI/IDI**

1.2 Summary of the Action

The 'Global Challenges' programme of NDICI-Global Europe covers the global and multilateral dimension of the EU's action to implement its political priorities. It aims to strengthen the EU as a global actor in the delivery of the United Nations' 2030 Agenda for Sustainable Development and the Paris Agreement to help eradicate poverty, reduce inequalities, and achieve sustainable development. In line with the 2030 Agenda, the European Consensus on Development and the European Commission's geopolitical priorities, it will support global actions contributing to the objective of 'a stronger Europe in the world'. The actions will also further good governance and transparency which are together one of the basic principles of the Global Gateway. Public Finance Management, Domestic Revenue Mobilisation and Debt Management, as well as macro-economic stability constitute key enablers for this new European Strategy.

Implementing the 2030 Agenda for Sustainable Development requires sound domestic public finance systems. The Global Recovery Initiative, as proposed by Commission President von der Leyen in May 2020, links debt relief with sustainable investment for the attainment of the SDGs and makes a strong case for the recovery to be green, digital, just and resilient. This will require fiscal space. Domestic Revenue Mobilization, Debt Management, and

[2] The amounts are indicative and need to be confirmed. Furthermore, the budget is based on an exchange rate of 1.092 EUR/USD (April 6, 2022).
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better Public Finance Management will help creating it.

Domestic revenue is the most important source to finance the SDGs. It has become an international policy priority reflected in the International Conference of the Financing for Development, the Addis Ababa Action Agenda (AAAA), the Agenda 2030 and the SDGs (10.4, 16.4, 17.1). It is equally well anchored in the Commission's staff working documents, such as "Collect more – spend better". The Addis Tax Initiative (ATI) kept domestic revenue mobilisation (DRM) centrally on the political agenda since 2015, fostering collective action for support of developing partners' capacities to mobilize taxes and duties. The ATI Declaration 2025[5], launched in April 2021 promotes fair and efficient tax systems in developing countries that benefit societies and economies by supporting investment and economic growth, strengthening gender equality, protecting the environment, and reducing inequalities. Digital instruments and the digital economy are also playing an ever stronger role in the mobilisation of domestic resources.

Debt sustainability has been a key concern for sustainable development, even before the COVID-19 crisis. As the crisis unfolded, it became clear that debt problems could become an obstacle to the achievement of SDGs in many countries. The economic consequences of the war in Ukraine are also likely to exacerbate already precarious debt problems. The proposed action on debt focuses on increasing debt transparency and management, which is a critical element of debt sustainability, capacity management, accountability and coordination among debtors and creditors.

Public Financial Management (PFM) is instrumental in the achievement of broader development objectives: macroeconomic stability, efficient resource allocation, and service delivery. Good PFM ties together available resources, delivery services, and the achievement of government policy objectives. It is key to ensure that revenues are collected efficiently and used appropriately and sustainably. PFM is essential to fiscal discipline, the strategic allocation of resources, and efficient service delivery.

Bearing this context in mind, we propose the following actions for 2022:

The OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) comprises 141 countries and jurisdictions cooperating on 15 actions to tackle tax avoidance. It aims to equitably redistribute profits from MNEs to countries worldwide with special attention given to developing countries. A historic two-pillar deal on reforming international taxation was struck in November 2021, with 136 countries joining, representing more than 90% of global GDP and 75% of the world population. Pillar 1 foresees a fairer distribution of profits and taxing rights among countries with respect to the largest and most profitable multinational enterprises. Pillar 2 introduces a global minimum effective corporate tax rate set at 15%. While some aspects are still under negotiation, an ambitious implementation timetable foresees the passing into law in 2022 and taking effect in 2023. Partner countries will need support during this process.

The Global Forum on Transparency and Exchange of Information for Tax Purposes aims to improve transparency and exchange of data and information between tax administrations to reduce tax evasion, an important part of illicit financial flows (IFFs). It has become the key international body working on the implementation of the international standards on tax transparency. The Global Forum promotes two types of standards for exchange of information, namely, one to facilitate the cross-border exchange of tax-relevant information and one to enable an automatic exchange of information on the financial accounts of non-residents.

The **PEFA (Public Expenditure and Financial Accountability) Framework:** PEFA is a multi-donors initiative to help governments achieve better budgetary and fiscal outcomes by providing a comprehensive framework to measure and monitor PFM performance. In the last two decades, PEFA has emerged as the standard diagnostic tool to inform PFM reforms applied more than 500 times in over 150 countries. PEFA was created through a joint initiative by seven international development partners, namely the European Commission, the International Monetary Fund, the World Bank, and the governments of France, Norway, Switzerland and the United Kingdom. These initial partners were joined in 2019 by the governments of Slovakia and Luxembourg.

[5] Source: https://www.addistaxinitiative.net/sites/default/files/resources/ATI%20Declaration%202025.pdf

Supreme Audit Institutions (SAI): Strengthened SAIs contribute to improved transparency, accountability and oversight of public finance governance and public service delivery. Through their audits, SAIs identify key areas for improvement in public financial management and service delivery, and enable the parliaments as well as civil society to hold governments accountable for their performance. The GSAI programme aims to stimulate scaled up support to the most challenged SAIs globally, in particular SAIs in political unstable or fragile environments.

Debt Management Facility (Phase III): The action aims to further strengthen capacity building in debt management to reduce debt-related vulnerabilities and improve debt transparency. Recognizing the importance of strengthening debt management in low and lower middle-income countries, DMF was launched in 2008. For a decade, the DMF has been supporting capacity building and reform implementation on debt management in over 80 countries, and has become an internationally recognized global program. DMF in phase III seeks to provide customized advice on sovereign debt management through the design and application of analytical tools, provision of tailored advisory services, and dialogue on debt issues among different stakeholders.

2 RATIONALE

2.1 Context

Good Governance and transparency is one of the basic principles of the Global Gateway. Public Finance Management, Domestic Revenue Mobilisation and Debt Management, as well as macro-economic stability constitute key enablers for this new European Strategy to deliver sustainable and high-quality projects, taking into account the needs of partner countries and ensuring lasting benefits for local communities. This will allow EU's partners to develop their societies and economies, but also create opportunities for the private sector to invest and remain competitive, whilst ensuring the highest environmental and labour standards, as well as sound financial management.

Already before the COVID-19 crisis, many partner countries had tax to GDP ratios of less than 15%, often considered a minimum to finance basic social services that are fundamental for more equal societies and for well-being of the whole population, particularly for women and for groups that are living in vulnerable situations. Tax evasion and tax avoidance are depriving partner countries from necessary revenues. The transparency standards, exchange of information and the agenda on addressing Base Erosion and Profit Shifting are an important pillar to counter this trend also linked with illicit financial flows.

The globalised economy depends ever stronger on the use of digital instruments. They play a dual role , as enablers of rapid transactions as well as being a vibrant axis of services and economy.

Effective institutions and systems of public financial management (PFM) play a critical role in implementing national policies on sustainable development and poverty reduction. Oversight over PFM and governments' actions by the respective external audit institution and by civil society lead to greater transparency and accountability. Effective oversight also contributes to improved efficiency and effectiveness in the delivery of public goods and services. During the pandemic, structural weaknesses of fragile countries exacerbated and independence as well as the professional capacity of supreme audit institutions was threatened in some countries.

Moreover, the COVID-19 crisis has led to a higher sensitivity at the international level to address the issue of debt sustainability. 55% - 38 out of 69 - of LICs are now in debt distress or high risk of. While the health crisis is still not over, the war in Ukraine is a huge shock to the world economic and financial system. Rising energy prices and supply disruptions have further pushed inflation which was already running high in many emerging market and developing countries. Global growth expectations are being lowered for 2022. Fiscal space is limited while substantive spending needs for health and social support remain.

The proposed actions are part of a wider approach to create fiscal space under the "Collect more spend better" agenda, while adapting it to the recovery circumstances and the Commission's priorities of a green and digital transition. Enhanced domestic revenue mobilisation is also an important element in the context of the work on Integrated National Financing Frameworks (INFF).

Although not a Team Europe Initiative, all four actions provide strong potential to create an enhanced Team Europe spirit. The actions facilitate regular consultation, technical assistance, and coordination at a global and the country level. This provides ample opportunities to promote both EU interests and visibility through closer coordination and alignment with the goals outlined above.

2.2 Problem Analysis

All countries need to intensify their efforts to improve domestic revenue mobilisation, debt management, and public finance management in order to implement nationally owned sustainable development strategies.

The mobilisation and effective use of **domestic public finance** provides by far the largest and most stable source available for financing sustainable development. Effective domestic public finance management is also part of the social contract between a government and its citizens, women and men, including those that are living in vulnerable and marginalised situations, whereby citizens pay in exchange for the services that government provides for citizens. It is essential for the well-functioning of the state and the provision of equitable and affordable public goods in line with economic and social goals.

The two pillar international tax deal of November 2021 has an ambitious implementation agenda for which partner countries need support. The tax good governance standards under BEPS and in relation to transparency and exchange of information are also part of the criteria under the non-cooperative tax jurisdiction listing. Supporting partner countries in reaching the commitments undertaken both increases prospects for additional DRM as well as lowers the risk of being listed.

At the same time, countries need to strengthen their effort in **debt transparency and management**. This increases the confidence of investors as well as of countries' populations. Many of our partner countries need continued support to be able to increase transparency, while having an ever more complex debt portfolio. By increasing confidence, transparency lowers borrowing costs and facilitates debt re-negotiations, if necessary.

The four actions under the present programme will contribute to enhance domestic revenue mobilisation and debt transparency, improve public finance management, and support an effective, fair and transparent use and implementation in developing countries:

1. The OECD/G20 Inclusive Framework for International Cooperation on BEPS and the Global Forum on Transparency and Exchange of Information for Tax Purposes
2. The Public Expenditure and Financial Accountability (PEFA) Programme
3. Supreme Audit Institutions – Global SAI Accountability Initiative
4. The Debt Management Facility – Phase III

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The participating governments of partner countries are the duty-bearers of the action and rights-holders are people in targeted partner countries. CSOs will be involved as key stakeholders.

The **OECD Inclusive Framework on BEPS** collaborates with 141 countries and jurisdictions and counts on support from the G20. The **Global Forum** counts more than 150 countries and jurisdictions as members.

For the **PEFA programme**, The PEFA Steering Committee is composed of its donors partners, the IMF, World Bank, and the governments of France, Norway, Switzerland, the United Kingdom, the Slovak Republic and Luxemburg.

The key stakeholders of the GSAI programme are **Supreme Audit Institutions** and the INTOSAI/IDI (International Organization of Supreme Audit Institutions/ development initiative) which is managing the initiatives supported by this programme, funded by a number of donors. INTOSAI counts 196 full members, as well as five associate members and two affiliate members. The INTOSAI Development Initiative (IDI) is a not-for profit, autonomous implementing body. IDI is mandated to support Supreme Audit Institutions (SAIs) in developing countries to sustainably enhance their performance and capacity.

The key stakeholder of the **Debt Management Facility** are first and foremost the World Bank Group hosting the DMF Secretariat and the IMF managing the facility's activities together with the Bank. DMF counts on implementing partners, such as the Debt Management and Financial Analysis System Program of the United Nations Conference on Trade and Development (UNCTAD/DMFAS), the Debt Management Section of the Commonwealth Secretariat (COMSEC), Debt Relief International (DRI), the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), the West African Institute for Financial and Economic Management (WAIFEM), and the Agence UMOA Titres (AUT).

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is:

Improve the governance of partner countries in particular public finance management on both, the revenue and expenditure side

The Specific Objectives are:

For the **OECD** action **- Inclusive Framework on BEPS** and the **Global Forum**:

1. OECD BEPS/Inclusive Framework Developing countries are committed to and effectively implement international anti-tax avoidance measures
2. OECD Global Forum: Developing countries are committed and effectively implement tax cooperation measures to prevent tax evasion and avoidance.

For the **PEFA** programme:

3. PEFA: PFM systems improved at national and subnational levels
4. PEFA Gender and climate budgeting promoted

For the **Supreme Audit Institutions**:

5. Supreme Audit Institutions capacitated to improve their performance in politically unstable and challenging environments

For the **DMF**:

6. Strengthened debt management capacity to reduce debt-related vulnerabilities and improve debt transparency.

The **expected outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

For the **OECD Inclusive Framework on BEPS** and the **Global Forum**:

1.a OECD BEPS Framework: Developing Countries are capacitated to legally and practically implement the two-pillar agreement on corporate taxation and the other anti-BEPS standards.

2.a Global Forum: Developing countries are capacitated to effectively implement the international standards on transparency and exchange of information for tax purposes

For the **PEFA** programme:

3.a PEFA Analysis of strength and weaknesses of PFM system by PEFA products and reports provided for users at central and subnational level. Monitoring of PFM reforms PEFA remains relevant to the PEFA users from central and subnational governments.

4.a Partner countries capacitated to analyse gender and climate dimensions in their PFM systems

For the **Supreme Audit Institutions**:

5.a Effective capacity development programmes for SAI in challenging situations are developed and facilitated
5.b Good practices for strategic change management, gender equality, inclusion and diversity are shared and used

For the For the **DMF**:
6.a Enhanced debt management reform roadmap and stronger debt management and cash management structures
6.b Enhanced government capacity to conduct debt sustainability analysis and efficiently manage public debt.

3.2 Indicative Activities

For the **OECD inclusive Framework on BEPS** and the **Global Forum**:
BEPS Framework:
- Assistance to support domestic legislative changes and practical implementation of developed international anti-BEPS standards.
- Training on the requirements of Pillars 1 and 2 (OECD Framework) and in-depth seminars on specific aspects
- E-learning and other knowledge resources

Global Forum:
- Communication on the benefits of tax transparency (including the profile of the country in terms of capacities to implement the standards and the exposure to tax evasion)
- Development knowledge tools (toolkits, e-learning and self-paced learning, templates, tools, guidance, models)
- Training, workshop and seminars (virtual/in-person; regional/in-country; level-based), including Train the Trainer, Women Leader in Tax Transparency, ISM network
- Pilot projects
- Technical assistance (induction programmes, tailored assistance, pre-membership assistance; remote and on-site support with policies, processes and their implementation

For the **PEFA** programme:

- Strengthening and maintenance of PFM performance assessment tool and supplementary frameworks
- Digital content management, knowledge, and communications on PEFA and PFM
- PEFA Mainstreaming the Gender module with an estimated pipeline of at least five assessments every year
- Consolidate and promote the module assessing climate responsive PFM (PEFA Climate) Reinforce quality assessments
- Continued knowledge sharing and research on PFM reforms

For the **Supreme Audit Institutions**:
- Effective SAI capacity development programmes are developed and facilitated
- Global Public Goods (methodologies and analytical results) are disseminated
- Capacity for Advocacy and communication for independence of SAIs is maintained and strengthened

For the **DMF:**
- Capacity building activities (in a broad range of technical areas in debt management), including the design and application of tailored advisory services (including for the design of debt management reform plans) as well as technical assistance
- Applied analytical works
- Development of knowledge products on topics of debt and risk management covered by the DMF
- Trainings, workshops, webinars and peer-to-peer learning on topics covered by the DMF

3.3 Mainstreaming

Environmental Protection & Climate Change
No SEA, EIA (Environmental Impact Assessment) or CRA (Climate Risk Assessment) are required in accordance to the environment and climate risk screening.

Still, the creation of fiscal space and solid PFM is key when liberating resources that are necessary to address measures for climate change adaption and mitigation. The **PEFA** assessment tool, the main product of the PEFA programme, has particularly developed a supplementary framework during the previous Phase to assess how countries' PFM systems take into account climate change aspects, which will be further promoted.

Gender equality and empowerment of women and girls
The Commission will promote this aspect as part of its role in the Steering Committee and through work planning. Regarding the **PEFA** programme, a supplementary framework has been developed to assess how countries' PFM systems take into gender equality aspects. This framework will be further rolled out in phase 6. As part of the GSAI programme, **SAIs** participate in gender-responsiveness training and integrate this in their own HR strategies. Also, SAI are coached in audit methodology to integrate gender awareness into audits and conduct gender / equality related audits.
Gender equality is an integral part of the programme and one of the prioritized areas where the programme will share good practices with providers and offer support to the SAIs across the countries. How the SAIs lead by example in the areas of gender, inclusion and diversity are expected to be addressed when advising SAIs in strategic and HR-management. Support to audit of gender related issues will also be offered. The GSAI programme will also seek gender balance and encourage greater participation of women as resource persons and participants in the country projects.
In relation to **Global Forum**, the Women Leader in Tax Transparency programme will be supported.

Human Rights
The European Commission proposed a dedicated component under the umbrella of the thematic Global Public Goods and Challenges programme which aims at enhancing sound domestic public finance systems and foster effective environmentally and gender and socially responsible domestic revenue mobilisation and use in developing countries. This yields a direct positive impact on governance and the progressive realisation of human rights.

Democracy
A better oversight of PFM and governments' actions by the respective external audit institution and by civil society lead to greater transparency and accountability, which directly fosters democracy. Better availability of reliable debt data helps increase domestic scrutiny of borrowing, again contributing to democratic accountability.

Corruption
Tax reforms enhance fiscal space and tax revenues when corruption control is more effective. There is growing evidence that countries that benefit the most from tax reforms are those that prove enough ability to control corruption.
Good oversight over the budget and its executions through high quality and relevant external audits has a strong dissuading effect on corruption.

Other considerations if relevant
Poverty reduction: Effective institutions and systems of public financial management (PFM) play a critical role in implementing national policies on sustainable development and poverty reduction.
Digitalisation: The importance of the use of digital instruments and the role played by the digital economy is recognised. Digitalisation will be considered and mainstreamed wherever relevant.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood	Impact	Mitigating measures

		(High/ Medium/ Low)	**(High/ Medium/ Low)**	
General Risk All actions	Risk 1 Insufficient integration of gender equality and lack of gender sensitivity and responsiveness regarding the implementation of the actions.	**L**	**M**	The PEFA programme will mainstream gender module with an estimated pipeline of at least five assessments every year. Gender equality is an integral part of the GSAI programme. This is one of the prioritized areas where the programme will share good practices with providers and offer support to the SAIs across the countries. Implementation will be monitored closely by the contracting authority
General Risk All actions	Risk 2 Lack of climate and environmental aspects integrated into the action.	**M**	**M**	The PEFA programme covers a supplementary module assessing climate responsive PFM (PEFA Climate), Climate and environmental questions will be part of the support to audit capacity offered in the GSAI programme. The programme will also seek to minimize the need for flights, by actively using videoconferencing and ICT-tools for communication and support.
OECD BEPS	Risk 3a Developing country voices marginalised in Inclusive Framework in negotiations on the finalisation of the Two-Pillar Solution.	**H**	**M**	Many of the aspects of the programme are designed to mitigate this risk – the regional meetings, cooperation with regional tax bodies, mentoring, training etc. The Inclusive Framework has already agreed to appoint a co-Chair from a non-OECD developing country.
OECD BEPS	Risk 3b Developing countries feel pressurised into joining the Inclusive Framework/Two-Pillar Solution.	**M**	**L**	In addition to ensuring that communication around the Inclusive Framework does not pressure developing countries involving Regional Tax Organisations (RTOs) and other objective organisations in communications. Technical support will be available to countries outside of the Inclusive Framework.
OECD BEPS	Risk 3c Tax authorities in partner countries	**H**	**M**	These risks can largely be mitigated by ensuring that support is only given to tax authorities where senior backing has been given and by proceeding with technical

	receiving assistance have insufficient capacity or technical skills to implement recommendations, or that the necessary senior management support is absent.			support in a properly diagnosed, planned and sequenced manner on a case-by-case basis to maximise impact.
OECD Global Forum	Risk 4a A lack of interest or commitment from participating tax administrations to pursue and implement strategies to comply with the EOIR standard	**M**	**H**	A high level dialogue on the implementation the tax transparency standards with the authorities will be required.
PEFA programme	Risk 4b The increasing complexity of PFM systems could make assessment tools heavy, long and expensive	**M**	**M**	The PEFA secretariat and Members of the Steering Committee have developed and are piloting the Agile PEFA, a simplified methodology that could be adapted for small countries or repeated assessments.
PEFA programme	Risk 5a Quality assurance needed to implement the tool is not guaranteed resulting in a loss of credibility of the tool.	**L**	**M**	It needs to be guaranteed that sufficient resources are spent on the implementation of the tool. This risk has been reduced to nil during the last PEFA steering Committee (20-21 June 2022) where the Programme Document for Phase VI of the PEFA initiative has been fully endorsed by all members and all Members (except one) have confirmed their support to the initiative and pledged at least a similar amount like in the previous phase. Therefore, there is no risk to the implementation of this tool.
SAIs	Risk 6a Lack of political will by government to strengthen SAI, which might be further fuelled by financial and	**M**	**M**	The action proposed will be executed by the IDI, a body of the INTOSAI which is dedicated to support the capacity of SAI in developing countries.

	operational independence. Fear that performance weaknesses revealed through performance measurement could be damaging to the credibility of SAIs			
	Risk 6b Lack of interest among peer-SAIs for working with challenged SAIs	**L**	**H**	More support to peer to peer support. A mapping and analysis of peer to peer support is launched in 2022 to provide insights how to mitigate risks. A kick-off for the mapping study is organised on the 30 June 2022. Sharing benefits for providers of support. Offer systematic training for resource persons, seen as a part of their own professional development.
	Risk 6c Limited availability of peer gender expertise: Few peers may be available to build competencies	**L**	**M**	Active capacity building support relevant for the challenged SAIs.
DMF	Risk 7a Adverse economic and/or political factors weaken policy reform commitment. On-going difficulty in retaining expert staff. Absorptive constraints.	**M**	**M**	Continuous engagement with authorities, following the programmatic approach of the DMF; ensuring that the DMF partners and the WB and IMF area department TA teams are sensitised of reform actions and engaged with authorities.
DMF	Risk 7b Demand from beneficiary countries for capacity building activities under DMF (phase III) may be larger than what can be supported under the DMF (phase III).	**M**	**M**	Prioritization of activities would be required. Prioritization would be determined by the Secretariat based on discussions with Bank/Fund teams taking into consideration country needs, motivation for debt management reform, DMF support already extended, and whether the country is in a programmatic approach.

Lessons Learned:

For the **OECD Inclusive Framework on BEPS**:

As 2021 marked five years since the establishment of the Inclusive Framework, the OECD was mandated by the Italian G20 presidency to prepare a report taking stock of developing countries progress in implementing and benefit from Anti-BEPS standards. A G20 Report benefitted from wide consultation with 675 participants from 155 jurisdictions, and contained ten recommendations covering rules, guidance, capacity building, governance, and the future of the Inclusive Framework in addition to an overarching recommendation for further assessments on the progress of developing countries to be conducted on a regular, structured, and systematic basis.

Among the main conclusions, the report highlights several challenges when it comes to country-by-country reporting. The report requests further simplification and additional support and guidance to aid implementation. Resource rich countries also articulated a currently unmet need for more comprehensive cross-cutting support. The report also articulated a very strong demand for support in implementing the two-pillar approach, which will need to be in addition to continued support on other BEPS issues. As subsequent priorities, all stakeholders, including Inclusive Framework members, should reflect on how country-by-country reporting could be made more accessible to developing countries. Moreover, development partners, including the G20, should support a major Inclusive Framework initiative to be launched in 2022, to provide capacity building support to ensure developing countries can adopt and implement the agreement on the taxation of the digitalising economy and a global minimum tax in an appropriate and timely fashion.

For the **Global Forum**:

A total of EUR 112 billion of additional revenues (tax, interest, penalties) have been identified since 2009, thanks to voluntary disclosure programmes and similar initiatives and offshore investigations. Of this amount, automatic exchange of financial account information helped to deliver at least EUR 3 billion of additional tax revenue. Over 300.000 requests for information have been received by Global Forum members and annual figures are almost universally on the rise. Exchange of information on request alone has enabled the recovery of nearly EUR 10 billion of additional tax revenue globally. Through country programmes, regional engagement, comprehensive capacity building (including training, and technical assistance), the Global Forum Secretariat has supported developing countries throughout their journey towards effective implementation of both standards to better fight tax evasion and other IFFs and enhance domestic resource mobilisation. Over the last ten years, significant progress was achieved.

For the **PEFA programme**:

A mid-term forward looking review in 2019 and an ongoing evaluation of the current phase informed the strategic vision of the PEFA initiative for the propose action. Conclusions and lessons learned highlighted some areas where PEFA can be strengthened further to increase its impact. First of all, past activities demonstrated the importance of using quality assurance arrangements. The PEFA Check ensures that the assessment provides objective and reliable information on PFM performance and that the methodology has been followed. While the PEFA assessment tool is internationally recognised as the most comprehensive and rigorous, many other tools assessing all or part of PFM systems exist. A study is currently conducted by the PEFA secretariat to avoid overlaps and promote tools that are only complementary to the PEFA. The EU is contributing to other PFM assessment tools that are fully compatible with the PEFA (PIMA, TADAT, DeMPA, MAPS). The increasing complexity of PFM systems could make assessment tools heavy, protracted and expensive. The PEFA secretariat and Members of the Steering Committee are piloting the AgilePEFA, a simplified methodology that could be adapted for small countries or repeated assessments.

For the **Supreme Audit Institutions**

Internal as well as external analyses come to similar results that external scrutiny and independent audit score badly and have relatively high risks. Results are improving, but slowly, in line with the performance of other parts of public administration. The analyses point to the importance of ownership by the government, the true independence and capacity of the SAI as well as the transparency and take-up of the reports by Auditees, Parliament and Civil Society. The 2020 evaluation of the predecessor programme PAP-APP concluded positively that most expected results and outcomes are achieved or likely to be achieved. The approach was efficient and effective. Recommendations aim, among different points, at the improvement in the peer to peer support mechanisms as well as specialized support for strategic planning and organisational development.

For the **Debt Management Facility**:

Lessons learned are based on the DMF (phase 2) independent external evaluation, which reached several conclusions: In countries with a reform-oriented government, programmatic engagement can help to sustain reforms and deliver better results. In turn, engagements in fragile states and/or countries with very weak capacity take time to bear results, but ultimately yield dividends. Here, regional Implementing Partners (IPs) can play an important role in sustaining engagements and reform implementation. Technical Assistance should be tailored to country-specific circumstances with a strong emphasis on ownership and coordination within and across national agencies supporting debt management reform. There are also emerging TA needs relating to the development of domestic debt markets, accessing international capital markets, preparing portfolio risk assessments, integrating debt management with fiscal frameworks and cash management operations, assessing and monitoring fiscal risks and debt sustainability analysis. Debt sustainability also requires ongoing assessment of debt vulnerabilities and strong macroeconomic frameworks that allow for the containment of fiscal risks over the medium and long term. Given the number of DMF eligible countries and the significant amount of data collected during TA in-country advisory, the DMF could play a more catalysing role in sharing country experiences and advancing analytical work in the area of debt management tailored to the needs of lower income countries.

3.5 The Intervention Logic

This action combines several aspects of the “Collect more – spend better” agenda, namely increasing domestic revenue mobilisation by reducing tax avoidance and evasion, improving PFM reforms, and thereby more efficient spending, through the use of reference analytical tools, strengthening external controls and promoting better debt management.

The **OECD/G20 Inclusive Framework** on Base Erosion and Profit Shifting (BEPS) aims to curb tax evasion and avoidance opportunities and build a fairer international tax system, including through redistributing part of the residual MNEs’ profits to countries worldwide. The globalised economy has exposed every country to risks of avoidance through international transactions, in particular to BEPS (tax base erosion and profit shifting). Following the release of the BEPS Package in 2015, the OECD, through the support of development partners, has widely expanded its support to developing countries to implement the BEPS actions and improve domestic resource mobilisation generally. Pillar 1 foresees a fairer distribution of profits and taxing rights among countries with respect to the largest and most profitable multinational enterprises. Pillar 2 introduces a global minimum effective corporate tax rate set at 15%. While some aspects are still under negotiation, an ambitious implementation timetable foresees that for Pillar 2, transposition measures are enacted in 2022 and take effect in 2023.

The **Global Forum on Transparency and Exchange of Information for Tax Purposes** aims to improve exchange of data and information between tax administrations to reduce tax evasion. It has become the key international body working on the implementation of the international standards on tax transparency. The Global Forum promotes two types of standards for exchange of information, namely, one to facilitate the cross-border exchange of tax-relevant information and one to enable an automatic exchange of information on the financial accounts of non-residents.

PEFA helps governments achieve better budgetary and fiscal outcomes by providing a comprehensive framework to measure and monitor public finance management (PFM) performance. PEFA has emerged as a gold standard diagnostic tool to inform PFM reforms. PFM is instrumental in the achievement of broader development objectives: macroeconomic stability, efficient resource allocation, and service delivery. PEFA has been reinforced through the introduction of dedicated Gender and Climate modules

Supreme Audit Institutions (SAIs) aim at making a difference in the quality of public sector governance and service delivery for the benefit of citizens. The main role of a SAI is to help people hold to account those charged with public sector governance. A SAI strengthens accountability, transparency and integrity through auditing public sector operations and reporting on its findings without fear or favour. The planned support to SAI underpins, strengthens and renders sustainable the actions in the other parts of this programme.

The **Debt Management Facility** (DMF) aims to further strengthen capacity building in debt management to reduce debt-related vulnerabilities and improve debt transparency. Recognizing the importance of strengthening debt management in low and lower middle-income countries, the Debt Management Facility (DMF) was launched in 2008. DMF in phase 3 seeks to provide customized advice on sovereign debt management through the design and application of analytical tools, provision of tailored advisory services, and dialogue on debt issues among different stakeholders.

3.6 Logical Framework Matrix

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

Results	Results chain: Main expected results (maximum 10)	Indicators: (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	Improve the governance of partner countries in particular public finance management on both, the revenue and expenditure side	1. Share of non-OECD countries with improved scores in Open Budget Index 2. Tax-to-GDP ratios improved in INTPA-supported regions (Latin America and Caribbean, Asia-Pacific, Africa) 3. Number of PRGT-eligible low-income countries with improved debt sustainability ratings	1. tbc 2. Tax-to-GDP ratios in 2019: LAC – 22.9% Asia-Pacific 21% Africa – 16.6% 3. 38 PRGT-eligible LICs are in debt distress (8) or at high risk of debt distress (30) in 2022	1. 10% of non-OECD countries have improved their scores by 2027 2. Tax-to-GDP ratios in 2027: LAC – 23.9%; Asia-Pacific 22%; Africa – 17.6%; 3. The number of PRGT-eligible LICs in debt distress or at high risk of debt distress is reduced by 10% by 2027	1. Open Budget Index scores published on the international budget partnership website 2. OECD Revenue statistics reports 3. IMF database	*Not applicable*
Outcome 1	**OECD BEPS/Inclusive Framework** Developing countries are committed to and effectively implement international anti-tax avoidance measures	1.1 Number of developing countries officially committed to implement the two pillar solution 1.2 Number of developing countries having signed the Multi-Lateral Instrument 1.3 Number of countries with domestic legislation for Country by Country reporting in place	1.1 70 in 2022 1.2 39 in 2022 1.3 23 countries with domestic legislation in place in 2022	1.1 75 in 2026 1.2 45 in 2026 1.3 At least 2 new countries per year	OECD progress reports and evaluations	

Outcome 2	**OECD Global Forum:** Developing countries are committed and effectively implement tax cooperation measures to prevent tax evasion and avoidance.	2.1 Number of developing countries having signed the MAAC (Mutual Administrative Assistance Agreement) 2.2 Number of developing countries achieving satisfactory AEOI peer review ratings	2.1 74 in 2023 2.2 6 in 2023	2.1 80 in 2027 2.2 12 in 2027	OECD progress reports and evaluations	
Outcome 3	**PEFA:** PFM systems improved at national and subnational levels.	3.1 Number of governments or sub-national governments that use PEFA assessment to design, develop and monitor PFM reform strategy and action plan	N/A	More than 50% of PEFA assessments are used to inform countries' PFM reform strategies and/or action plans	PEFA progress reports	
Outcome 4	**PEFA** Gender and climate budgeting promoted.	4.1 Number of governments using PEFA Gender and Climate module to improve gender responsive and green budgeting	No baseline, as the modules have been recently developed	25% of countries conducting a PEFA should include at least one additional module	PEFA assessments	
Outcome 5	**Supreme Audit Institutions** capacitated to improve their performance in politically unstable and challenging environments.	5.1 Cumulative number of instances that SAIs use operational plans and internal reporting or issue an annual SAI Performance report 5.2 Cumulative number of SAIs having HR-policies with gender, diversity and inclusion focus developed.	5.1 to be developed later 5.2 to be developed later	5.1 to be developed later 5.2 projects will be evaluated and reports published. Targets to be added when timing of evaluations	5.1 GSAI annual report (summary provided in IDI Annual Performance and Accountability Reports) 5.2 Country project evaluation and review reports	

Outcome 6	**DMF:** Strengthened debt management capacity to reduce debt-related vulnerabilities and improve debt transparency.	6.1 Number of DMF eligible countries which benefited from technical assistance during the implementation of third stage of the program that are demonstrating improvements in publication of debt reports	6.1 16 in 2019	6.1 24 in 2024	DeMPA reports	
Output 1 **related to Outcome 1**	**1.1 OECD BEPS Framework:** Developing Countries are capacitated to legally and practically implement the two-pillar agreement on corporate taxation and the other anti-BEPS standards.	1.1.1 Number of countries having drafted an Action plan to implement the two pillar agreement	1.1.1 0 in 2022	1.1.1 30 in 2026	OECD BEPS progress report	
Output 1 **related to Outcome 2**	**2.1 Global Forum:** Developing countries are capacitated to effectively implement the international standards of transparency and exchange of information for tax purposes	2.1.1 Number of developing countries commencing first exchange of CRS data 2.1.2 Number of developing countries making improvements to comply with EOI standards (e.g. legal framework, practical implementation)	1.2.1 14 in 2023 2.1.2 0 in 2022	1.2.1 20 in 2027 2.1.2 additional 5 per year	OECD progress report	

Output 1 **related to Outcome 3**	3.1 **PEFA** Analysis of strength and weaknesses of PFM system by PEFA products and reports provided for users at central and subnational level. Monitoring of PFM reforms PEFA remains relevant to the PEFA users from central and subnational governments.	3.1.1 Number of national and subnational PEFA assessments completed that achieve high compliance rates (PEFA check) 3.1.2 Learning and knowledge sharing, number of trainings, seminars, and outreach activities	3.1.1 30 per year 3.1.2 60 per year	3.1.1 30 per year 3.1.2 60 per year	PEFA progress reports	
Output 1 related to Outcome 4	4.1 Partner countries capacitated to analyse gender and climate dimensions in their PFM systems	4.1.1 Number of PEFA Gender and PEFA Climate assessments completed that achieve high compliance rates (PEFA check)	4.1.1 20	4.1.1 30	PEFA progress report	
Output 1 **related to Outcome 5**	5.1 Effective SAI capacity development programmes for SAI in challenging situations are developed and facilitated	5.1.1 Cumulative number of capacity building actions successfully concluded by the GSAI SAIs 5.1.2 Number of resource persons involved in support to the GSAI SAIs taking part in joint training (physical/webinar)	5.1.1 to be developed later 5.1.2 to be developed later	5.1.1 to be developed later 5.1.2 to be developed later 4.1.2	GSAI annual report (summary provided in IDI Annual Performance and Accountability Reports)	
Output 2 **related to Outcome 5**	5.2 Good practices for strategic change management, gender equality, inclusion and diversity are shared and used	5.2.1 Cumulative number that good practices were shared. 5.2.2 Cumulative number of good practices that were used.	5.2.1 to be developed later 5.2.2 to be developed later	5.2.1 to be developed later 5.2.2 to be developed later	GSAI annual report (summary provided in IDI Annual Performance and Accountability Reports)	

Output 1 **related to Outcome 6**	6.1 Enhanced debt management reform roadmap and stronger debt management and cash management structures	6.1.1 Number of countries with sound managerial structure for central government borrowing and related transactions	6.1.1 26 in 2019	6.1.1 36 in 2024	DeMPA reports	
Output 2 **related to Outcome 6**	6.2 Enhanced government capacity to conduct debt sustainability analysis and efficiently manage public debt	6.2.1 Number of countries that publish a debt statistical bulletin (on at least central government debt) annually with debt data that are not more than six months old at the date of publication 6.2.2 Number of countries where the debt management strategy is prepared by the debt management entity (or entities). The views of the central bank are obtained; the strategy is formally approved; and the strategy is made publicly available 6.2.3 Number of countries with sound fiscal policy coordination, where key macro variables and a debt sustainability analysis has been undertaken by the government are shared with the debt management entity (or entities)	6.2.1 19 in 2019 6.2.2 10 in 2019 6.2.3 14 in 2019	6.2.1 34 in 2024 6.2.2 20 in 2024 6.2.3 24 in 2024	DMF Secretariat (based on MOFs websites) DeMPA annual reports	

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with a partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of all described actions, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months[6] from the date of the adoption by the Commission of this Financing Decision.

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

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.3.1 Direct Management (Grants)

(a) Purpose of the grant

The purpose of the direct grant is to contribute to outputs falling under this specific objective:

- Supreme Audit Institutions capacitated to improve their performance in politically unstable and challenging environments

The following outputs will be achieved:

- Effective SAI capacity development programmes are developed and facilitated
- Global Public Goods (methodologies and analytical results) are disseminated
- Good practices for strategic change management, gender equality, inclusion and diversity are shared end used

(b) Type of applicants targeted

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the INTOSAI Development Initiative, abbreviated IDI.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to INTOSAI/IDI, selected using the following criteria: the INTOSAI/IDI has a particular and unique technical competence as an INTOSAI body, having been created to support the enhancement of audit capacities of INTOSAI members. Besides the particular technical competence, its legal origin (INTOSAI body) gives it a particular mandate preserving independence and neutrality of supreme audit institutions. IDI was established in May 1999 as a Foundation under Norwegian law. The Chairman of the Norwegian Board of Auditors General acts as Chairman of the Board of IDI.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the action has specific characteristics that require a

[6] The period differs for different components of the Action. 60 months is calculated starting from the earliest-launched to the implementation of the latest activity under the different components.

particular type of body on account of its technical competence and its degree of specialisation (Article 195(f) of the Financial Regulation 2018).

4.3.2 Indirect Management with a Pillar assessed entity

The two components under the specific objectives 1 and 2 – **the Inclusive Framework on BEPS** and the **Global Forum on Transparency and Exchange of Information for Tax Purposes** – will be implemented through indirect management with the OECD. The entity has been selected based on the criteria that it has highly specialised expertise on taxation-related topics, concerned by the Action, and is mandated internationally to monitor and support the implementation of reforms concerned by the specific objectives 1 and 2. The OECD approach seeks partners to co-ordinate and/or collaborate with in the development and delivery of tax and development activities. The Regional Tax Organisations (e.g. ATAF, CIAT, IOTA, PITTA) as well as regional development banks (especially the regional tax hub of the AsDB) will be key partners.

The component concerned by specific objectives 3 and 4 – the **PEFA initiative** – will be implemented through indirect management with the World Bank, via an independent multi-donor trust fund with a specific governance arrangement through a Steering Committee. The entity has been managing the initiative for the last 20 years and has been selected based on the criteria that it has highly specialised expertise on public finance management-related topics, concerned by the Action. It is mandated internationally to monitor and support the implementation of PFM system diagnostics and reforms using the PEFA and other tools. It has well-established links with partner countries and within the international/donor community on the subject.

PEFA relies on a partnership between the European Commission, French Ministry of Foreign Affairs in cooperation with Agence Française de Développement, International Monetary Fund, Luxembourg Ministry of Finance, the Norwegian Ministry of Foreign Affairs in cooperation with NORAD, Slovak Ministry of Finance, Swiss State Secretariat for Economic Affair, the World Bank and possibly additional contributors. Each partner contributes to the PEFA initiative financially or through significant in-kind contributions, or both. Inclusion in the PEFA partnership is determined by consensus decision of the existing PEFA partners. The PEFA program is managed and implemented through a structure involving the PEFA steering committee, which directs and monitors the PEFA initiative, the PEFA secretariat, which implements the program's activities, and the trustee which is the World Bank. An advisory Board to the Steering Committee will be established to broaden the governance structures and increase the voice of PEFA users, including governments, in the initiative, as recommended by the Forward Look Review.

The component concerned by the specific objective 6 - the **Debt Management Facility (DMF) -** will be implemented through indirect management with the World Bank, via a multi-donor Trust Fund. The entity has been selected based on the criteria that it has highly specialised and undisputed expertise on debt management-related topics, concerned by the Action. The IMF, which will manage DMF's activities in partnership with the World Bank, is mandated internationally to support partner countries in the area of sustainable debt management. It has well-established links with partner countries and within the international/donor community on the subject.

The DMF Secretariat, located in the Bank's headquarters in Washington, DC, operates under the Bank's policies and procedures and administers the DMF.

4.4 Scope of geographical eligibility for procurement and grants

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

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

4.5 Indicative Budget

Indicative Budget components	**EU contribution (amount in EUR, for 2022)**	**Third-party contribution, in currency identified**
For **specific objective 1:** Developing countries are committed to and effectively implement international anti-tax avoidance measures **The OECD Inclusive Framework on BEPS** Indirect management by the OECD For **specific objective 2:** Developing countries are committed and effectively implement tax cooperation measures to prevent tax evasion and avoidance **The Global Forum** Indirect management by the OECD	5 000 000 2 000 000	Co-financing[7]: EUR 31 560 000 Co-financing[8]: EUR 21 600 000
For **specific objective 3**: PFM systems improved at national and subnational levels For specific **objective 4:** Gender and climate budgeting promoted **The PEFA programme** Indirect management with the World Bank	5 000 000	Co-financing (indicative amount)[9]: EUR 13 170 000
For specific **objective 5**: Supreme Audit Institutions capacitated to improve their performance in politically unstable and challenging environments **Supreme Audit Institutions** Direct management with INTOSAI/IDI	2 000 000	Co-financing (indicative amount)[10]: EUR 1 000 000
For specific **objective 6**: Strengthened debt management		

[7] For the period 2022-2026
[8] For the period 2023-2027
[9] For the period 2023-2027
[10] For the period 2022 - 2027

capacity to reduce debt-related vulnerabilities and improve debt transparency. **Debt Management Facility** Indirect management by World Bank	2 000 000	Co-financing (indicative amount)[11]: EUR 38 100 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	may be covered by another Decision	N.A.
Totals	16 000 000	EUR 105 430 000

4.6 Organisational Set-up and Responsibilities

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

For the **OECD Inclusive Framework on BEPS**:

The OECD approach seeks partners to co-ordinate and/or cooperate in the development and delivery of tax and development activities. That same approach will be taken in respect of activities to support the implementation of the Two-Pillar Solution. The Regional Tax Organisations (e.g. ATAF, CIAT, IOTA, PITAA) as well as regional development banks (especially the regional tax hub of the AsDB) will be key partners. Development partners with relevant programmes are invited to discuss their activities with the Secretariat, while the Forum on Tax Administration (FTA) capacity building network may also provide a useful vehicle for coordination. The OECD will continue to coordinate, and where relevant collaborate, with the Platform for Collaboration on Tax partners. Since the beginning of the BEPS process there has been a strong commitment to work with the (Platform for Cooperation on Tax) PCT partners. All the PCT partners (together with another 11 international and regional organisations) are observers to the Inclusive Framework, and as such can participate in all meetings and receive all documentation, providing them with the opportunity to contribute to the development, implementation and monitoring of the Two-Pillar Solution. The European Commission is an observer both in the IF on BEPS as well as the Global Forum, links to the DRM agenda and the standards in relation to the NCJ listing make close coordination on a regular basis necessary. This involves both DG TAXUD and DG INTPA.

For the **OECD Global Forum**:

The Global Forum plenary includes all Global Forum members and is the sole decision-making body of the Global Forum. Each member's voice counts equally and each decision requires consensus (minus one, in some cases) amongst members. The Global Forum Steering Group prepares and guides the future work of the Global Forum. The Steering Group is composed of the Chair (currently Spain) and the Vice-Chairs of the Global Forum (currently Italy, Japan and South Africa), along with 16 other members. The Steering Group also includes the Chair of the Peer Review Group and the Chair of the Automatic Exchange of Information Peer Review Group.
In order to facilitate its work, the Global Forum has established three subsidiary groups focusing on different aspects of the Global Forum's work, all of which report back to the Global Forum including with any proposals for adoption by the Global Forum. The Peer Review Group (PRG) oversees the Global Forum's peer reviews in relation to the EOIR Standard. It consists of 30 members of the Global Forum. The PRG is currently chaired by Singapore, assisted by four Vice-Chairs (Cayman Islands, India, Sweden and the United States). The PRG meets to discuss and approve the peer review reports and proposals on other matters related

[11] For the period 2022-2024

to the review of the EOIR Standard, which are then submitted for adoption by the Global Forum.

For the **PEFA** programme:

The PEFA program is implemented through a partnership between the European Commission, French Ministry of Foreign Affairs in cooperation with Agence Française de Développement, International Monetary Fund, Luxembourg Ministry of Finance, Norwegian Ministry of Foreign Affairs in cooperation with NORAD, Slovak Ministry of Finance, Swiss State Secretariat for Economic Affair, UK Foreign, Commonwealth and Development Office, and World Bank. Each partner contributes to the PEFA program financially, through significant in-kind contributions or both. Inclusion in the PEFA partnership is determined by consensus decision of the existing PEFA partners. The PEFA program is managed and implemented through a structure involving the PEFA steering committee, which directs and monitors the PEFA program, the PEFA secretariat, which implements the program's activities, and the trustee which is the World Bank. An advisory Board to the Steering Committee will be established to broaden the governance structures and to increase PEFA users, including academics, civil society and the governments', voice in the initiative, as recommended by the Forward Look Review.

For the **Supreme Audit Institutions**:

The action grant will be given to the INTOSAI/ IDI to co-finance a special programme to support most challenged supreme audit institutions, global SAI accountability initiative, GSAI subject to the adoption of the programme. The IDI board has approved the programme in March 2022 contracting with IDI is planned for the 4th quarter 2022. In the unlikely case of the non-adoption of this proposed programme, earmarked funding for selected activities can be envisaged.

For the **Debt Management Facility**:

DMF (phase III) will be established as a multi-donor Trust Fund managed by the World Bank Group, following its trust fund policies and procedures. DMF activities that are managed by the Bank are conducted under the Bank's responsibility in line with the WB's policies and procedures. The Bank will manage DMF's activities in partnership with the IMF. IMF managed activities are conducted under the IMF's responsibility, fiduciary and otherwise. Joint activities conducted collaboratively between the WB and IMF are conducted, from operational, legal and fiduciary perspectives, as a combination of separate Bank-Managed Activities and IMF-Managed Activities. A Steering Committee (SC) will provide overall strategic guidance for the DMF. The SC is chaired jointly by the WB and IMF and composed of one representative of each of the contributing donors in addition to the co-chairs. The SC sets overall policies, endorses the annual operational strategy and reviews DMF performance. A Secretariat, located at the WB's MTI Global Practice, will manage the day-to-day activities of DMF, headed by a Program Manager. Implementation Partners (IPs), institutions with expertise and capacity to deliver TA and training in debt management, would contribute to activity delivery on a performance basis. DMF would seek to involve IPs, especially those with expertise in data management systems, more in the work program related to debt recording, reporting and monitoring.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

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

Roles and responsibilities for data collection, analysis and monitoring:

For the **OECD Inclusive Framework on BEPS**:

The OECD/G20 Inclusive Framework on BEPS actively monitors the implementation of all the BEPS Actions and reports annually to the G20 on this progress. The implementation of the BEPS Minimum Standards is of particular importance, and each of these is the subject of a peer review process that evaluates the implementation by each member and provides clear recommendations for improvement. Peer reviews of the BEPS minimum standards are an essential tool to ensure the effective implementation of the BEPS package. All countries and jurisdictions joining the framework will participate in this review process, which allows members to review their own tax systems and to identify and remove elements that pose BEPS risks.

Furthermore, the OECD will continue to coordinate, and where relevant collaborate, with the Platform for Collaboration on Tax partners. Since the beginning of the BEPS process there has been a strong commitment to work with the PCT partners. All the PCT partners (together with another 11 international and regional organisations) are observers to the Inclusive Framework, and as such can participate in all meetings and receive all documentation, providing them with the opportunity to contribute to the development, implementation and monitoring of the Two-Pillar Solution. The OECD also attends the UN Committee of Experts meetings as an observer.

For the **Global Forum**:

The Global works together with the cooperating 163 jurisdictions around the world monitor – including peer reviews procedures - the effective implementation of the two internationally agreed standards on transparency and EOI for tax purposes (tax transparency standards). Regarding the first standard of exchange of information on request (EOIR) under the Global Forum, there are peer review procedures since 2009. For the second standard on the automatic exchange of financial account information (AEOI), the first country-specific peer reviews were released in 2020, following an earlier period of monitoring and preliminary review and support to the committed jurisdictions that implemented the standard from 2017-2018.

For the **PEFA** programme:

The gradual progress towards provision of financial and in-kind contributions and achievement of the Program's results targets will be monitored and reported on as part of the **PEFA secretariat**'s progress reports, in standard format approved by the **PEFA steering committee**.

Semi-annual and annual reports will provide information on financial progress including sources and uses of funds, revenue and expenditure inside and outside the trust fund, revenue and expenditure commitments.

The annual reports will include an assessment of progress on outcomes and discuss the effectiveness of the program's contribution to outcomes and their intended impact. It will discuss any significant risks to achievement of the development objective and how those well those risks are being addressed.

The Secretariat will also prepare program monitoring reports which each will explore a particular aspect of the program practices and results.

For the **SAIs**:

IDI has a well-functioning reporting system towards donor contributors and their own board which will be used. IDI will produce annually a narrative and financial report on GSAI and EU funding. Regular meetings of IDI and contributing donors will take place. In addition there is the INTOSAI Donor Cooperation Steering Committee (all MoU signatories – INTOSAI and donors) - 1 ½ day annual meeting, if possible post-Covid as well as quarterly telephone conferences. IDI is annually audited by an independent external auditor.

Monitoring and evaluation will take into account gender equality results and implementation of human rights-based approach working method principles. Key stakeholders will be involved in the monitoring process as appropriate.

For the **DMF**:

The debt management facility submits annual progress reports to the Steering Committee.

Furthermore, monitoring and evaluation will capture progress annually through an aggregate detailed results framework. Baseline figures are being calculated in light of a number of sources, namely relevant DeMPA results, the DMF Secretariat, and a survey administered to DMF-eligible country Debt Management Offices. Results frameworks for Implementing Partners will be included in the separate agreements with each IP and will contribute to overall results.

5.2 Evaluation

Having regard to the nature of the action, final evaluations may be carried out for this action or its components via independent consultants. They will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the continuous nature of the programmes supported.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, 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. Specific measures for evaluation comprise the following actions:

For the **OECD Inclusive Framework on BEPS** and **Global Forum:**
There are no stand-alone evaluations of the BEPS and Developing countries programme or the Global Forum capacity building activities, but OECD has a number of evaluation processes more generally:

- Committee reports – all work sits under the Committee on Fiscal Affairs (CFA) Programme of Work and Budget (PWB), on which OECD reports every six months.
- Programme Implementation Survey – the CFA PWB is subject to an evaluation survey from OECD members following the conclusion of the PWB. There will be Programme Implementation Surveys for the 2021/22, 2023/4 and 2025/6 PWBs.
- OECD Committee In-Depth Evaluations – the OECD has an In-Depth Evaluation process to provide comprehensive assessments of the performance of the OECD Committees.

For the **PEFA** programme:
Towards the end of this proposed action, a comprehensive and independent evaluation will take stock of the achievement of the planned results of the program under this phase and follow up to the independent evaluation completed in 2022.

For the **SAIs**:

Evaluation reports will be shared with the partner country and other key stakeholders. The implementation 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, reorientation of the project.

For the **DMF**:

Following two and a half years of implementation of the DMF Phase III (2020-2024), a mid-term independent evaluation will be conducted, as coordinated by the Secretariat. Based on the findings, a specific strategy for the future of the DMF will be agreed by the Steering Committee to coincide with closure of the DMF III Trust Fund.

5.3 Audit and Verifications

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

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

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

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

Appendix REPORTING IN OPSYS

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

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

The present Action identifies as:

Action level		
☐	Single action	
Group of actions level		
☐	Group of actions	
Contract level		
☒	Single Contract 1:	Managed through indirect management by the **OECD**
☒	Single Contract 2:	Managed through indirect management by the **OECD**
☒	Single Contract 3	Indirect management through an independent multi-donor trust fund managed by the **World Bank**
☒	Single Contract 4	Direct management through an Action grant to **INTOSAI/IDI**
☒	Single Contract 5	Managed through indirect management by the **World Bank**