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This action is funded by the European Union

ANNEX 1

of the Commission Decision on the Annual Action Programme 2017 in favour of the Republic of Mozambique to be financed from the 11th European Development Fund

Action Document for PFM Support Programme II – Mozambique

INFORMATION FOR POTENTIAL GRANT APPLICANTS
WORK PROGRAMME FOR GRANTS
This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), applicable to the EDF in accordance with Article 37 of Regulation (EU) 2015/323, in the following section concerning grants awarded directly without a call for proposals: 5.4.2.

1. Title/basic act/ CRIS number	Public Finance Management (PFM) Support Programme II CRIS No: MZ/FED/039-696 financed under the 11th European Development Fund			
2. Zone benefiting from the action/ location	Republic of Mozambique			
3. Programming document	National Indicative Programme (NIP) for Mozambique 2014 to 2020			
4. Sector of concentration/ thematic area	Sector 1: Good Governance and Development	DEV. Aid: YES		
5. Amounts concerned	Total estimated cost: EUR 7 000 000 Total amount of EDF contribution EUR 7 000 000			
6. Aid modality and implementation modalities	Project Modality Indirect management with the Republic of Mozambique Direct management – grant direct awarded to Tribunal Administrativo			
7 a) DAC code(s)	15111 - Public finance management: 100%			
b) Main Delivery Channel	12000 - Recipient Government			
8. Markers (from CRIS DAC form)	**General policy objective**	**Not targeted**	**Significant objective**	**Main objective**
	Participation development/good governance	☐	☐	☒
	Aid to environment	☒	☐	☐
	Gender equality (including Women In Development)	☐	☒	☐
	Trade Development	☒	☐	☐
	Reproductive, Maternal, New born and child health	☒	☐	☐

	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	☒	☐	☐
	Combat desertification	☒	☐	☐
	Climate change mitigation	☒	☐	☐
	Climate change adaptation	☒	☐	☐
9. Global Public Goods and Challenges (GPGC) thematic flagships	Not relevant			
10. Sustainable Development Goals (SDGs)	SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. 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. SDG 17: revitalise the global partnership for sustained development.			

SUMMARY

Public Finance Management (PFM) systems and practices in Mozambique are considered as relatively good by most independent diagnostics but are marked as having limited effectiveness which impacts on the inclusive and sustainable nature of the economic growth. Hence, while important progress has been registered over the last decade, deficiencies and capacity constraints remain in core PFM processes (such as forecasting, procurement, Public Investment Management (PIM), control systems, external scrutiny and overall budget comprehensiveness).

Mozambique´s budget credibility and macroeconomic stability have recently been adversely affected by different internal and external shocks (commodity prices, droughts, hidden public debt, military tension) leading to a projected budget deficit (after grants) of over 6.4% of Gross Domestic Product (GDP) for 2016.

Transparency concerns and macro-economic slippages linked to the undisclosed debt issue triggered the suspension of the International Monetary Fund's (IMF) Policy Support Implementation (PSI) programme and the putting on hold of the General Budget Support disbursements.

The 11th EDF National Indicative Programme (NIP) foresees an allocation for complementary support to the "Good Governance and Development Contract - GGDC" for PFM and Governance actions under the first focal sector of the NIP. Given the current fragile macro-economic situation and the 2016 GGDC disbursement on hold, it is relevant to ensure substantial EU support for improved PFM performance (to support fast-track progress towards conducive conditions for GGDC re-engagement).

The programme is a continuation of successful activities implemented under the 10th EDF (such as the support to the the Centre for the Development of the Financial Information System (Centro de Desenvolvimento de Sistemas de Informação de Finanças (CEDSIF)), the Tribunal Administrativo and ad-hoc capacity building efforts) with scaling up of the capacity building support based upon best practices. This capacity building aims at tackling specific bottlenecks towards more efficient forecasting and public spending in areas where the EU has an added value.

The overall objective of the intervention is to contribute to improved transparency, effectiveness and efficiency of the public resources by strengthening Public Financial Management (PFM) systems and processes.

The expected <u>results</u> are as follows: improved strategic allocation and more effective spending of public funds by focussing on increasing the integrity and application of the Integrated Financial Management Information System (IFMIS) and supporting the development and implementation of the Planning and Budgeting System; and enhanced accountability by strengthening the capacity of the Supreme Audit Institution focussing on greater transparency.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Mozambique, **a low-income country** with a Gross Domestic Product (GDP) per capita estimated at USD 525 for 2015, **achieved impressive economic growth over the past decade** with annual growth rates averaging 7% (up to 2015). This growth was initially driven by the post-conflict reconstructions, mainly with investments in economic and social infrastructure and in a second phase driven by large-scale foreign investments in mega-projects.

This **impressive economic growth trend was reversed by end 2015** as the country suffered from external and internal shocks, such as lower commodity prices, decreased inflows of Foreign Direct Investments (FDI), the internal political – military tension and the undisclosed debts. The real GDP growth decelerated to 3% in 2016 and is projected to remain low for 2017.

Analytical studies confirm that Mozambique's **high growth levels of the past decade tend to be less pro-poor than in other high-growth countries**. Whilst the country recorded an important drop in poverty (in terms of per capita consumption) from 69% (1997) to 54% (2003), poverty reduction slowed down with a decrease to 46% in 2014/15. The Gini coefficient, estimated at 0.40 in 2008, increased to 0.47 in 2014/15 demonstrating that inequality is growing as well as the divide between the poorer rural and urban areas. Human development indicators are progressing at a slow pace. Mozambique still ranks 181 out of 188 countries in the 2016 Human Development Index (HDI). The adult literacy rate remains low (58.8%), and the average life expectancy at birth is just 55.5 years. Mozambique is continuously facing multiple challenges such as increasing malnutrition and stunting; malaria as the most common cause of death and HIV prevalence rates at 10.5% (for adults). In summary, the high economic growth and public policies did not yet translate into improved living conditions and well-being of the population at large.

The **spending on social sectors such as education, health and infrastructure registered a continuous increase** as a proportion of GDP over the last decade[1] (2014 Public Expenditure Review (PER)). However, the wealthier segments of the population have benefited most from spending in a number of areas (education, health, water). When comparing spending and development outcomes with peer countries, the PER assessment suggests considerable room to improve outcomes given the relatively high spending levels. The World Bank (WB) assessment recommends **to enhance the focus on access to public services by the poor, as well as to improve the efficiency of public spending**.

Over the past 5 years the Government of Mozambique's **fiscal policy was rather expansionary** (total spending reaching 35% of GDP in 2015) including high risk public investments and exercising limited control over contingent liabilities. Revenue collection performs rather well with revenue to GDP ratios increasing steadily (> 20%), though not sufficient to cover spending and to curb the rise in deficit ratios (projected at 6.4% of GDP for

[1] WB PER 2014: Since 2009 consistently more than 24% of total spending was absorbed by the education and health sectors. Also recognising the fact that a considerable part of spending to the health sector remains off-budget as this is externally funded. Including these off budget financing, more than 30% have been consistently executed by both sectors since 2009.

2016 – after grants). As part of the expansionary fiscal stance, authorities' frontloaded questionable public investments to be paid off by future forecasted extractive industries revenue. A clear evidence is the undisclosed debts case (of about USD 1.4 billion) which surfaced in April 2016. The undisclosed debt saga resulted in the IMF declaring their Policy Support Instrument (PSI) off-track and cancelling the adopted Standby Credit Facility (SCF) in December 2015. Consecutively, the EU and the other general budget support (GBS) donors, decided to put GBS disbursements on hold. Authorities recognised by end 2016 that *the debt indicators have been breached and that Mozambique is likely to remain in breach of most of the IMF thresholds in the medium term*. The IMF demanded an international independent audit to be carried out before resuming a new IMF programme. This audit was launched in November 2016 and an executive summary was published by the Attorney General on 24/06/2017.

Public Policy Assessment and EU Policy Framework

Mozambique's Government comprises three types of institutions (i) Central Government entities; (ii) geographically deconcentrated central Government entities (provinces and districts); and (iii) autonomous municipalities which are administratively, financially and patrimonial independent. The **Administrative Court** ("Tribunal Administrativo – TA") is the Supreme Audit Institution (SAI), an autonomous body responsible for the audit of the accounts of all government and public entities, as well as for issuing a formal opinion on the State Account (CGE). The TA has jurisdiction to audit all public expenditures, either by ex-post controls, or by prior approval (ex-ante). In addition, the TA also has judicial responsibility to decide on the legal implications, to impose fines and/or initiate the relevant investigations. The TA conducts compliance and performance audits and emits an "Opinion" on the yearly State Accounts. Transparency remains a major issue as only the only document which is submitted to the Parliament and made publicly available is the "Opinion". Since 2014, a Law has been adopted requiring publication of the judgements of all audits, which is gradually being implemented.

The **PFM system is governed by the Sistema de Administração Financeira do Estado (SISTAFE) law and the regulations** (State Financial Management System), approved in 2002 and 2004 respectively. The legal framework has been rated by international assessments as adequate (PER, PEFA (Public Expenditure and Financial Accountability), IMF diagnostics, etc.). The latest PER (WB) concluded that overall the design of tax legislation is adequate and consistent with international norms. Furthermore, a new procurement decree was adopted in 2016, simplifying some procedures and limiting the scope for direct awards. Despite these improvements, the main weaknesses of the overall PFM legal framework relate to the States´ entrepreneurial sector as the current legislation only ensures oversight of the 13 State Owned Enterprises – (SOEs). Approximately 130 participating enterprises remain without clear regulation (on reporting, procurement, etc.) and oversight.

The **Government** is implementing its "**Five-Year Plan 2015–2019 (PQG)"** which guides the country's development priorities. This document is structured around 5 main objectives[2] and 3 pillars. PFM issues are mainstreamed in two of the three supporting pillars, namely on "*consolidating the democratic state, good governance and decentralisation"* and "*sound and sustainable macro-economic environment*".

[2] The 5 objectives are (i) consolidation of the national unity, peace and sovereignty; development of human and social capital; employment and productivity promotion; development of social and economic infrastructure and sustainable and transparent management of the natural resources.

Government adopted in 2012 a **Public Finance Vision (PFV) 2025** setting the long term targets but lacking a clear prioritisation and sequencing of reforms. This planning gap, together with the rapidly changing public finance context (high debt and fiscal deficit ratios, stagnating tax ratios and rather limited effectiveness of spending), led the Ministry of Economy and Finance (MEF) to elaborate its first **Public Finance Strategic Plan (PFSP) 2016-2019**. The results of several recent PFM diagnostics, mainly the PEFA[3], alimented the identification of priorities and development partners provided important inputs through the PFM Coordination Group. The **PFSP was adopted in August 2016 responding broadly to the need of widening the scope of reforms** whilst prioritising some reforms (towards fiscal risks, PIM, State-owned enterprises (SOEs), etc). The document presents 7 objectives; (A) to stimulate savings and private investment, (B) to increase state revenue collection, (C) to enhance cautious public resources allocation, (D) to ensure greater rigor in public spending, (E) to improve public assets management, (F) to guarantee sustainability of public debt and (G) to ensure the correct use of the public *domain*. The monitoring and evaluation of the PFSP is aligned to the national budgetary cycle with yearly implementation reports to be submitted to MEF's Permanent Secretary. This presents progress as currently no clear focal point exists for PFM reforms. Furthermore, a Public Finance Committee (PFC) is to be constituted to coordinate financing of the strategy to which the Development Partners participate. The strategy also refers to two consultation fora (recently created with support of the EU) namely the e-SISTAFE User Forum (FUe) covering all state organs operating in e-SISTAFE and the National SISTAFE Meeting[4].

EU Policy Framework

The **EU Agenda for Change** promotes public-sector management for better service delivery, fair and transparent domestic tax systems and governance programmes that support advocacy, awareness-raising and reporting and increase the capacity of control and oversight bodies.

The programme aims at contributing to SDGs 8, 16 and 17 and is in line with **the Addis Ababa Action Agenda – Financing for Development commitments** (to strengthen financial systems and economic institutions) and the **Paris and Busan declarations** (to stress reliance on country systems and on governance). The programme also responds directly to chapter 4.1 of the **New European Consensus on Development**: "*Mobilising and making effective use of all means of implementation*" where the EU and its Member States commit to "*step up support to developing countries in their efforts to strengthen revenue mobilisation, debt and public expenditure management, develop tax systems, increase the efficiency and effectiveness of public expenditure and to phase out environmentally harmful fossil fuel subsidies.*" The action is also consistent with the **2013 Good Practice Note on Sequencing Public Finance Management (PFM) Reforms** and with the EU Staff working document ***"Collect More/Spend better (CMSP)"*** as two out of the four critical areas identified in the staff working document on spending have been mainstreamed.

The **11th EDF National Indicative Programme (NIP)** foresees an allocation for complementary support to the GGDC in the areas of PFM and Governance under the first focal sector "*Good Governance and Development*". The GGDC is steered by a Performance Assessment Framework (PAF) structured around 4 areas out of which the first area relates to the "*strengthening of the national systems*". The EU was supporting the PFM reform agenda under the 10th EDF and contributed to some key results. A continuation and strengthening of the PFM accompanying measures will contribute to the GGDC policy dialogue and assist the Government in progressing on the PFM indicators and policy actions included in the PAF.

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[3] Namely the IMF FTA, IMF PIMA, IMF PFM diagnostics, TADAT, SAI PMF and a repeat PEFA assessment using both the previous (2011) and the new (2016) methodology.

[4] SISTAFE meeting conveys all state organs and institutions, the TA, civil society and partners to discuss issues related to the IMFIs.

1.1.1 Stakeholder analysis

The **direct beneficiaries are the MEF and the *Tribunal Administrativo***. In the current development context, both **central and deconcentrated levels of government** will benefit from the capacity development efforts. The line ministries and provincial departments (such as education and health) will participate in capacity building actions and gain from improved "core" PFM systems. Secondary beneficiaries are the "**demand-side" actors** such as Parliament and civil society organisations (CSOs).

The **MEF has the leading role for coordinating the implementation of the PFM reforms** and will be the main implementing partner of this programme. The MEF was constituted in 2015 as result of the merger of 2 ministries (the Ministry of Planning and Development and the Ministry of Finance).

In addition, the action will have a specific focus on strengthening **the Centre for the Development of the Financial Information System** (CEDSIF). CEDSIF is a beneficiary of the 10th EDF PFM programme and is an autonomous institution subordinated to the MEF mandated to orient and coordinate the State´s Financial Administration IT reform (designated as "*e-SISTAFE – Sistema de Administração Financeira do Estado"*) and is responsible for the implementation and maintenance of the IFMIS, to promote change management required for the SISTAFE reform; support other state organs and institutions in elaborating complementary IT-solutions; training and certification for the IFMIS users.

The Tribunal Administrativo (TA) is a key stakeholder related to accountability and is also a beneficiary of the 10th EDF PFM programme. The TA recently adopted a new strategic plan (Corporate Plan of the Administrative Tribunal of Mozambique (*PLACOR*) 2017-2019) and underwent a quality review system recommended by the International Organisation of Supreme Audit Institutions (INTOSAI) (SAI-PMF (Performance Measurement Framework)); however the final document has not yet been published.

Other **key actors in PFM reforms**, in particular in strengthening accountability, are the **CSOs**. In 2007, the Civil Society Index of Mozambique defined the general CSOs environment as neither openly hostile nor favourable and described organisations as structurally fragile and with a limited impact on public policies. The Gender Profile for Mozambique published in February 2016 concludes that there are sociocultural factors that discriminate and exclude women from social, political and economic opportunities, particularly aggravated by living in rural areas and illiteracy. CSOs will not directly be involved in the implementation of this action, as their support will be covered under a specific programme (see section 3.2).

1.1.2 Priority areas for support/problem analysis

In 2016, Mozambique finalised its 4th national PEFA assessment providing an objective and credible basis for problem analysis and priority areas for support. The assessment concluded that **Mozambique has succeeded in consolidating the major improvements in the PFM system, mainly in the areas of budget execution, accounting, reporting and internal audit**. The report highlights as a **strength** (not directly covered by PEFA) the expansion of the coverage of the e-SISTAFE system and the increase in domestic revenue collection (% GDP).

The assessment points at a **performance deterioration** in 2 areas; the **comprehensiveness of budget documentation** and the effectiveness of tax arrears collection. Core PFM areas where **performance remains below standards** are **procurement, the quality of medium term planning and budgeting,** and **external scrutiny & audit**.

The latest PEFA assessment also established a baseline for the new 2016 PEFA framework including an analysis on 3 new relevant areas: Public Asset Management (PAM), **Public Investment Management (PIM)** and a **credible fiscal strategy**. Mozambique scores rather low on the last 2 areas. The PIM reforms initiated in 2013 and, despite the country having adopted crucial tools[5], issues such as limited institutional and human capacities continue to hamper effective implementation. Secondly, a limited oversight, reporting and monitoring of **fiscal risks** affects the credibility of the fiscal strategy. The fiscal risks relate mainly to contingent liabilities of state-owned and/or participated enterprises some of which materialised recently (Empresa Moçambicana de Atum (*EMATUM)*, Mozambique Asset Management, (*MAM)* and PRO-INDICUS) and affected immediately the fiscal position of the country.

In summary, the PEFA assessment formulated 5 key recommendations for future PFM priority actions:
1. To enhance the Medium Term Fiscal & Macroeconomic Policy; increased transparency and tighter **monitoring of the fiscal deficit objectives** with an improved **public investment policy**;
2. The need to reinforce **budget and planning process** to the strengthening of the link between the long, mid and short term budgets, which will directly increase the credibility of the budget ;
3. Continue efforts made on **reporting, monitoring and the oversight of fiscal risks**;
4. To improve the **procurement process** to enhance value for money of public spending;
5. To strengthen the **capacity of the "Budget Holders"** (on the use of the IFMIS).

The **2015 Open Budget Index** reveals that Mozambique´s performance declined (with 9 points) to 38/100. Furthermore, the OBI points to the **limited oversight** of the legislature and **the TA** which is in line with the PEFA's assessment. The recently adopted PLACOR 2017-2019 prioritises capacity strengthening (improved transparency on audits and independence of the SAI, improved follow-up of audit recommendations, improved internal management capacity).

2 RISKS AND ASSUMPTIONS

Risks	**Risk level (H/M/L)**	**Mitigating measures**
Political Risk: • Political and military conflicts in certain areas in the country limit mobilisation and circulation of staff and equipment. • Limited political will for PFM reforms.	H	• Ensure sufficient time for project implementation so that eventual delays due to limited mobility can be mitigated. • Continue advocacy for PFM reforms throughout policy dialogues (both through the PFM and through the GBS platforms).
Macro-Economic Risk: • Volatility of the national currency (MZN) / difficulty budgeting and execution processes. • High inflation.	M	• Procurement processes should provide for clauses to limit the impact of the volatility of the national currency and high inflation.

5 Such as Public Investment evaluation and selection procedures; a selection committee, etc.

<table>
<tr><td>Developmental Risk:
• Lack of strategic leadership for the PFM reforms and fragmented coordination (among the different reformers).
• Human Resources capacity issues (high turnover, lack of career management, etc).</td><td>H</td><td>• Increased involvement and coordination by the National Authorising Officer (NAO) for the FA implementation.
• Ensure linkage with the Public Finance Committee (PFC) and actively contribute to the coordination with other development partners (see 3.2).
• Advocate for improved training strategies to reduce the impact of the high turnover.
• Upscaling of the TA component (component 4 of the programme).
• Support efforts to advance on career management.</td></tr>
<tr><td>Corruption Risk</td><td>M</td><td>• To include requirement and financing for a yearly audit of EU funds on grants managed by public entities;</td></tr>
<tr><td colspan="3">Assumptions</td></tr>
<tr><td colspan="3">• Macro-Economic projections indicate that by mid-2017 the MZN will stabilise and in 2018 a one digit inflation number is considered.
• The political/military conflict does not further escalate.
• Political support from Government to prioritise PFM reforms.
• The strategic plan for Public Finance 2016-2019 is yearly monitored.</td></tr>
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3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

From the PFM reform programme under the 10th EDF, following lessons were learned:

- The impact of trainings for budget holders was hampered by a high staff turnover (mainly at provincial and district level). Consequently the professionalisation of the IFMIS users should be priority for the coming years (monitoring mission finding);
- Extensive diagnostics are not always cost efficient and risk deviating attention from implementing solutions and causing delays in the implementation (ROM finding);
- Alignment of the EU actions to national systems and instruments was appreciated by Government; however, could be further encouraged in a next programme (Steering Committee feedback).
- Technical assistance can provide added value but is best formulated around specific deliverables instead of long term resident Technical Assistance (TA) (Steering Committee);
- Close coordination with other partners active in PFM contributed to increased effectiveness of the policy dialogue (both under GBS structures and the PFM coordination group);
- There is scope to improve the NAO's involvement.

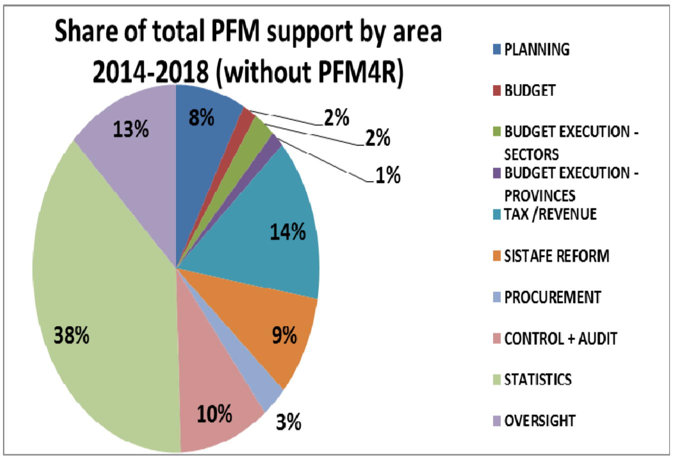
The independent BS evaluation carried out in 2015 recommends ***consolidating and deepening the progress achieved in macroeconomic management, in PFM reform and in the improvement of transparency and accountability***. For macroeconomic management, the evaluators advise on greater attention to the framework **for investment selection and management**. In relation to governance, evaluators point to the need to convert gains in transparency into tangible gains in accountability. Finally, on the PFM reform processes, the main challenge was to reinforce the institutional arrangements for the coordination of and support to reforms.

3.2 Complementarity, synergy and donor coordination

Complementarity is ensured with following programmes/initiatives:

- The GGDC signed in January 2016 addresses PFM issues through the PAF. The framework includes indicators and policy actions for the strengthening of core PFM functions such as PIM, Fiscal Risks, improved scrutiny of accounts, procurement, and improved presentation of the budget.
- EU implements a Rule of Law (RoL) programme under the 10th EDF supporting the General Attorney (incl. the Anti-Corruption Office), the Supreme Court and the Parliament.
- Similar programmes are supported at regional level, through the EU PALOP-TL[6] which focuses on peer learning and exchange of best practices for the TA, Parliament and CSOs.

Additionally, around 3% of the NIP envelope is allocated to **Non-State Actors (NSAs) (addressing key stakeholder),** to be complemented by EU thematic budget lines (including EIDHR – European Instrument for Democracy and Human Rights). NSAs constructive engagement in the entire budget cycle is an important factor for obtaining sustainable results related to budget transparency. A handful of NSAs produce regular advocacy papers on Governance and PFM topics. Through the recently approved "*Support Programme to Non State Actors in Mozambique: participation for inclusive growth*" (PAANE II), the CSO Platform for Budget monitoring will receive a direct grant to enhance their capacity on budget dialogue and monitoring.



The EU also provides **funding to the IMF** to deliver technical assistance, trainings and conduct assessments on Mozambique through the AFRITAC South (Regional Technical Assistance Centre in Southern Africa) and the Trust Fund for Natural Resource Management. Coordination with the IMF takes place through regular debriefs organised by the IMF.

The **2016 PFM donor mapping** revealed that about 15 agencies (including the IMF and the UN) provide support accounting for an estimated USD 270 million during the period 2014-2018. The support is operationalised through a variety of modalities (basket funds, projects, TA, thematic funds, etc.) covering the entire budget cycle. The majority of the funds benefit the statistics area; next is tax and oversight area. Budget and planning has been rather marginal in receiving external funds. This overview does not take into account a major WB programme - a semi Budget Support Operation designated as PFM for Results (PFM4R) as it targets mainly education and health sector PFM issues (see chart 1). Complementarity is ensured as following:

- The support for the **SISTAFE reform** is based on CEDSIF's strategic plan for which funds are channelled through a basket fund managed by CEDSIF and coordinated by Denmark (with Italy and Norway contributing).

- Specific support to **planning and budgeting** has been limited and is delivered in a scattered manner. The IMF and WB are stepping up their support in 2016/2017 by providing resident advisors on fiscal risks and PIM; however the multilaterals already voiced the need for a comprehensive package of support to which the EU can contribute.

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[6] PALOP is the group of Portuguese-speaking African countries, comprising Angola, Cape Verde, Guinea Bissau, Mozambique and São Tomé and Príncipe, and Timor Leste since 2005. PALOP integrated the ACP Group in 1985.

- Donor support to the external **audit area** is based on the strategic plans of the TA (PLACOR) and is mainly channelled through a basket fund implemented by the TA and coordinated by Sweden (with contributions from Ireland and Germany). The WB, France and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GiZ) support earmarked activities of the strategic plan.

Donor coordination is implemented through 2 different platforms: PFM Coordination Group, which includes all donors providing PFM support, and the Area 1 Working Group under the GBS instrument, including only GBS providers. While all GBS Area I members participate in the PFM Coordination Group, it mainly focusses on the PAF indicators. The wider PFM coordination group tackles broader issues such as the PFSP, coordination of TA and topics specifically related to issues of the Basket Fund partners.

3.3 Cross-cutting issues

Mozambique adopted commitments to address **gender issues** and to promote gender equality. Mozambique witnessed over the past decades improvements in women's position, especially at central level (with 36% of female Parliament Members); however progress in the communities seems less prominent. The Report on "*Beijing+20*" highlights many remaining gender gaps such as female poverty, secondary education (early marriages), female health issues, etc.

Environment has been elevated to one of the five priorities identified in the new PQG (2015-2019), "*to ensure sustainable management of natural resources and the environment*". This environmentally friendly boost in the main Government's plan is expected to ease the way for enhanced consideration of environmental aspects related to public investment management decisions (related to environmental sustainability) and the extractive industry (transparency).

Both gender and environment will benefit from **improved planning and budgeting systems** as well as improved credibility of the budget. By strengthening the programmatic budgeting process, initiated in 2012, more consistent and credible budget information will be publicly available. This contributes to improved tracking and potential analysis of cross/cutting issues which can feed back into improved policy definition in these areas (as well as others).

Gender and environmental sustainability are not the main targets of the intervention, though will be promoted, besides improving the budget and planning systems, by encouraging the participation of female staff in trainings and by increased use of information and communication technologies for the different budgetary processes. This process will be enhanced by ensuring a yearly dissemination/consultation session with the CSO Budget Monitoring Platform. A specific meeting will be organised with a representative of this CSO platform to present progress and consult CSOs on future priorities for PFM reforms (ideally through the PFSP monitoring process). Coordination will be ensured with the recently approved Support Programme to Non State Actors: PAANE II.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 16 target "*Develop effective, accountable and transparent institutions at all levels*" but also promotes progress towards Goal 8 " *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*" and SDG 17: "*Revitalise the global partnership for sustainable development*". This does not imply a commitment by the country benefiting from this programme.

The **overall objective** is to contribute improved transparency, effectiveness and efficiency of the public resources by strengthened Public Financial Management (PFM) systems and processes.
Specific objective 1: to contribute to improved strategic allocation of public funds and a more effective spending. This objective addresses the PFSP objectives C: "*Assegurar a afetação criteriosa dos recursos*" (Ensure the careful reallocation of resources) and D: "*Garantir maior eficiência na execução da despesa pública*" (Ensure better efficiency in the implementation of the public expenditure).
Specific objective 2: to contribute to enhanced capacity of the Supreme Audit Institution focussing on greater transparency. This objective addresses the PFSP objective G: "*Assegurar a correcta utilização da coisa pública*" (Ensure the correct use of the public good). This objective aims at improving the external audit function which is rated by both the Open Budget Index (OBI) and the PEFA as in need of strengthening.

For the first specific objective the expected results are:
SO1.1 Increased coverage of direct execution through the IMFIS;
SO1.2 Enhanced capacity of the IFMIS users;
SO1.3 Enhanced transparency of budgetary documents (including dissemination and analysis on Public Finance aspects);
SO1.4 The IT System for Planning and Budgeting in the IFMIS in pilot phase;
SO1.5 Increased proportion of public investment projects included in the budget scrutinized.

For the second objective the main expected results are:
SO 2.1 Improved transparency related to external audit (based on PEFA PI - 29 indicator);
SO 2.2 Improved quality of the audit report on the state accounts (as identified in the TA's Strategic Plan: public investment, extractive industry and PPPs);
SO 2.3 Improved internal management capacity of the TA.

4.2 Main activities

The support is structured around the 2 specific objectives (component 1 and 2) and a transversal capacity development facility (component 3).

4.2.1 Component 1: improved transparency, effectiveness and efficiency of the public resources

This component will tackle weaknesses related to the planning and budget processes (comprehensiveness, presentation of the budget and a credible fiscal strategy) as well as improving processes and capacity related to spending, particularly on public procurement and public investment approval processes. The implementing partner, CEDSIF has demonstrated good capacity and track record throughout the grant implementation of the 10th EDF (total value of EUR 3.9 million). CEDSIF conducts yearly external audits which have in the previous 4 years presented unqualified opinions. As regards to the main donors to CEDSIF, Denmark is phasing out its support with 2017 being the last year of financial contribution and Norway is also refocusing its support on other priority areas. There is an eminent financing gap which allows for the EU to leverage its "added-value".

The activities to be supported include:

- Support the development and implementation of the IFMIS module on Planning and Budgeting;
- Capacity building for Budget holders / IFMIS users;
- Capacity building for sectors or provinces on PIM in collaboration with the WB/DFID;
- Studies and Technical Assistance on issues related to the strategic areas.

These activities relate to the following strategic areas of the PFSP:

- C1: Guarantee timely and quality macro-economic projections and studies in the PFM area;
- C2: Improve the selection, execution and monitoring of Public Investment projects guaranteeing the link between different initiatives;
- D4: Improve the elaboration and execution of the plan and the budget;
- G2: Improved access to information on Public Finance.

4.2.2. Component 2 (for specific objective 2): To enhance accountability

The component will support the operational structure and the core functions of the TA. First, strengthening the TA's support functions is a continuation of the 10th EDF support programme, allowing for the consolidation of obtained results. Secondly, component 2 will strengthen the TA's audit capacity in areas of strategic interest to the PFM and the overall economic governance of the country, as identified in the PLACOR (areas such as public investment, extractive industries and PPPs). The activities include:

- Capacity building on internal control standards and procedures;
- Support the implementation of the TA's IT systems;
- Capacity building for auditors and judges to ensure quality audits relating to areas such as extractive industries, public investment processes and PPPs;
- Technical assistance supporting audits on extractive industry, public investment processes and PPPs and on IT systems;
- To improve internal manuals, procedures, etc, regarding specialised audits.

These activities will contribute to the following objectives of the TA's Strategic plan "PLACOR 2016-2019":
1.2 - Initiative 1.2.A. Extend the scope of external control to the level of public works, extractive industries, PPP's and the state business sector.
1.3 - Initiative 1.3.A. Improve the report and "*Parecer*" of the General State Accounts focussing on the chapter of the extractive industries.
3.1 - Initiative 3.1.A. Consolidate the internal control system
4.2 - Initiative 4.2.A. Evaluate and update the "Plano Director".

4.2.3. Component 3: Capacity Development Facility (CDF)

This CDF aims to provide added value to the PFM policy dialogue as part of the GGDC which includes PFM indicators related to budget allocation, domestic revenue mobilisation, fiscal risks, procurement, PIM and audit. Request for the capacity development facility related to these areas will be considered relevant and will be coordinated with the respective donor focal point of the indicator. It will also be important that identified activities contribute directly to the objectives of the PFSP or the PLACOR.

The beneficiaries, namely MEF (including subordinated institutions) and the TA can access this facility to mobilise in an efficient and effective manner high level technical expertise for specific deliverables. The request for support will be sent to the NAO who, together with the EU will ensure a screening of the Terms of References. The Technical Committee will establish the Modus Operandi of this fund during its first meeting.

This component is to be implemented under Indirect Management with the Republic of Mozambique through service/FWC/supplies contracts and/or grants for requested ad hoc studies, technical expertise, capacity building/seminars, etc.

4.3 Intervention logic

The improvement of PFM facilitates effective management of the collection and expenditure of funds by governments. The hypothesis of the programme is that a higher level of fiscal disciplines, increased revenues and decreased misuse of public resources will lead to more inclusive and sustainable economic growth. Budget transparency gives opportunity to the citizens to access information on government revenues, allocations and expenditures. The intervention logic is two-fold; on the one hand, the action will strengthen weaknesses in the strategic allocation, as well as tackling specific bottlenecks for a more efficient spending and, on the other hand, the scrutiny will be enhanced by a more focussed and transparent external control function.

Performance issues related to public investment and extractive industries will be tackled from different angles, first on the budgeting side by an improved screening and budgeting process of public investments and extractive industry revenue, secondly more effective spending (both improved IT systems and enhanced capacity) and finally the external control function support will focus on these high risk transactions (revenue and spending side).

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, 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 60 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

5.4.1 Indirect management with the Republic of Mozambique

A part of this action with the objective of contributing to inclusive and sustainable economic growth by enhancing service delivery through strengthened Public Financial Management (PFM) systems and processes, focussing on improved transparency, effectiveness and efficiency of the public resources may be implemented in indirect management with the Republic of Mozambique 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 according to the following modalities.

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures. Payments are executed by the Commission.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 36 of Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the partner country.

5.4.2 Grant: direct award Tribunal Administrativo (direct management) – Component 2 (for specific objective)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results
The objective is to enhance accountability by strengthening the capacity of the Tribunal Administrative (TA). The fields of intervention, the expected results and related activities are listed in section 4.1 and 4.2. The priorities of the year will be to provide capacity building and technical assistance for the internal control and IT systems and to improve the audit capacity for extractive industries, PPPs and Public Investments and. Procurement of some minor IT elements (hardware and software) might be necessary.

(b) 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 Tribunal Administrativo. 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 beneficiary is in a legal monopoly situation as the Tribunal Administrativo was created by the Constitution of Mozambique to act as the SAI. This role can therefore not be assumed by any other public or private entity. The Tribunal Administrativo is therefore the only potential candidate for the action.

(c) Essential selection and award criteria
The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing
The maximum possible rate of co-financing for this grant is 100%. In accordance with Article 192 of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 37 of (EU) Regulation 2015/323, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement
Second Trimester of 2018.

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.

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

Area	EU contribution (in EUR)
5.4.1 Indirect management with the Republic of Mozambique	**4 900 000**
Direct grant-CEDSIF (indirect management)	*3 700 000*
Procurement (indirect management)	*1 200 000*
5.4.2 Grant: direct award Tribunal Administrative (direct management)	**1 600 000**
5.9 Evaluation and 5.10 Audit	80 000
5.11 Communication and visibility	20 000
Contingencies	400 000
Total	**7 000 000**

5.7 Organisational set-up and responsibilities

A **Steering Committee** of the project shall meet once a year to decide the overall direction of the project, to monitoring the indicators *and to* supervise the overall implementation of the programme. Additional meetings can be arranged ad hoc at the request of the Delegation or any of the other members. The committee will be chaired by the National Authorising Officer (NAO) with the participation of all implementing partners (MEF, CEDSIF and TA). A separate meeting will be organised with a representative of a CSO platform on PFM issues to present progress and consult CSOs. Coordination will be ensured with the Support Programme to Non State Actors: PAANE II.

The Delegation and the Steering Committee will be supported in their work by technical committees for each of the three main components of the programme.

- Component 1: The Technical Committee for the support to SISTAFE reform programme will be the Partnership Committee set up to provide oversight of the SISTAFE Reform joint financing mechanism. The functioning of this Partnership Committee (PC) is outlined in the Memorandum of Understanding between the supporting development partners and CEDSIF. The EU Delegation participates as observer to this PC and the IMF is an ex officio member. The PC meets at least twice a year and assesses the progress and financial reports, discusses the audit report, and approves the annual plan and budget for the overall SISTAFE Reform Programme. To ensure coherence and consistency, the PC will be informed of the work plan and progress reports produced in relation to the grant for the benefit of the NAO and the Commission.
- Component 2: The Technical Committee for the support to the *Tribunal Administrativo* will be the PC set up to provide oversight of the TA's Joint financing mechanism. The functioning of this PC is outlined in the Memorandum of Understanding between the supporting development partners and the TA. The EU Delegation participates as observer to the PC. The PC meets at least twice a year and assesses the progress and financial reports, discusses the audit report, and approves the annual plan and budget. To ensure coherence and consistency, the PC will be informed of the work plan and progress reports produced in relation to the grant for the benefit of the NAO and the Commission.
- Component 3: A Capacity Development Facility Technical Committee will be established to support the NAO in the planning and the supervision of its implementation. The Technical Committee will include a representative of the NAO, CEDSIF, TA, MEF and the EU Delegation. It will meet on a semestral basis and will approve its Terms of Reference, including the contract selection criteria, during its first meeting.

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. 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 final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. The evaluations will be aligned as much as possible with the evaluations done under the provisions of the Memorandum of Understanding between the beneficiaries and the different development partners supporting the reforms. The EU will initiate a specific midterm and final evaluations, but will endeavour to harmonise and coordinate these as much as possible in the framework of the existing Memorandums between the beneficiaries and the other Development Partners.

A mid-term evaluation could be carried out for problem solving, learning purposes, in particular with respect to the Capacity Development Facility. A final evaluation is foreseen and will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the results of the Capacity Development Facility. The Commission shall inform the implementing partner at least 3 months 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 under a framework contract, one in 2020 and another in 2022. A PEFA assessment should be conducted in 2020 and will inform on progress against 2016 PEFA scores mentioned in the logframe.

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, two contracts for audit services shall be concluded under a framework contract indicatively in the second half of the implementation period.

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

APPENDIX - INDICATIVE LOGFRAME MATRIX

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. The indicators and targets will be determinate during the formulation stage when the Public Finance Strategy is expected to be adopted. Intermediary outcomes and the outputs will be 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 verification	Assumptions
Overall objective: Impact	Improved transparency, effectiveness and efficiency of the public resources by strengthened Public Financial Management (PFM) systems and processes	• Revenue/PIB; • Aggregate expenditure Out-turn compared to original approved budget (PEFA PI-1)* / ** • Composition of expenditure Out-turn compared to original approved budget (PEFA PI-2)* /** Open Budget Index *	• Revenue /PIB 2016: 24,1% • 2015 PI-1: B (2015) • 2015 PI-2: D+ (2015) • OBI: 38/100 (2015)	• Revenue /PIB 2019: 24,7% • PEFA PI-1: at least a B (2019/20); • PEFA PI-2: at least a D+(2019/20); • OBI: >38/100 (2019)	• BdPES, • Progress Reports of the PF strategy • PEFA report 2015; PEFA 2019 • OBI	
Specific objective I: Outcome(s)	SO 1.The strategic allocation of public funds is improved and their spending is more effective	A. PEFA: PI-4: classification of the Budget;* B. PEFA: PI-14: Credible Fiscal Strategy* C. PEFA: PI-9: Public access to key Fiscal information* D. % coverage of direct execution through the IMFIS;(PFSP –D4) E. Level of alignment between State Budget and MTEF limits ;(PFSP –C1) F. PEFA PI-23 Transparency, competition and complaint mechanisms in procurement;* G. PEFA PI-11 – Public Investment management;* H. % or nr. of the largest investment projects approved and selected based upon the criteria of the manual on selection of projects (PFSP –C2)	A. PEFA: PI-4: classification of the Budget: C (2015) B. PEFA: PI-14: Credible Fiscal Strategy: D (2015) C. PEFA: PI-9: Public access to key Fiscal information: D (2015) D. % coverage VD: 72% (2015) E. Discrepancy between State Budget and MTEF limits: >20% (2015) F. PEFA PI-23 procurement; D+ (2015) G. PEFA PI-11 – Public Investment management: D+ (2015) H. 0% (2015)	A. PEFA PI-4: at least a C (2019/20); ; B. PEFA-PI-14: at least a D (2019/20); C. PEFA: PI-9: at least a D (2019/20); D. % coverage VD: 82% (2019) E. Discrepancy between State Budget and MTEF limits: < 10% F. PEFA PI-23: at least a D (2019/20); G. PEFA PI-11: at least a D+ (2019/20); H. 90% of new projects ≥ USD 50m or the 15 largest projects below this limit (2019)	• PFSP implementation reports; • BdPES/State Accounts/Budget Execution Reports; • PEFA 2019 • MEF´s various implementation reports	Governments respects the PFSP implementation and monitoring processes; Government remains committed to PFM reforms; Government carries out prudent macroeconomic and monetary policies
Specific objective II: Outcome(s)	SO II: Enhanced capacity of the Supreme Audit Institution focussing on greater transparency	A. PEFA: PI-29;* B. % recommendations of audits emitted by the External Control that are implemented; (PLACOR -1.1.A.)* C. Nr. and % of the audit judgements that are published on-line (as required by law) (PLACOR 1.1.B – this indicator is in	A. PEFA: PI-29: D+ (2015); B. % recommendations of audits emitted by the External Control implemented: 38% (2015); C. Nr. and % (as of total judgements done) of the audit	A. PI-29: at least a D+ (2019/20) B. % recommendations of audits emitted by the External Control implemented: > 60%; C. % of the audit judgements that are published on-line (as required by law): number: 333	• BdPES/State Accounts/Budget Execution Reports; • PEFA • PLACOR	TA respects the PLACOR Monitoring processes; Government carries out prudent

		process of reformulation by the TA) * D. % of Public spending covered by external audit (PLACOR 1.1.A)*	judgements that are published on-line (as required by law): number: 251 - X% (2016); D. 42% (2015)	– X% (2019) - ; D. 50 % (2019)	Implementati on reports • PARECER of State Accounts • TA´s Website	macroeconomic and monetary policies
Outputs: Specific objective I	1.1 Increased coverage of direct execution through the IMFIS; 1.2 Enhanced capacity of the IFMIS users; 1.3 Enhanced transparency of budgetary documents (improved formats) and access to information on Public Finance 1.4 The IT System for Planning and Budgeting in the IFMIS in pilot phase; 1.5 Enhanced capacity to prepare, scrutinize and manage public investment projects included in the budget scrutinized by the CCSPP (based on PEFA PI -11).	1.1.1 % of salaries paid "*via directa"* (through the Central Bank accounts) (PFSP-D4) 1.1.2 % of public servants and agents (FAE) with salaries processed by e-Folha (PFSP-D4) 1.2. number and % of e-SISTAFE users that are certified (PFSP-D4) 1.3.1 aligned and improved format of the state budget and plan (PFSP - D4) 1.3.2. Status of the Public Finance portal (PFSP-G2) – including procurement related information 1.4. Progress in Planning and budgeting system (SPO) elaboration and implementation (PFSP -C1) 1.5.1. Number of people and number of institutions trained on PIM (C2) who can demonstrate improved knowledge in the relevant areas– in collaboration with WB/DFID – linked to IFMIS users training; (data disaggregated by sex)	1.1.1: 75% (2016) 1.1.2: 90% (2016) 1.2: 0 (2015) 1.3.1 Budget and plan are 2 separate documents (not fully compliant with international standards) 1.3.2. information scattered on different sites 1.4: Progress in Planning and budgeting system (SPO) : model elaborated (2015); 1.5.1 0;	1.1.1 : 97% (2019) 1.1.2: 95% (2019) 1.2: 70% (1.100/37.000) (2020) 1.3.1 Budget and plan are presented jointly with at least 3 improvements towards international standards (presentation of deficit, PIM information, functional classifier and/or historical data) (2020) 1.3.2 Portal functioning – including procurement related information (2019) 1.4: SPO implemented in experimental phase (2020); 1.5.1 tbd (during first Steering committee); 40% female participation (2020)	• PFSP implementati on reports; • BdPES; • MEF and CEDSIFs implementati on reports; • GoM websites; • WB documents	

Outputs: Specific objective II	2.1 Improved transparency related to external audit 2.2 Improved quality of specific chapter of the audit report on the state accounts (extractive industry and public investments); 2.3 Improved internal management capacity of the TA;	2.1 Timely publication of the simplified version of the Report and "*Parecer*" of the State Account realised until March n+2 (PLACOR 1.3.A) 2.2.1 . % (or number) of audits realised – compared to those planned related to extractive industries (PLACOR 1.2.A) 2.2.2. % (or number) of audits realised – compared to those planned related to PPPs (PLACOR 1.2.A) 2.2.3 Chapter on extractive Industries included in the report and PARECER of the State Accounts (PLACOR 1.2.A) 2.3.1 Level of implementation of the "Plano Director de Sistemas de Informação" (PLACOR 4.2.A) 2.3.2 % of the external audit recommendations accepted implemented maximum after 2 years (PLACOR 3.1.A) 2.3.3 Status of the different procedure manuals (PLACOR 3.1.A) 2.3.4 % of recommendations of the External evaluation on the effectiveness of the internal control (COSO methodology) implemented	2.1. May (n+2) (simplified version of the Report and "*Parecer*" of the State Account 2015 published in May 2017) 2.2.1. no information on % - 2 realized (2016) 2.2.2. 0 realized (2016) 2.2.3. extractive Industries analysis is included as a subchapter in published PARECER 2.3.1. "Plano Director de Sistemas de Informação" adopted beginning 2017 2.3.2 No information – *tbd during first steering committee* 2.3.3 Proposal of 4 different manuals elaborated. 2.3.4. External evaluation conducted in 2015 on the effectiveness of the internal control for 6 areas realised according to the COSO methodology (DF, DA UGEA, DRH, Visto, CCA and DSIC), 0% of recommendations implemented	2.1. December (n+1) (simplified version of the Report and "*Parecer*" of the State Account 2017 Published in December 2018) 2.2.1. 100% (6 audits during 2018-2020, i.e. 2 yearly) 2.2.2. 100% (6 audits during 2018-2020) 2.2.3. extractive Industries analysis is addressed in a substantial chapter in published PARECER 2.3.1. 85% of activities implemented by 2020 2.3.2. 100% 2.3.3. Manuals updated yearly and in full use 2.3.4. 50% of recommendations of the previous evaluations (conducted in 2015) implemented.	• BdPES/State Accounts/Budget Execution Reports; • PLACOR Implementation reports; • PARECER of the State Accounts • TA´s Website	

Indicators aligned with the relevant programming document are marked with '*', followed by the respective acronym NIP – National Indicative Programme). Indicators aligned with the EU Results Framework are marked with '**'. Indicators aligned with the SDG targets are marked with SDG.

EU Results Framework Indicator: Number of countries where overall public financial management has improved