

# PALOP-TL

## Regional Economic Governance Programme

**Pro PALOP-TL SAI (PHASE III)**



The PRO PALOP-TL ISC (PHASE III) is co-funded by the European Union



# ANNEX I

## Description of the Action Contribution Agreement





# Description of the action

## TITLE OF THE ACTION

PALOP-TL Regional Economic Governance Programme – Boosting PFMS and Budget Oversight (Pro PALOP-TL – Phase III)

## LOCATION OF THE ACTION

The action shall be carried out in Sub-Saharan African Portuguese-speaking Countries (Angola, Cabo Verde, Guinea-Bissau, Mozambique and São Tomé and Príncipe). The action will be exceptionally extended to Timor-Leste as part of the PALOP-TL countries.

## PRIORITY AREA(S), SECTORS

Priority area 2: Governance, Peace and Security, and Culture  
DAC codes: 151 Government & Civil Society-general

## SUSTAINABLE DEVELOPMENT GOALS (SDGS)

### Main SDG:

- ▶ SDG 16: Peace, justice and strong accountable institutions
- ▶ Other significant SDGs:
- ▶ SDG 5: Gender Equality;
- ▶ SDG 10: Reduce inequality within and among countries
- ▶ SDG 17: Partnerships for the Goals

## BUDGET OF THE ACTION

This action is co-financed by:  
**United Nations Development Programme (UNDP)**



# Summary

The EU funded PFM Pro PALOP-TL SAI programmes (2013-2017 and 2018-2022) successfully fostered and consolidated for the past 8 years innovative tools and a solid Community of Practices (CoP) of more than 20 core economic governance state institutions and a similar number of CSO platforms in the 6 PALOP-TL countries (Angola, Cabo Verde, Guinea Bissau, Mozambique, São Tomé e Príncipe, and Timor-Leste) to promote transparent and efficient Public Finance Management (PFM), budget oversight and economic governance. These programmes brokered CoPs that used south-south/triangular cooperation and peer-to-peer association between similar country institutions that have spurred a degree of coordinated policymaking on PFM transparency and accountability matters unmatched in most countries in the region. They have increased the quality and efficiency of EU policy dialogue, notably in countries with Budget Support operations (as well in countries with support programs to budget oversight), by providing critical, timely inside information, networks, and connection to oversight institutions.

Nonetheless, despite the significant progress on economic governance in the PALOP-TL countries in the past decade due to Public Finance Management (PFM) national reforms that led to increased accountability by PFM state actors, there is a need to address structural governance shortcomings, notably on the topics of budget transparency, efficient oversight/audit and social monitoring and impact evaluation of public expenditures, especially in a global context of increased financial crises due to the long-term impact of the COVID19 pandemic and the war in Ukraine.

The 3<sup>rd</sup> PFM Pro PALOP-TL SAI programme aims to consolidate and scale up the gains and actions referred above to continue promoting transparent, accountable, gender responsive and open budgetary cycles, as well as to further strengthen parliament, the court of auditors, the executive institutions, and citizens' capacities to monitor how governments execute state budgets. From 2023 to 2026, the new programme will capitalize on the knowledge and policy space in PFM matters inherited from the 2 previous Pro PALOP-TL SAI programmes referred above to build skills, tools and capacities leading to meaningful and durable reforms in areas considered key for accelerating SDGs and Sustainable Economic Development in the PALOP-TL countries. Hence, the return of the investments made for the past 8 years in building PFM Human Resources skills, as well as in consolidating PFM systems, professional networks, and institutions, will now be allocated to promoting change and transformation in those areas, such as fiscal/tax transparency and domestic resource mobilisation, gender equal economies (equanomics), open and accountable PFMS, notably using digital technologies. It will endeavour to strengthen its existing partnerships and build closer and durable associations with European peer institutions. The programme also proposes to showcase successful tools and methods, such as the “Community of Practices”, the recent “Digital Budget Transparency Platform” and the “Gender-responsive Budgeting and oversight integrated model” in other countries where they can be replicated, notably those with particularly prominent EU Budget Support. The programme will promote alignment with the EU Global Gateway axes on green (accelerating green transition for biodiversity) and digital transitions through its crosscutting issues.

In view of the already demonstrated added-value of a collaboration in the framework of the PALOP-TL region (six countries sharing the same language and governance systems) in the PFM sector, it is proposed to focus the intervention on five main domains:

- 1.** Consolidating and strengthening PFMS and domestic resource mobilisation capacities by the Ministries Finance and National Tax Revenue Authorities.

2. Improving external control and audit by Parliaments, Court of Auditors, and external control watchdogs.
3. Enhancing budget and policy monitoring by Civil Society Organisation (CSOs) and increasing citizens public participation.
4. Strengthening peer-to-peer international partnerships among national oversight institutions.
5. Enhancing Gender-responsive Budgeting (GRB) practices and gender mainstreaming.

The Action will scale-up the already tested methodologies of the Pro PALOP-TL SAI's Programme within the scope of a peer-to-peer network, which has already resulted in improved attitudes and competencies in a collaborative learning environment of the beneficiary institutions (such as the Ministries of Finance, Parliaments, Courts of Auditors, as well as Civil Society Organisations). It will lead to i) deepening their capacities on PFM, ii) a more effective implementation of their different mandates, and iii) imparting interinstitutional and public trust notably in new areas such as climate-relevant budgeting and domestic resource mobilisation, thus influencing and widening the existing space for policy dialogue in the field of PFM; iv) deepening institutional capacities and strengthening impacts for and impact evaluation of gender equality; v) sustainable transformation of institutional cultures and legal frameworks. It will also further facilitate the development of mentoring relationships between countries' institutions and a positive peer pressure that has already helped attain high-level results.

Furthermore, it will endeavour to strengthen and formalise its existing operational collaboration with other relevant actors and platforms operating in the fields of economic governance and PFM, such as those existing with the PALOP-TL countries, Brazil and Portugal (OISC | CPLP, AP | CPLP, SG-PLP); with Open Government Partnership (OGP); with International Budget Partnership (IBP); with INTOSAI (International Organisation of Supreme Audit Institutions) and AFROSAI-E; with the IMF, especially with its Fiscal Affairs Department (FAD), that have already demonstrated great interest in the Action's innovative methodology to promote gender equality through PFMS, and AFRITAC (IMF training facility). The Action will also build closer and durable associations with other institutions, notably with the EU oversight bodies (EU Court of Auditors, EU Parliament Committee on Budgetary Control and the Committee on Budgets), that will contribute to ensure a closer collaboration and sustainable support to the PALOP-TL oversight institutions.

Strengthening partnerships will also allow other non PALOP-TL countries to benefit from the tested methodologies and the Communities of Practice and the use of innovation and digitalisation, which are already taking place in the PALOP-TL countries to foster PFMS.

This action is aligned with Priority 2 "Governance, Peace and Security, and Culture" of the Sub-Saharan-Regional Multiannual Indicative Programme 2021-2027, and specifically refers to the Result 1.1 - "Continental and regional frameworks for democratic governance, the rule of law, human rights, accountability, and inclusive and equal societies are strengthened and implemented". Moreover, it contributes to the Sustainable Development Goals (SDGs), namely the SDG16 (governance, including promoting accountable and inclusive institutions at all levels), the SDG 5 (gender equality), the SDG 10 (reduce inequality within and among countries) and the SDG 17 (partnerships for the Goals).

Given the successful experience of the United Nations Development Programme (UNDP) in implementing the Pro PALOP-TL SAI Programme, as well as in providing institutional capacity development tools and processes, it is proposed to renew the partnership with this organisation, entrusting it with the indirect management of the action. The Programme Management Unit shall be based in Cabo Verde.

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# **SECTION I**

- Background &  
General Description

## 1.1 Background

The PALOP countries (Angola, Cabo Verde, Guinea-Bissau, Mozambique and São Tomé and Príncipe) began their South-South bilateral cooperation in the 1970s after their independence and maintained very close relations with Timor-Leste. Irrespective of its geographic discontinuity, the PALOP-TL region constitutes a cohesive community that shares common legal frameworks, institutional practices and cultures, a common language, history, and a long-standing tradition of South-South and bilateral cooperation.

Cooperation between the PALOP countries and the European Union (EU) began in 1992, and Timor-Leste joined in 2007. That is when the acronym PALOP-TL was adopted. This partnership is based on a Regional Cooperation Programme which in 2022 celebrated 30 years of collaboration that further strengthened regional cohesion. This partnership was first implemented through two Regional Indicative Programs (RIP PALOP I and II) under the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> European Development Fund (EDF); later through the “Initiative for PALOP-TL Governance” under the 10<sup>th</sup> EDF, and a Multiannual Indicative Program (MIP) under the 11<sup>th</sup> EDF.

In the past decade, the Portuguese-speaking countries of Angola, Cabo Verde, Guinea-Bissau, Mozambique, São Tome and Príncipe, and Timor-Leste have experienced significant progress in economic governance. Sustained public finance management reforms in the past decade are the main reason for this success.

UNDP has been a trusted partner of the PALOP-TL and EU in the context of this cooperation since the 10<sup>th</sup> EDF by successfully implementing what is perceived as one of its most impactful and successful multi-country and South-South/Triangular cooperation Governance Programmes funded by the EU. The programme started in 2010 and has now completed 13 years with a successful implementation by UNDP of the “Project in Support of Electoral Cycles in the PALOP and Timor-Leste” (2010-2013), the “Project for strengthening technical and functional skills of Supreme Audit Institutions (SAIs), National Parliaments and Civil Society for the control of Public Finances in the PALOP and Timor-Leste” (2013-2017), and the “Programme for consolidating Economic Governance and Public Finance Management Systems in the PALOP and Timor-Leste” (2018-2023).

These projects channelled a total of EUR 20,550,000 to support core governance institutions and civil society organisations (CSOs) in the beneficiary countries, among them Ministries of Finances, Supreme Audit Institutions, Parliaments, Women Caucuses and Political Parties, Constitutional Courts, and Civil Society Organisations in the 6 PALOP-TL countries. The EU-funded UNDP Pro PALOP-TL SAI programmes referred above contributed to these outcome changes with regards to transparency and accountability of PFMS in the PALOP-TL countries.

The **first phase** of the Pro PALOP-TL SAI Programme (from 2013 to 2017 financed by the 10th EDF – EUR 6 500 000) supported the Supreme Audit Institutions (SAI), Parliaments, and CSOs, in the areas of external control, oversight and monitoring of public finances and policies, state budget and accounts, public expenditure. The Programme introduced an innovative methodology which encouraged exchange of experiences and created efficient and effective learning environments between peers in a logic of South-South and Triangular cooperation. The **second phase** of the Pro PALOP-TL SAI Programme (from 2018 to 2022 financed by the 11th EDF – EUR 8 000 000 and co-financed by UNDP) continued and expanded the previous efforts, by widening its scope of intervention to include Ministries of Finance as beneficiaries and budget transparency as an output. It aimed to improve economic governance

in the PALOP-TL countries, specifically regarding public finances, accountability, effectiveness and transparency of public expenditure and accounts, with a special emphasis on promoting Gender-responsive Budgeting (GRB).

The Programme has successfully fostered and consolidated solid **Community of Practices** enabling to connect more than 20 core economic governance state institutions and a similar number of CSOs in the six PALOP-TL countries, that would not otherwise have the opportunity to interact, over the last eight years. The programme brokered CoPs that used south-south/triangular cooperation and peer-to-peer association between similar country institutions that have spurred a degree of coordinated policymaking on PFM transparency and accountability matters unmatched in most countries in the region. Moreover, the Programme has been a pioneer in creating an **array of innovative tools and methodologies** in the PFM sector encouraging sustainable transformations in the PALOP-TL countries, such as:

- a. the “**PALOP-TL Civil Society Online Budget Platform**”, a digital platform that showcases the quality of transparency in the provision of the basic revenue and expenditure data per country. It aims at supporting CSOs to autonomously analyze the official and disclosed data as well as to promote transparency and accountability within their own countries. The information disclosed is based on the “**PALOP-TL Budget Transparency Index**” – the first PALOP-TL Index that assesses whether global best practice standards are being met in the PALOP-TL regarding the availability of foreseen and executed revenue and expenditure data. The Index extracts data from official reports published in closed formats (in pdf format) and transforms them into structured, digitalized open-format databases and interactive visualizations: ready for analysis by all stakeholders and general public<sup>1</sup>.
- b. structured and recognized learning methodologies such as a **Public Finance Management Certified Advanced Studies Program** tailor-made to the PALOP-TL PFM institutions’ staff members, administered by an internationally recognized university (Instituto Universitário de Lisboa - ISCTE) in the PFM sector. It has also created a **Massive Online Open Source Courses (MOOC)**, aka the **Pro PALOP-TL SAI PFM e-learning platform**, which was largely expanded to better answer to the new challenges triggered by the Covid-19<sup>2</sup>. The platform offers free online certified courses that use gamification specifically to support the Court of Auditors, Parliaments, and the Ministries of Finance on PFM matters, using the programme’s CoPs as source of applied knowledge and professional know-how. In addition, a **podcast on “Public Resources in PALOP-TL”** was developed in partnership with RDP Africa [a radio station that cover all PALOP-TL countries] which bring to public the discussion between renowned experts and scholars with public officials had during COVID pandemic regarding to PFM systems responses to the crises.
- c. the “all-of-Government” Methodology on **Gender-responsive Budgeting** and oversight of public expenditure focused on gender, was built by the Programme as a tool for improving governance and transparency. This has induced more efficient mainstreaming of gender into planning and budgetary cycles in all beneficiary countries, leading to durable policy reforms in most of them. These programme outputs on gender equality have contributed to the following changes at outcome level:
  - ▶ in Angola, the new executive’s agenda is focused on promoting transparency of public accounts and the Presidential Decree - Instructions for the Preparation of the Medium-Term Expenditure Framework 2022-2025 consider Gender Responsive

1 <https://www.paloptl-ebudgets.org/>

2 <https://www.agora-parl.org/pt-pt/pro-palop-tl-sai/news/cursos-e-learning-pro-palop-tl-iscte>

Budget with the 2022 and 2023 state budgets includes gender markers.

- ▶ in Cabo Verde, New Budgetary Framework Law, Law no. 55/IX/2019 establishes the bases for drafting, executing and monitoring the State Budget. Article 12 of the Law introduces a principle on inclusion of gender issues in the State Budget with more than 90% of the projects already marked with a specific gender marker and the gender markers scale is adopted as the methodology to mainstream gender in the state budgets.
- ▶ In São Tomé e Príncipe, the 2022 State Budget had specific orientations for the integration of gender markers for the sectors of water and sanitation.
- ▶ In Mozambique, the Pro PALOP-TL methodology on gender-responsive budgeting was integrated in the new guideline / Manual for preparation of annual plan and state budget.
- ▶ In 2021, 961 parliamentary, CSO, executive and SAI Staff, were in Angola, Cabo Verde, Guiné Bissau, Mozambique, São Tome and Príncipe, and Timor-Leste were trained in Gender Responsive Budgeting and familiarized with gender sensitive analysis.

The above changes, among others, represent an opportunity to build on, scale up and push for more progress in promoting good economic governance and transparency in PFMS of the PALOP and Timor-Leste.

However, weaknesses, including inadequate institutional capacity, skills, and human resources, continue to hamper their public administration systems. This situation has undermined effective public finance management, budgetary oversight and control of public resources, which has significant adverse impacts on other governance and development sectors.

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

Against this background, the European Union’s MIP for Sub-Saharan Africa (2021-2027), which now includes the PALOP-TL regional cooperation, defines Priority Area 2 “Governance, Peace, Security and Culture” as one of the six priority areas of cooperation for Sub-Saharan Africa. Likewise, the PALOP-TL countries’ XIV Meeting of National Authorizing Officers (NAO) with the European Union in November 2021 identified Economic and Financial Governance as a priority area of cooperation for the next programming cycle.

On the basis of the already demonstrated added-value of a collaboration in the framework of the PALOP-TL region in the Public Finance Management (PFM) sector, the EU and the PALOP-TL Governments are

proposing to boost PFMS and Budget oversight in the referred countries through a new cycle of the PALOP-TL Regional Economic Governance Programme with a focus on the following 5 domains:

- 1.** Consolidating and strengthening PFMS and domestic resource mobilisation capacities by the Ministries of Finance.
- 2.** Improving external control and audit by Parliaments, Court of Auditors, and other external control watchdogs.
- 3.** Enhancing budget and policy monitoring by the Civil Society Organisation (CSOs) and increasing citizens public participation.
- 4.** Strengthening peer-to-peer international partnerships among national oversight institutions.
- 5.** Enhancing Gender-responsive Budgeting (GRB) practices and mainstreaming.

Furthermore, the continuity of support in this area of intervention is clearly aligned with the need to capitalise on the important achievements and gains obtained so far, notably through the Pro PALOP-TL SAI Programme. Such an approach will allow to continue fostering resilient, transparent, accountable, and inclusive PFM institutions and systems in the PALOP-TL countries (SDGs 16 & 17) as catalysts for more gender equal economies (SDGs 5 & 10).

Carefully crafted and detailed multi-year work plans will be formulated during the programme's inception phase allowing to promote synergies/alignment between the programme and NIPs/Budget Support, as well as UNDP Country Programmes, in each country. The Pro PALOP-TL SAI has grown to become a multi-country and south-south/triangular platform that represents an opportunity to increase the policy dialogue space in PFM matters, bringing to the table state and non-state actors to exchange experiences and access best practices.

## **1.2** Description

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

## 1.2.1 Economic and social situation in the PALOP-TL countries

The PALOP-TL have different characteristics in terms of demography, GDP per capita and human development. According to the Statistics Agency of the United Nations<sup>3</sup>, the total PALOP-TL population should have reached 70.2 million in 2021<sup>4</sup> – 50.75% of which were women<sup>5</sup>. In terms of GDP per capita, the average for these countries is \$1,831, estimated for 2021. Angola<sup>6</sup> is classified as a medium-high income country while Cabo Verde<sup>7</sup>, São Tomé e Príncipe<sup>8</sup> and Timor-Leste<sup>9</sup> as medium-low income and Guinea-Bissau<sup>10</sup> and Mozambique<sup>11</sup> as low-income countries<sup>12</sup>. Cabo Verde, São Tomé e Príncipe and Timor-Leste are countries with average levels of human development while Angola, Guinea-Bissau and Mozambique are ranked as low human development countries<sup>13</sup>. Cabo Verde, Guinea Bissau and São Tomé e Príncipe are Small Island Developing States (SIDS<sup>14</sup>) with special development challenges.

**ANGOLA**'s economy has been recovering from the COVID-19 pandemic since 2021, with positive economic growth rates of 1.1% in 2021 and 2.8% in 2022, based on oil demand and production, and on the diversification of non-oil activity. The IMF estimates growth in economic activity at 3.5% for 2023 and 4% in the medium term, sustained by the structural reform agenda mainly to support the non-oil sector. However, one of the country's great economic challenges still lies in the persistent rate of inflation above two digits, with significant impacts on the fight against poverty. The World Bank highlights unemployment, insufficient health service coverage, high poverty rates, and rapid population growth as the country's main challenges, making investments in human capital, a broader social security network, and poverty reduction top priorities.

These goals are to be achieved by strengthening the structural economic reforms carried out over the last five years, improving macroeconomic management, financial sector stability, public sector governance and transparency, and greater private sector participation in the economy. The desired economic diversification will allow for higher and better employment levels, as well as reducing the impact of oil revenue volatility on economic growth and public finances. For 2023, the state budget foresees a resumption of fiscal adjustment, which is a necessity to achieve fiscal and public debt equilibrium in the medium term.

According to the IMF, SIDS, due to their low economic diversification, restricted fiscal spaces, scarce economic mitigation capacities, and high dependence on remittances, were more impacted than other

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3 <http://data.un.org/en/index.html>.

4 Population (000, 2021) projected estimate (medium fertility variant): Angola – 33,934; Cabo Verde – 562; Guinea Bissau: 2,016; Mozambique: 32,163; São Tome and Príncipe: 223; Timor-Leste: 1,334.

5 Angola: 51,07% women; Cabo Verde: 49,60% women; Guinea Bissau: 52,13% women; Mozambique: 52,85% women; São Tome and Príncipe: 49,90% women; Timor-Leste: 48,97% women.

6 \$4,714 in 2015. Source: <http://data.un.org/en/index.html>.

7 \$3,080.2 in 2015. Source: <http://data.un.org/en/index.html>.

8 \$1,752.8 in 2015. Source: <http://data.un.org/en/index.html>.

9 \$2425.4 in 2015. Source: <http://data.un.org/en/index.html>.

10 \$530 in 2015. Source: <http://data.un.org/en/index.html>.

11 \$529.2 in 2015. Source: <http://data.un.org/en/index.html>.

12 World Bank Open Data 2016. Source: <https://data.worldbank.org/>.

13 Human Development Report 2016. Source: [http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf).

14 <https://sustainabledevelopment.un.org/topics/sids>

countries by the economic effects of the COVID-19 crisis, with strong repercussions on public finances.

**CABO VERDE**, like other SIDS countries, experienced a sharp drop-in economic activity (-14.8%) due to the pandemic, which led to a decrease in revenues and an increase in new expenses, especially in the health sector and social protection, compared to pre-crisis levels, consequently reflected in the growth of public debt. However, the good management of the pandemic, especially the high rate of vaccinations, allowed the main driver of the economy, the tourism sector, to recover, contributing positively to the growth of economic activity and the recovery of international reserves. After GDP grew 7% in 2021, it reached 17.7% in 2022. By 2024, inflation is expected to decrease as global growth slows, commodity prices stabilize, and supply bottlenecks are addressed. According to the Ministry of Finance and Enterprise Development (MFFE), between 2016 and 2019, Cabo Verde posted a budget deficit of no more than 3% of GDP, reflecting the commitment to consolidate public finances.

However, the Covid-19 pandemic interrupted this trajectory, greatly affecting tax collection and imposing additional spending needs to mitigate the economic and social effects of the pandemic on families and businesses. Accordingly, the public deficit reached 9.1% and 7.4% of GDP in 2020 and 2021, respectively. In 2022, with greater economic recovery, that figure would be 4% of GDP, and public debt would be 121% of GDP, compared to 144% in 2021. The World Bank projections indicate a fiscal deficit of 2% of GDP by 2025 and that the public debt/GDP ratio will improve to 106% of GDP by 2025. Fiscal risks will remain high as the fiscal deficit is exposed to liabilities in sectors particularly vulnerable to external shocks.

The IMF estimates that the growth prospects of the Cabo Verde economy are positive around 5% in the medium term<sup>15</sup>. The referred Joint World Bank-IMF Debt Sustainability Analysis report for Cabo Verde states that the IMF projects a real GDP growth rate of 5% in the medium term, supported by a recovery in tourism and public investment in infrastructure. The report also notes that the country's economic situation has been improving in recent years, with growth above historical trends, low inflation, strengthening fiscal and external positions, and declining public debt-to-GDP ratio<sup>16</sup>.

However, these previsions might be subjected to negative risks, among which are the slowdown of the economy of the main tourist markets, high and persistent inflation rates with impacts on the most vulnerable, resurgence of COVID-19, fiscal risks for state-owned companies, and climate-related shocks. Reforms aimed at fiscal consolidation are of paramount importance on the budget side, while on the monetary and financial side, it is important to continue protecting the exchange rate parity and safeguarding the financial sector. In addition, the challenge remains to accelerate the implementation of climate change mitigation.

According to the World Bank, the pace of economic activity in **GUINEA BISSAU** slowed in 2022, reaching 3.5% growth, compared to 6.4% in 2021, as a result of disruptions in the supply chain and reduced demand and economic activity. For 2023 the forecast is for GDP to grow 4.5% as a result of improved international demand for cashew. As in other countries, inflation increased from 3.3% in 2021 to 7.8% in 2022 as a result of the constraints imposed by global supply constraints. However, it forecasts a decrease in inflationary pressure, with inflation expected to be 5%.

On the fiscal side, the fiscal deficit decreased from 5.5% of GDP in 2021 to 5.2% in 2022 and public debt reached 80.2% of GDP. With the forecast improvement in economic activity and control of the wage bill, the deficit and public debt are expected to fall to 4.2% and 78.1% of GDP respectively.

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15 (2019). Cabo Verde - Joint World Bank-IMF Debt Sustainability Analysis.. <https://doi.org/10.1596/32575>.

16 (2020). Cabo Verde. Imf Country Report, 135(20).

The World Bank notes, however, that the forecasts are subject to risks that could result from continued inflationary pressures, shocks to the cashew sector, political instability, fiscal risks and climatic shocks. Risks associated with banking instability and the state-owned enterprise sector also remain a threat to macro-financial stability.

The high levels of poverty and inequality impose on the country the need for greater political and macroeconomic stability, diversification of the productive sector, improvement in productivity allowing for more robust and sustainable economic growth. There is also an urgent need for reforms that increase access to basic services and reinforce human capital through improvements in education, health, and social protection.

In order to have fiscal space to enable investment in such sectors, the IMF recommends increasing domestic revenues, containing current expenditure and limiting fiscal transfers will be key to ensuring fiscal sustainability. This implies strengthening tax administration through corrective action plans and implementing the new VAT law, adopting strong expenditure restraint measures, including a temporary freeze on public hiring and a more efficient wage bill management, and limiting budget transfers to public enterprises.

After recording its first economic contraction in nearly three decades in 2020, **MOZAMBIQUE**'s economy has been recording recovery reaching a growth rate of 4.2% in 2022. The growth has also been accompanied by an inflation rate of 10.9%, the highest in the last six years. It still expects inflation to be persistent in 2023, an element that penalises the fight against poverty in the country. The World Bank predicts that between 2023 and 2025 the country will post average economic growth of 6 percent, due to continued recovery in the service sectors, increased production of LNG and higher prices for raw materials.

However, they highlight negative risks among which include the uncertainty inherent to global recovery, the war in Ukraine, low levels of human capital and the country's vulnerability to climatic disasters.

Overall, it is estimated that more than 60% of people live in poverty and more than one million people have been displaced by the conflict in Cabo Delgado. Mozambique also has a low human development index. This imposes an urgent need to implement structural economic and social reforms that diversify the economy, reinforce economic governance and transparency, generating formal jobs and creating protection mechanisms for the most vulnerable and greater equality in access to education and health services at a regional level, but also in terms of gender.

For the IMF, it is important to accelerate fiscal policy reforms in order to achieve medium-term fiscal balance. Measures such as expanding the VAT base, reforming public sector remuneration to improve the efficiency of public service delivery and strengthening the management of public investment help create fiscal space for other spending priorities over time.

The Covid-19 pandemic exposed and aggravated **SÃO TOMÉ AND PRÍNCIPE**'s socio-economic vulnerabilities, as it did for many SIDS. Since then, economic growth has been below pre-pandemic levels. In addition to the pandemic, the country was confronted with the energy problem and extreme weather that resulted in flooding and severely hampered the infrastructure and communications. Growth is estimated to have slowed to 0.9% by 2022, constrained by persistent energy shortages, along with higher food and fuel prices due to the war in Ukraine. The IMF forecasts that growth in the economy should reach 4% in the medium term, supported by better infrastructure and improved tourism activity. The strengthening of tourism activity should benefit the current account balance, the fiscal balance, and the level of international reserves in the medium term.

For the IMF, the outlook is subject to negative risks. They highlight the new variants of COVID-19 and

future pandemic waves, internal spillover from the increase in international fuel prices, worsening power outages and weather-related emergencies. Inflation in recent years has risen considerably and is likely to persist, due to the war in Ukraine and disruptions in global supply chains.

For the World Bank, the business environment is hampered by poor infrastructure availability, expensive and erratic electricity, and weak institutions. Public finances are burdened by the high cost of providing public services, compounded by low domestic revenue mobilisation and declining external financing. The country's development has been driven by externally financed public spending. São Tomé e Príncipe needs to promote a private sector-led growth model focused on improving human capital, infrastructure, and the business environment to unlock its potential for tourism and niche high quality agricultural production.

According to the IMF, the São Tomé e Príncipe authorities aim for macroeconomic stability and promote sustainable development and poverty reduction. To this end they are committed to an ambitious fiscal adjustment to address the country's high public debt and rebalance the economy with a pegged exchange rate, complemented by an end to monetary financing of the budget and a tighter monetary policy.

**TIMOR-LESTE**'s economy since 2016 had been facing economic growth problems. With the pandemic of COVID-19 the GDP decreases by about 8.3% according to IMF data. Economic activity is expected to pick up in 2021, despite the negative effects of tropical cyclone Seroja. In the medium term, the country's economy is expected to grow by about 3%.

Low economic growth stems from the lack of public infrastructure and low levels of human capital. According to the World Bank in 2020, Timor-Leste's Human Capital Index stood at 0.45, compared to the East Asia and Pacific regional average of 0.59. A healthier and more skilled workforce is needed to better meet future labour demands across the economy.

The country was also faced with the problem of high inflation rate, as one of the highest in the East Pacific region, mainly derived from the pressure on food prices as a result of rising global food prices and higher transport costs.

There is also a need to implement reforms that encourage private sector-led growth in the economy as well as job creation. For the World Bank, because TL is a young country with a rapidly changing political and social landscape, there is a need to focus on improving the institutions that create the enabling environment for good policy making, economic prosperity and inclusiveness. There is also the need for improving the quality of public expenditure and resource mobility as a key point for fiscal consolidation and accelerating and sustaining economic development.

Looking at the UNDP HDI<sup>17</sup> between 1990 and 2021 for the PALOP-TL countries, Mozambique and Guinea Bissau should be considered as low HD classifications and Cabo Verde, São Tomé e Príncipe, and Timor-Leste as medium.

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<sup>17</sup> <https://hdr.undp.org/data-center/human-development-index#/indices/HDI>.

HDI RANK	COUNTRY	HUMAN DEVELOPMENT INDEX (HDI)	HDI RANK
<b>MEDIUM HUMAN DEVELOPMENT</b>			
128	Cabo Verde	0,662	127
138	Sao Tomé and Principe	0,618	139
140	Timor-Leste	0,607	140
148	Angola	0,586	149
<b>LOW HUMAN DEVELOPMENT</b>			
177	Guinea-Bissau	0,483	177
185	Mozambique	0,446	184

#### HUMAN DEVELOPMENT GROUPS

Very high human development	0,896
High human development	0,754
Medium human development	0,636
Low human development	0,518

#### DEVELOPING COUNTRIES

0,685

#### REGIONS

Arab States	0,708
East Asia and the Pacific	0,749
Europe and Central Asia	0,796
Latin America and the Caribbean	0,754
South Asia	0,632
Sub-Saharan Africa	0,547

#### LEAST DEVELOPED COUNTRIES

0,540

#### SMALL ISLAND DEVELOPING STATES

0,730

#### OECD

0,899

#### WORLD

0,732

In PALOP countries and Timor-Leste, the data analysis from the United Nations Human Development Reports (HDR) for 2018 and 2021 effectively shows that positive developments have been observed in terms of promoting gender equality. With the instruments of economic governance and gender-sensitive budgeting being crucial in this process. Despite this positive evolution, strong gender inequalities persist in the PALOP-TL countries but with relevant differences.

While most of the PALOP-TL countries are better ranked than the average in Sub-Saharan Africa<sup>18</sup> for the [Gender Inequality index<sup>19</sup>](#), Cabo Verde and Timor-Leste<sup>20</sup> are the best positioned (ranked respectively 84 and 89); but much worse results for São Tome and Príncipe (ranked 124); Angola and Mozambique (both ranked 136); Guinea Bissau (ranked 159), the 10<sup>th</sup> higher GII globally. The representation of women in parliament, São Tome and Príncipe and Guinea Bissau remains considerably low (below the 23.8% Sub Saharan average), while there have been advances in Mozambique, Angola, Cabo Verde and Timor-Leste (above 38.2%)<sup>21</sup>. In 2016<sup>22</sup>, there were no details as regards youth (individuals aged under 30) in the parliaments of Angola and Guinea Bissau and, in the remainder of beneficiary countries, this rate stood at 0.0% with no MPs under this age in Cabo Verde, Mozambique, São Tome and Príncipe and Timor-Leste. The participation of women in the labour force (% of 15 + years old), is one of the key challenges on gender equality promotion and women economic autonomy in the PALOP countries and Timor-Leste. The United Nations Human Development Reports 2021 (HDR) indicates considerable low % of women participation in the labour force in 2021, with values under 50%, in Cabo Verde (46.9%), São Tomé e Príncipe (37.1%). Meanwhile Angola, Timor-Leste, Guinea Bissau and Mozambique with values over 60%.

Regarding the Gender Development Index, that includes indicators from the SDGs 3, 4 and 8, Cabo Verde (0.981) was classified in the Group 1- countries with a high level of equality in HDI achievement between women and men (absolute deviation of less than 2.5%, Angola (0.903), São Tomé e Príncipe (0.907), Timor-Leste (0.917) and Mozambique (0.922) were classified in the Group 4 - countries with a medium-low level of equality in terms of HDI achievement between women and men (absolute deviation of between 7.5% and 10%) between 7.5% and 10%) and Guinea Bissau (0.867) was classified in Group 5 – countries with a low level of equality in terms of HDI achievement between women and men (absolute deviation from gender parity of more than 10%).<sup>23</sup>

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18 Only Guinea Bissau has a higher value.

19 <https://hdr.undp.org/data-center/thematic-composite-indices/gender-inequality-index#/indicies/GII>.

20 Timor-Leste is ranked slightly below the average for East Asia and the Pacific region.

21 <http://www.ipu.org/wmn-e/classif.htm>

22 <https://beta.ipu.org/our-work/youth/data-youth-participation>

23 <https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22sp1pdf.pdf>

## 1.2.2 Sector context analysis

The World Bank's "Control of Corruption" (WGI) indicator is a good index to assess the impact on economic governance of the reforms that have been undertaken by public financial management systems in the last decade in these countries. Figure 1 below summarizes the evolution of between 2017 and 2021 in the PALOP-TL countries (aka "PALOP-TL").

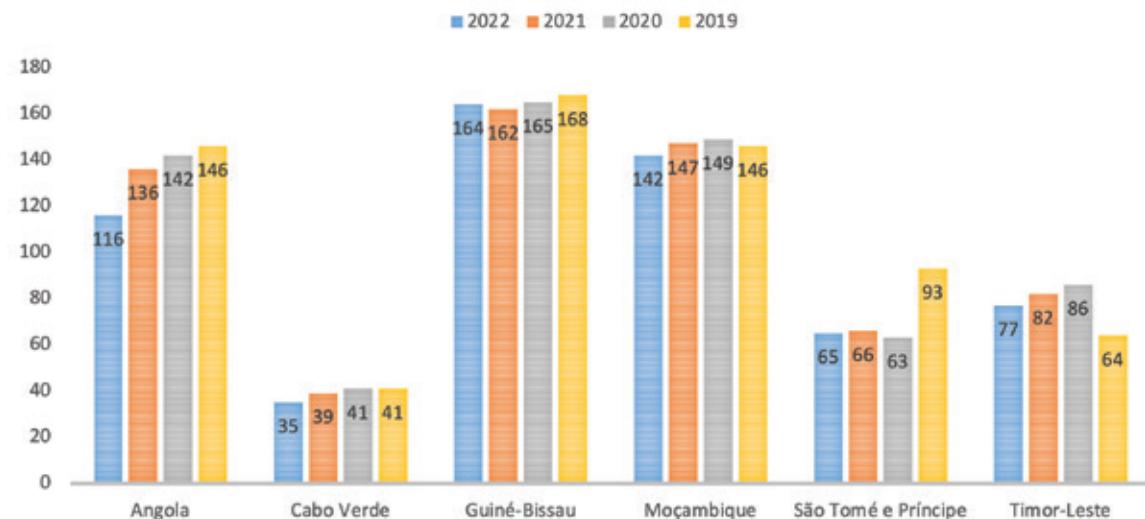
**FIG.1: Evolution of the World Bank's "Control of Corruption" (WGI ) in the PALOP-TL – 2017-2021**



This indicator captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as the "capture" of the state by elites and private interests. As can be clearly seen in Fig.1, with the exception of Mozambique, the other PALOP-TL registered an increasing/improving trend between 2017 and 2021, the last measurement date for this indicator. Although Cape Verde clearly stood out on the positive side, the improvements recorded in Angola (growth of 23.22 percentage points), Timor-Leste (growth of 20.74 percentage points) and São Tomé and Príncipe (growth of 6.17 percentage points) should not go unnoticed.

Another dimension captured by the indicator is the frequency of corruption at the level of public institutions (parliament/legislature, legal system/judicial institutions, civil servants). According to DW's online edition of 31.01.2023, from 2017 to the present date, Transparency International's Corruption Perception Index (CPI) has recorded improvements for all PALOP-TL, with the exception of Guinea-Bissau. However, throughout the duration of the programme (2019-22), this indicator evolved positively in all PALOP (in Timor-Leste there was a sharp drop between 2019 and 2020, maintaining the trend of improvement from 2020 to this part), as shown in Graph 1 below:

Graph 1: CPI PALOP-TL 2019-22



**SOURCE:** Adapted from Transparency International; Classification (35 = better a 168 = worst)

In short, a positive change or impact can certainly be inferred in economic governance in the context of the PALOP-TL over the last decade, to which the reforms of the public finance management systems undertaken by the PALOP-TL will certainly have contributed.

In the shorter term, the transformations which have taken place in the public finance management systems in the PALOP-TL over the last decade can be understood by looking at the changes which have taken place at the level of “transparency”, “budget monitoring” and “public participation” in the budget processes. These changes can be captured by the indicators of the Open Budget Survey of the International Budget Partnership - however, Cape Verde and Guinea-Bissau are not part of this partnership. Table 2 below shows the evolution of the values for the indicators chosen to measure such change focusing on the capacities of the executives (particularly the ministries of finance), courts of audit and supreme audit institutions, parliaments, and civil society organisations to ensure more and better budget transparency and accountability.

**TABLE 1: OBI 2019-2021**

IBP OPEN BUDGET INDEX 2021	
CABO VERDE AND GUINEA BISSAU ARE NOT MEASURED.	
<b>Transparency</b>	
Angola – <b>30</b> (2019: 36   2017: 25)	
Mozambique – <b>45</b> (2019: 42   2017: 41)	
São Tome and Príncipe – <b>31</b> (2019: 24   2017: 31)	
Timor-Leste – <b>52</b> (2019: 40   2017: 40)	
<b>Public Participation</b>	
Angola – <b>7</b> (2019: 9   2017: 7)	
Mozambique – <b>18</b> (2019: 11   2017: 7)	
Sao Tome and Príncipe – <b>0</b> (2019: 0   2017: 0)	
Timor-Leste – <b>7</b> (2019: 6   2017: 9)	
<b>Budget Oversight</b>	
Angola – <b>33</b> (2019: 33   2017: 33)	
Mozambique – <b>44</b> (2019: 50   2017: 37)	
Sao Tome and Príncipe – <b>44</b> (2019: 41   2017: 46)	
Timor-Leste – <b>56</b> (2019: 48   2017: 56)	
<b>OBS Ranking (2019-21)</b>	
AO – 2019: 80   2021: 94	
MZ – 2019: 64   2021: 62	
STP - 2019: 96   2021: 91	
TL - 2019: 69   2021: 48	

**SOURCE:** IBP

● Positive trend      ● Mitigated, but still positive      ● No progress or regression

The most recent data collected from the Open Budget Survey dates back to 2021, thus allowing to record the progress of indicators between 2017 and 2021. In general, among the PALOP-TL which are covered by this assessment, with the exception of Angola (between 2019 and 2021, it dropped from place 80 to 94 respectively), all of them recorded an improvement in the OBS ranking.

More precisely, with regard to the “transparency” dimension, as can be seen from Table 1 above, Mozambique and Timor-Leste recorded values in 2021 that were already above the target envisaged for 2022 in the programme’s Logical Framework. Although Angola and São Tomé and Príncipe still registered values in 2021 below the target expected for 2022, all 4 countries improved their assessments for this criterion between 2019 and 2021.

Regarding the dimension that measures “Public Participation” in the budget process, only Mozambique registered an improvement between 2019 and 2021, even exceeding the target for 2022 (7 and 18 respectively). In this period, Angola remained in a low ranking (7 points) and Timor-Leste has been decreasing its score from 9 to 7, while São Tomé and Príncipe maintains a score of 0. None of these countries have been able to substantially improve the opportunities for public participation in the budget process, in line with the more global trends for this indicator.

Finally, with regard to the dimension measuring the capacity and independence of “Budget Oversight”, for the above-mentioned period, while Mozambique has registered a slight decline in its score, the other countries evaluated have maintained or slightly improved their respective scores. However, none have yet surpassed the 2022 target set in the logical framework. Figure 2 below shows this evolution graphically, and it can be analysed in more detail in the results dashboard of the previous phases of the Pro PAOPT-TL ISC programme<sup>24</sup>.

## FIG. 2: OBS indicators (2017-2021)



**SOURCE:** Pro PAOP-TL SAI Results Dashboard (adapted from IBP)

The World Bank’s Policy & Institutional Assessments (PIA) capture dimensions such as “transparency, accountability and corruption in the public sector” and annually assess the extent to which the executive can be held accountable for the use of resources and the results of its actions by the electorate, the legislature and the judiciary, and the extent to which civil servants within the executive are held accountable for administrative decisions, use of resources and results obtained. The three main dimensions assessed are:

<sup>24</sup> [https://lookerstudio.google.com/reporting/2ad63ab8-6797-4375-a28f-036acac173a2/page/p\\_arkm804fpc](https://lookerstudio.google.com/reporting/2ad63ab8-6797-4375-a28f-036acac173a2/page/p_arkm804fpc).

- ▶ the accountability of the executive to oversight institutions of its action (parliament and higher control institutions) and of public servants for their performance;
- ▶ civil society access to information on public affairs; and
- ▶ the “capture of the state by vested interests”.

Table 2 below shows the evolution of this dimension between 2012 and 2021 for all the PALOP countries (Angola only has data available until 2013), highlighting Cape Verde well above the average for Sub-Saharan Africa (4.5 against 2.7 respectively), and the world average (4.5 against 2.9 respectively). However, from 2017 onwards, Cape Verde, São Tomé and Príncipe and Timor-Leste systematically recorded values above the world average. Guinea-Bissau and Mozambique have been recording a decrease for this dimension over the decade 2012-21 and are also below the averages for the sub-Saharan subregion and the world.

**TABLE 2: PALOP-TL classification for “Transparency, Accountability and corruption in public sector” (2012-21)**

	1990	2000	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>ANGOLA</b>	-	-	2,5	2,5	-	-	-	-	-	-	-	-
<b>CABO VERDE</b>	-	-	4,5	4,5	4,5	4,5	4,0	4,0	4,5	4,5	4,5	4,5
<b>GUINEA-BISSAU</b>	-	-	2,0	2,0	2,0	2,0	2,0	1,5	1,5	1,5	1,5	1,5
<b>MOZAMBIQUE</b>	-	-	3,0	2,5	3,0	2,5	2,5	2,5	2,5	2,5	2,0	2,0
<b>SÃO TOME E PRÍNCIPE</b>	-	-	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5
<b>TIMOR-LESTE</b>	-	-	2,5	2,5	2,5	2,5	2,5	2,5	2,5	3,0	3,0	3,0
<b>SUB-SAHARAN AFRICA</b>	-	-	2,7	2,7	2,7	2,7	2,7	2,7	2,7	2,7	2,7	2,7
<b>WORLD</b>	-	-	2,9	2,9	2,9	2,9	2,9	2,8	2,8	2,8	2,9	2,9

**SOURCE:** World Bank Development Indicators (1=low to 6=high)

**Public Finance Management (PFM)** is a crucial aspect of a country's development process. It involves the efficient allocation of resources, effective delivery of public services, and sound management of public finances to promote economic growth and reduce poverty. In many national development plans, consolidating PFM is emphasized to ensure transparency, accountability, and financial sustainability.

Stronger PFMS can lead to improved delivery of public services and effectiveness of public investment. A well-functioning PFM system is critical for most PALOP-TL countries due to the dominance of the public sector in their economies. The PALOP<sup>25</sup> have public expenditure ratios exceeding 30% of the GDP, while Timor-Leste<sup>26</sup> have 50% percent<sup>27</sup>.

Angola<sup>28</sup>, Cabo Verde<sup>29</sup>, Guinea Bissau, Mozambique<sup>30</sup>, São Tomé e Príncipe<sup>31</sup>, and Timor-Leste<sup>32</sup>, respective National Development Plans (PNDs) address and prioritize PFM reforms and consolidation. In all of the referred countries, these plans include specific objectives, strategies, and action plans related to PFM, focusing on:

- 1.** Strengthening budgetary processes and fiscal frameworks.
- 2.** Enhancing revenue collection and administration.
- 3.** Implementing effective public procurement systems.
- 4.** Improving the management of public debt.
- 5.** Enhancing transparency and accountability in the use of public resources, including through more independent and efficient external control and social monitoring of public expenditures.

**Domestic Resource Mobilization (DRM)** refers to the process of generating funds from local resources within a country to finance its development goals and provide public goods and services. DRM encompasses various sources of revenue, such as taxes, tariffs, fees, and other forms of income that a government can use to finance its expenditures. It plays a crucial role in a country's economy and public finance management for several reasons:

- ▶ Reducing dependence on external financing: By mobilizing domestic resources, countries can decrease their reliance on foreign aid and external borrowing. This helps in maintaining national sovereignty, reducing the risk of external shocks, and promoting economic stability.

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

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

27 IMF World Economic Outlook, 2016.

28 <https://www.ucm.minfin.gov.ao/cs/groups/public/documents/document/zmlu/njax/~edisp/minfin601408.pdf>. PND 2018-22: Eixo 2, Política 9: Sustentabilidade das Finanças Públicas, programa Melhoria da Gestão das Finanças Públicas..

29 PEDS II prioritizes Public Finances reform, fight against corruption, external control, transparency and quality of public expenditures.

30 Estratégia Nacional de Desenvolvimento 2015-35 and national PFM reform program.

31 Plano Nacional de Desenvolvimento Sustentável 2020-24 e Estratégia da Reforma da Gestão das Finanças Públicas 2020-23.

32 [file:///E:/4%20PRO%20PALOP-TL%20SAI%20-20%20PHASE%203\\_2023-26/Action%20Document/FINAL%20VERSION/Sources/tim148897P.pdf](file:///E:/4%20PRO%20PALOP-TL%20SAI%20-20%20PHASE%203_2023-26/Action%20Document/FINAL%20VERSION/Sources/tim148897P.pdf), Plano Estratégico Desenvolvimento 2011-35.

- ▶ Ensuring fiscal sustainability: A robust DRM system provides a stable and predictable revenue stream that enables the government to finance its expenditures, maintain public services, and invest in long-term development projects without creating unsustainable levels of public debt.
- ▶ Enhancing public finance management: DRM contributes to improved public finance management by promoting transparency, accountability, and efficiency in the allocation and utilization of public resources. Well-designed tax and revenue systems encourage responsible fiscal behavior and help prevent corruption and mismanagement of public funds.
- ▶ Promoting economic growth and development: By generating resources from within the country, governments can invest in infrastructure, education, healthcare, and other sectors that are essential for economic growth and human development. This, in turn, can create employment opportunities, reduce poverty, and enhance the overall quality of life.
- ▶ Encouraging private sector development: A stable and transparent domestic resource mobilization framework can create an enabling environment for private sector growth. This is important for stimulating investment, fostering innovation, and supporting the growth of small and medium-sized enterprises (SMEs).
- ▶ Enhancing social contract and citizen engagement: Effective DRM systems can strengthen the relationship between the government and its citizens by fostering a sense of ownership and responsibility for the country's development. When citizens see their tax contributions being used efficiently for public services and development, they are more likely to engage in the democratic process and hold their government accountable.

In her address to PALOP-TL policymakers in the 2<sup>nd</sup> PALOP-TL PFM Forum, submitted to the theme “Building Strong and Resilient PFM institutions” and co-organized by the Pro PALOP-TL SAI and ISCTE-IPPS<sup>33</sup>, the Under-Secretary-General and Special Adviser on Africa, Cristina Duarte, stated that “in 2018, Public Revenues (excluding Grants) and Private Savings assembled 911,4 billion Dollars (US\$), 20 times more the value of Foreign Direct Investment (FDI) and 16.5 times more the value of Official Development Assistance (ODA). According to the USG Cristina Duarte, this is a clear indication that Africa can find the required resources to finance its development and that the potential for DRM to become a critical factor in promoting such development can no longer be neglected.<sup>34</sup>

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<sup>33</sup> [https://ipps.iscte-iul.pt/images/Programa\\_Forum\\_Financas\\_Publicas\\_19abril.pdf](https://ipps.iscte-iul.pt/images/Programa_Forum_Financas_Publicas_19abril.pdf).

<sup>34</sup> <https://youtu.be/ThpENvmK76s>.

## SOURCES OF DEVELOPMENT FINANCING FOR AFRICA, 2014 - 2018 (BILLION USD)

	2014	2015	2016	2017	2018
<b>PUBLIC REVENUES EXCLUDING GRANTS</b>	524.7	438.2	394.2	425.9	483.6
<b>PRIVATE SAVINGS</b>	507.0	419.6	408.2	415.6	427.8
<b>INWARD FOREIGN DIRECT INVESTMENT (FDI)</b>	53.9	56.9	46.5	41.4	45.9
<b>PORTFOLIO INVESTMENTS</b>	30.4	22.2	6.2	57.1	36.5
<b>REMITTANCES</b>	71.8	71.4	57.6	77.6	84.2
<b>OFFICIAL DEVELOPMENT ASSISTANCE (NET TOTAL ODA)</b>	54.1	50.1	50.4	53.8	55.3
<b>TOTAL FOREIGN INFLOWS</b>	210.1	200.5	170.5	229.8	221.8

In Cristina Duarte Presentation

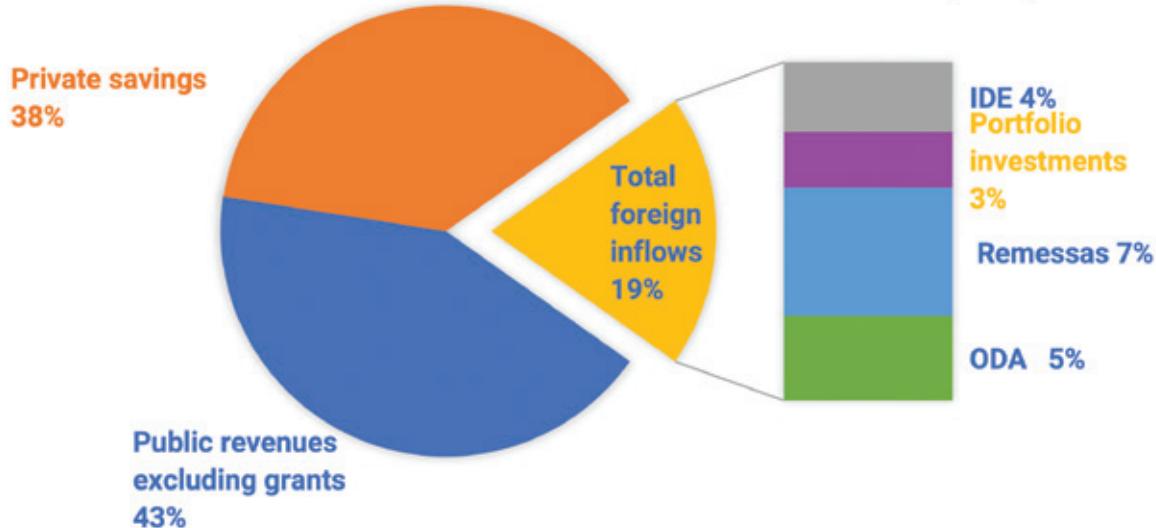
**SOURCE:** AUC/OECD (2021), Africa's Development Dynamics 2021: Digital Transformation for Quality Jobs, Table 8.1.

The UNSG Special Advisor for Africa considers that the following data is highly relevant when analysing DRM through a perspective that goes beyond the revenue collection capacities:

- ▶ **Revenue:** Tax on GDP has risen steadily over the past decade, reaching 16.6% in 2019, but Africa consistently lags behind other developing regions.
- ▶ **Savings:** Much of Africa's development financing needs are supported by domestic savings, which remained stable in 2020 (20.1% of GDP).
- ▶ **FDI:** By 2020, the continent experienced a sharp decline (16%) in FDI to US\$39.8 billion due to the impact of the pandemic. Africa's share of global FDI is marginal (4%).
- ▶ **Remittances:** an important source of financing for development (f4D) but remain relatively untapped.
- ▶ **ODA:** In 2019, disbursements from all official donors to Africa reached \$57.7 billion (\$44.1 per capita), 35.3% of all developing countries. Africa's share among developing countries fell from 37% in 2010 to 35% in 2019.
- ▶ **IFFs:** estimated at \$88.6 billion annually, equivalent to 3.7% of GDP, continue to drain large amounts of financial resources from the continent.

The above clearly indicate that Africa development is already being substantially by domestic resources – see Table below:

### SHARE OF DEVELOPMENT FINANCING SOURCES IN AFRICA (2018)



**SOURCE:** African Union Commission and Organisation for Economic Co-operation and Development (OECD), *Africa's Development Dynamics 2021: Digital Transformation for Quality Jobs* (Paris, 2021), table 8.1.

According to the IMF, São Tomé e Príncipe, Angola and Mozambique have been increasing domestic revenue mobilization in the recent years. **SÃO TOMÉ AND PRÍNCIPE** domestic revenue mobilization has been increasing in recent years, from 22.1% of GDP in 2010 to 25.8% of GDP in 2019, according to the IMF. **ANGOLA**'s domestic revenue mobilization has been gradually increasing from 12.5% of GDP in 2010 to 17.5% of GDP in 2019. **MOZAMBIQUE** Domestic revenue mobilization in Mozambique has been increasing in recent years, from 15.1% of GDP in 2010 to 18.5% of GDP in 2019, according to the IMF.

**CABO VERDE**'s domestic revenue mobilization has been stable at around 21% of GDP in recent years<sup>35</sup>.

**GUINEA BISSAU**'s Domestic revenue mobilization has been low and volatile, ranging from 7.2% of GDP in 2010 to 10.6% of GDP in 2019, according to the IMF. Guinea Bissau's tax-to-GDP ratio was 10.4% in 2019, well below the Sub-Saharan Africa average of 16.3%, according to the World Bank. **TIMOR-LESTE** domestic revenue mobilization has been declining in recent years, from 27.1% of GDP in 2010 to 13.9% of GDP in 2019.

In contrast, in 2019, with regards to these governments' ability to raise revenue to fund public services, infrastructure, and other essential public spending, i.e., the proportion of the total tax revenues relative to their respective gross domestic product (GDP), Cabo Verde's tax-to-GDP ratio was 22.5% clearly above the Sub-Saharan Africa (SSA) average of 16.3%<sup>36</sup>; São Tomé and Príncipe's ratio was 16.9%, slightly above the SSA average ratio; Angola and Mozambique ratios were 14.7%, below the SSA average ratio; and Timor-Leste's tax-to-GDP ratio was from far the lowest one at 2.29%.

In summary, domestic resource mobilization is vital for a country's economy and public finance management as it helps ensure fiscal sustainability, promotes economic growth, enhances the effectiveness of public services, and strengthens the relationship between the government and its citizens.

<sup>35</sup> (2020). Cabo Verde. IMF Country Report, 135(20). <https://doi.org/10.5089/9781513542225.002>.

<sup>36</sup> 2007). Corporate tax revenues in OECD countries. Int Tax Public Finan, 2(14), 115-133. <https://doi.org/10.1007/s10797-006-7983-2>.

**GENDER EQUALITY** is a cross-cutting issue in PFMS. One of the most efficient ways to promote gender equality in PFMS is through Gender Responsive Budgeting (GRB) and the oversight of public expenditures linked with the execution of public budgets and the delivery of gender-related public policies (particularly projects/programmes and SDG 5 targets). The Pro PALOP-TL SAI interventions contributed critically to promoting these goals in the 6 PALOP-TL countries.

### **Cabo Verde**

- ▶ The new Budget Framework Law, Law no. 55/IX/2019 establishes the bases for drafting, executing, and monitoring the State Budget. Article 12 of the Law introduces a principle on inclusion of gender issues in the State Budget.
- ▶ The “Gender Marker” in the state Budgetary and Financial Information Management System, the SIGOF, is being effectively used since 2019 for the classification of projects according to their contribution to gender equality goals.

### **Angola**

- ▶ The Presidential Decree provides Instructions for the Preparation of the Medium-Term Expenditure Framework 2022-2025 with GRB envisioned in 2022.
- ▶ The “Gender Marker” in the State Budgetary and Financial Information Management System, the SIGFE, was set up in 2022 for the classification of programmes according to their contribution to gender equality goals.

### **São Tome e Príncipe**

- ▶ There is a specific orientation by the executive for the integration of GRB/Gender Marker in the 2022 State Budget.
- ▶ There was a pilot exercise of Gender Responsive Budgeting carried out for the water and sanitation sector in the 2022 State Budget.

### **Mozambique**

- ▶ Pro PALOP-TL methodology on gender-responsive budgeting was integrated in the new guideline / Manual for preparation of annual plan and state budget.

Sector and national policy documents highlight a series of persisting challenges and priorities within the area of economic governance in the PALOP-TL. PFM is foreseen to be tackled in all MIPs of the Action’s beneficiary countries (5 SSA and 1 ASIAPAC).

The EU 2021-2027 Multi-annual Indicative Programme (MIP 2021-27) in Angola, Cabo Verde, Guinea Bissau, Mozambique, São Tome and Principe and Timor-Leste all foresee EU Support for strengthening PFMS.

In **ANGOLA**, it aims to strengthen Economic Governance (Specific objective 2) via improved “Public Finance Management, including strengthening Domestic Revenue Mobilization” (Result a) and “Transparency and governance of the extractive industries and better efficiency and accountability of public expenditure” (Result b). The EU expects, therefore, to support the implementation of stability-oriented macro-economic policy and PFM reforms. The on-going PEFA will inform the EU’s strategy on the PFM Reform Action Plan 17 and on bolstering the mobilization of domestic revenues. Foreseen areas include support to improve efficiency of public investments, including the transparency of the

public procurement system, and ensure fiscal sustainability by increasing the credibility of the budget, developing a debt management strategy based on modern management tools as well as improving revenue forecasting and macro-fiscal modelling. The MIP proposes to support CSOs to enable them to raise awareness, conduct advocacy and/or play watchdog roles vis-à-vis the authorities, analyse and contribute to the budget process through their engagement in the PFM processes (an approach strongly advocated by the IMF and WB), monitor and track public revenues and expenditures and in enhance citizens' budget literacy among others.

In **CABO VERDE**, in line with the country's "Ambition 2030", the EU will support two critical areas of Governance with focus on reinforcing the sustainability of Government policies by strengthening domestic resource mobilisation and PFM. The EU expects therefore to support the country in further developing the legal basis of the PFM system; strengthen the capacity of the Court of Auditors and internal audit; promote better predictability of external financial aid; and foster further the rollout of PFM reforms to the municipal level.

In **GUINEA BISSAU**, the MIP priority area 3 covers Good Governance (SDG 16, 17, 5) by promoting the incorporation of quality principles in PFM and the strengthening of its external control. That is the reason why the EU is planning to maintain its current support to the supreme control institutions (Court of Auditors, Parliament) and Civil Society Organisations, in their capacity building and oversight.

In **MOZAMBIQUE**, the EU will promote a "Strengthened democratic system" through transparency, accountability, and more inclusive economic governance frameworks. Its MIP will seek for "Improved transparency and accountability of democratic institutions at central and decentralised levels, including oversight by the parliament and civil society". Additionally, it is expected to improve public finance management (expenditure and revenue sides) at central and decentralised levels and debt management and sustainability, natural resource governance and economic diversification to establish conditions for more equitable and inclusive growth.

**SÃO TOMÉ E PRÍNCIPE** MIP 2021-27 also aims at improving Public Finance Management through increased Budgetary transparency and the update of DRM policy framework.

**TIMOR-LESTE** MIP Priority Area 2 focus Good governance for sustainable development and aims at strengthening domestic revenue mobilisation, public expenditure management and increased efficiency and effectiveness of public expenditure (SDG 1, SDG 16).

In addition, provisional of ongoing MIP revisions in the beneficiary countries, find below a table with Direct Budget Support from EU per sectors in the PALOP-TL countries.

COUNTRY	BUDGET SUPPORT STATUS	SECTOR	OBSERVATION
ANGOLA	Yes	Covid 19 Resilience and Formalisation of the economy	00
CAPE VERDE	Yes	Inclusive and green growth (Economic Development)	
GUINEA-BISSAU	No		
MOZAMBIQUE	Yes but completed	(Covid 19 Resilience)	
SÃO TOMÉ E PRÍNCIPE	Yes	Water and Sanitation	
TIMOR-LESTE	Yes	Nutrition and PFM	

On the other hand, **UNDP Strategic Plan 2022-25** summarizes the Organisation's work in a "3x6x3" framework:

- ▶ Supporting countries towards 3 Directions of change: "structural transformation", "leaving no-one behind", "building resilience".
- ▶ Through 6 Signature solutions: "poverty and inequality", "governance", "resilience", "environment", "energy", "gender equality".
- ▶ Enhanced by 3 enablers: "strategic innovation", "digitalisation", "development financing".

In this context, UNDP country programmes in the PALOP-TL countries foresee interventions to strengthen PFMS for the implementation period of the Pro PALOP-TL SAI (Phase 3) -2023-26.

**UNDP ANGOLA'S COUNTRY PROGRAMME DOCUMENT (CPD) FOR 2024-28** foresees under priority 4 to "boost engagement with CSOs on inclusive governance (...) digital platforms and financial inclusion" and to reinforce partnerships through "South-South and triangular cooperation with Brazil to strengthen AGT tax audit capacities through Tax Inspectors Without Borders (TIWB) jointly with the Organisation for Economic Co-operation and Development (OECD), as well as with the Southern African Development Community (SADC) to strengthen democratic governance, and Portuguese-speaking African countries (PALOP) to improve institutional capacities on public finance management and accountability". This Country Office vouches to "promote effective, accountable and gender-responsive governance mechanisms to consolidate efficiency and transparency in public policy".

**UNDP CABO VERDE'S CPD (2023-27)** expects to support in becoming a mid-Atlantic economy strongly integrated in the ECOWAS region, resilient, democratic, with full employment and with low levels of inequality and regional imbalances and devoid of extreme poverty. This support will allow to foster sustainable finance for development and public finance management, as well as to enable citizens to participate more meaningfully, making Government more responsive, transparent, and accountable.

**UNDP GUINEA BISSAU'S CPD (2023-26)** aims to “promote a coherent development offer that adheres to the principles of leaving no one behind, gender equality, equity, justice, accountability, and transparency, anchored in responsiveness to citizen’s needs, social cohesion, and environmental sustainability”. The country office will partner with other UN agencies and development partners “to create enclaves of accountability and transparency to support an enabling institutional framework, leading a transformational change” contributing for “more robust and well-informed economic governance”.

**UNDP MOZAMBIQUE CPD (2022-26)** considers that responsive and accountable governance, that consolidates efficiency and transparency, builds trust, protects human rights, and promotes social cohesion is key to reducing conflict and extremism and sustaining peaceful, inclusive development. Therefore, the country programme aims to support data management, transparency, and timeliness in public service delivery as a mean to strengthen digitalization and e-governance. UNDP will also support open data portals and real time data collection tools to strengthen accountability and transparency in the public domain.

The new **UNDP COUNTRY PROGRAMME 2022-2027 IN SAO TOME AND PRINCIPAL** is aligned with the national development strategy – the country’s Transformation Agenda 2030: The country we need to build. One of its outcomes is “By 2027, people benefit from transparent, responsive and gender-sensitive institutions.” (Outcome 4).

The **2021-25** ongoing **UNDP COUNTRY PROGRAMME IN TIMOR-LESTE** supports an integrated approach to public finance and institutional strengthening, improving the governance of fiscal space.

With regards to Gender Equality sectorial context, the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), defines the core obligations of the state, in order to eliminate discrimination against women, “to work with persistent gender relations and gender stereotypes affecting women, through the acts of individuals, but also through the legal framework, social structures and institutions. The 1995 Beijing Declaration and Platform for Action, which supports CEDAW, defines gender mainstreaming as the main strategy to be applied by states to achieve equality. Mainstreaming is a process of “assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. It is a strategy for making the concerns of women and men an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and social spheres, so that women and men benefit equally, to avoid perpetuating inequality.” (United Nations Economic and Social Council, 1997, A/52/3.). All beneficiary countries have rectified CEDAW which is the starting point of the work to be done.

In Angola, the Presidential Decree no. 195/21 (18 August), which establishes the guidelines for the preparation of the State Budget for 2022 and the medium-term expenditure framework 2021/2025, determines the development of the process of institutionalization of the integration of the gender approach in the budgetary exercises of the State and sectors. At the planning level the country has a National Development Plan (Revised) (PDN) 2018-2022, where the gender perspective has been integrated and the National Policy for Gender Equality and Equity (Approved in 2013).

In the case of Cabo Verde, the normative framework that guided the preparation and execution of the State Budget of 2022, was the Budgetary Base Law of Cabo Verde of 2019, which determines that the process “is guided by the promotion of gender equality and equity” and introduces the use of gender maps, annexes, and indicators. In addition, the elaboration process of the new Strategic Plan for Sustainable Development PEDS II, integrates the guidelines and measures of the National Plan for Gender Equality (PNIG 2021-2025).

Guinea Bissau has a National Plan for Gender Equality and Equity (PNIEG), and the Government X Legislature Program and National Development Program (PND 2020-2023), contain specific guidelines for the promotion of gender equality.

In Mozambique - the Economic and Social Plan and the State Budget (PESOE 2022), contains strategic objectives and priority actions concerning gender equality in Priorities I, which cover the areas of education (basic and higher); health, gender and social action, which indicates a greater integration of gender issues at programme level. They have also produced an internal guide for gender mainstreaming in gender-sensitive planning and budgeting exercises.

In Sao Tome and Principe, both the STP Government Programme XVII Legislature and the Great Options for the Economic Plan 2022, included concrete measures for women's economic empowerment, and other areas related to the country's Gender Strategy. On the other hand, and in the scope of the public finance reform, the POGE 2021- Budget Directive of the POGE 2020, which provided that the water and sanitation public investment projects included in the OGE 2021 include a gender sensitive analysis and gender markers, was applied in the 2022 economic year.

Finally, Timor-Leste has national planning and budgeting documents with the gender perspective mainstreamed, being these, Strategic Development Plan 2011 to 2030, Programme of the VIII Constitutional Government (2018-2023), National Strategy and Action Plan for Gender and Private Sector (2014-2017). In the State Budget 2022, Annual Action Plan Book 2, of the Ministry of Finance, as stipulated in the 2019 Gender Declaration, contains specific guidelines for the implementation of gender policies. Currently, the tools related to the budgeting and resource allocation phase are used: (i) unit costing; “gender marker” and gender sensitive indicators. The use of gender mainstreaming has stood out as a tool that reinforces economic governance and budgetary transparency and with a considerable impact on the countries' public finance reform processes.

The UNDP Gender Equality Strategy (2022-2025) “sets out institutional transformation measures grouped into seven interconnected building blocks inspired by the UNDP Gender Equality Seal certification”. The strategy also defines areas of change necessary to strengthen the promotion of gender equality, among which are (i) structural transformation - “UNDP will work with countries to change the underlying systems and power structures that determine development”; (ii) Leave no one behind and (iii) Build resilience. Regarding the priorities, some examples are: (i) Contribute to sustainable economies that promote gender equality by establishing universal and gender-sensitive social protection and care services and gender-responsive fiscal policies; (ii) Help reinvigorate inclusive

governance, participation, and leadership of women - Towards gender-responsive states. At a time when the central importance of States is again highlighted, UNDP will seek opportunities to promote gender-sensitive public policies and services that benefit all citizens; (iii) Supporting equitable societies to strengthen resilience - Resilient economic recovery to promote gender equality.

The Promotion of Gender Equality is central to the European Union and consequently influences multilateral cooperation policies. The Gender Equality Strategy 2020 - 2025 has as key principles, actions to achieve equality between men and women, combined with the strengthening of gender mainstreaming in all policies and major EU initiatives. The strategy is very specific about promoting gender equality outside the European Union “The EU promotes gender equality through development cooperation programmes around the world, as well as through EU trade policy, and is a major player in international fora on gender equality. While the Gender Equality Strategy focuses primarily on initiatives to be implemented within the European Union, the strategic framework for gender equality actions in external relations of the Commission, the European External Action Service and EU Member States is outlined in the Action Plan for Gender Equality and Women’s Empowerment in External Relations (GAP)” (EU, 2020).

### **1.2.3 Stakeholders’ analysis**

The **stakeholder analysis** builds on previous sector analyses, in particular, the stakeholders’ analysis carried out in the two previous Pro PALOP-TL SAI’s phases. These stakeholders’ analysis that focused then on external jurisdictional/technical control and legislative oversight<sup>37</sup>, and social monitoring<sup>38</sup> of public finances, including budgetary transparency remain valid.

The analysis is based on independent reports, mainly the Open Budget Survey, the most recent country PEFA exercises, and the Global Parliamentary Report 2017 on “Parliamentary oversight and Parliament’s power to hold government to account” and 2022 on “Public engagement in the work of parliament”<sup>39</sup>, used as baselines and further complemented with the Mid-Term Evaluation of the Pro PALOP-TL SAI programme the final quarter of 2021<sup>40</sup>.

The groups below were identified in more detail through an ad-hoc mapping of stakeholders (Jan-Apr 2017), which established a list of 124 entities, grouped by component of the Action, including public institutes and private institutions of public interest (“not for profit”), CSOs, women’s and gender equality (and young people) interest groups, Supreme Audit Institutions (SAIs), National Parliaments, Ministries of Finance, national/regional/transnational entities/platforms gathering CSO, SAI and /or Parliament /Parliamentary Entities of the Community of Portuguese Speaking Countries (CPLP)<sup>41</sup> and PALOP-TL. The mapping also comprises 23 academic and higher education institutions of the PALOP-TL, Brazil and Portugal that were consulted during the identification of this Action.

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37 <https://www.agora-parl.org/pro-palop-tl-sai/angola>.

38 <https://www.agora-parl.org/pro-palop-tl-sai/context-cso>.

39 [http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/parliamentary\\_development/global-parliamentary-report-2017.html](http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/parliamentary_development/global-parliamentary-report-2017.html). / <https://www.ipu.org/impact/democracy-and-strong-parliaments/global-parliamentary-report/global-parliamentary-report-2022-public-engagement-in-work-parliament>.

40 [https://www.agora-parl.org/sites/default/files/pdf/2022\\_03\\_Relatorio\\_Final\\_de\\_Avaliacao\\_Intermedia\\_ProPALOPTL.pdf](https://www.agora-parl.org/sites/default/files/pdf/2022_03_Relatorio_Final_de_Avaliacao_Intermedia_ProPALOPTL.pdf).

41 The CPLP includes all PALOP-TL countries, Brazil and Portugal.

In 2021, the [mid-term evaluation<sup>42</sup>](#) of the programme updated the stakeholders' map through self-administered internet surveys (using Google survey software) that were sent by email invitation to the full list of beneficiaries (95 people), distributed across the different regional areas and the 124 institutions identified in 2017 in the PALOP-TL countries. The survey included a section on key information from the respondents like gender, institution of work and country, in order to enable the disaggregation of results by correspondents' characteristics. A sample of their own perception of the intervention scope is available online on the [Pro PALOP-TL SAI results' dashboard<sup>43</sup>](#) – the [stakeholders' mapping<sup>44</sup>](#).

Against this background, the main stakeholders of the current Action are the following state and non-state PFM actors in the six PALOP-TL countries:

- 1.** Ministries of Finances and National Tax Revenue Authorities;
- 2.** Other Ministries/National Institutions, such as the National Gender Machineries;
- 3.** Supreme Audit Institutions (SAI) – Court of Auditors and other external control watchdogs;
- 4.** Parliaments; and
- 5.** CSOs, including women's organisations and other non-state actors relevant to the intervention logic (including media and academia).

The following international non-governmental expert institutions will also be involved as partners, namely the Open Government Partnership; international/regional/subregional associations: the International Organisation of SAI (INTOSAI), the African Organisation of SAI (AFROSAI), the European Organisation of SAI (EUROSAI), the Organização das Instituições Superiores de Controle (ISC) da Comunidade dos Países de Língua Portuguesa (OISC|CPLP), the European Parliament, ParlAmericas, the Collaborative Africa Budget Reform Initiative (CABRI); and International Financial Institutions: the International Monetary Fund and the World Bank Group (WBG). These partnerships will be operational and focused in co-organization of learning events, communities of practices, seminars and eLearning courses.

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

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<sup>42</sup> [https://www.agora-parl.org/sites/default/files/pdf/2022\\_03\\_Relatorio\\_Final\\_de\\_Avaliacao\\_Intermedia\\_ProPALOPTL.pdf](https://www.agora-parl.org/sites/default/files/pdf/2022_03_Relatorio_Final_de_Avaliacao_Intermedia_ProPALOPTL.pdf).

<sup>43</sup> [https://lookerstudio.google.com/u/0/reporting/2ad63ab8-6797-4375-a28f-036acac173a2/page/p\\_arkm804fpc](https://lookerstudio.google.com/u/0/reporting/2ad63ab8-6797-4375-a28f-036acac173a2/page/p_arkm804fpc).

<sup>44</sup> <https://lookerstudio.google.com/u/0/reporting/2ad63ab8-6797-4375-a28f-036acac173a2/page/ulffC>.

## 1) MINISTRIES OF FINANCES AND NATIONAL TAX REVENUE AUTHORITIES PFM DOMESTIC RESOURCE MOBILISATION CAPACITIES

The **MINISTRIES OF FINANCES** of Angola, Cabo Verde, Mozambique, São Tomé e Príncipe, and Timor-Leste have all taken steps to implement a programmatic approach and IPSAS (International Public Sector Accounting Standards) aligned public accounting systems for their state budgets, results-based budgeting/planning, and gender responsive budgets. They are at different stages of implementation, but all need to strengthen their respective capacities in this domain.

The public finance management (PFM) and domestic resource mobilization (DRM) capacities of the PALOP-TL countries are playing and will play a crucial role in their economic growth and development. PFM capacities of the Ministries of Finance and the DRM capacities of tax revenue authorities in Angola, Cabo Verde, Guinea Bissau, Mozambique, São Tomé e Príncipe, and Timor-Leste provide a meaningful basis for comparison due to similarities in their legal frameworks, institutional culture, language, and historical/political bonds.

In terms of public finance management capacities, the IMF Country Report notes that Angola has made progress in improving public financial management, but there is still a need to strengthen budget preparation, execution, and reporting. Cabo Verde has also made progress in improving public financial management, but there is still a need to strengthen public procurement and debt management. Guinea Bissau faces significant challenges in public financial management, including weak budget preparation and execution, inadequate accounting systems, and limited capacity in revenue administration (Monteiro et al., 2017; Russo et al., 2017; Fund, 2011; Haustein et al., 2019)<sup>45</sup>. These challenges have a profound impact on the country's overall financial governance and economic development. One of the key challenges in public financial management in Guinea Bissau is weak budget preparation and execution (Monteiro et al., 2017; Haustein et al., 2019)<sup>46</sup>. Mozambique has made progress in improving public financial management, but there is still a need to strengthen budget preparation, execution, and reporting, as well as public procurement and debt management<sup>47</sup>. São Tomé e Príncipe has made progress in improving public financial management, but there is still a need to strengthen budget preparation, execution, and reporting, as well as public procurement and debt management<sup>48</sup>. Timor-Leste faces significant challenges in public financial management, including weak budget preparation and execution, inadequate accounting systems, and limited capacity in revenue administration<sup>49</sup>.

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45 Monteiro, F., Catarino, L., Batista, D., Indjai, B., Duarte, M., & Romeiras, M. (2017). Cashew as a high agricultural commodity in west africa: insights towards sustainable production in guinea-bissau. *Sustainability*, 9(9), 1666. <https://doi.org/10.3390/su9091666>.

46 Haustein, E., Lorson, P., Caperchione, E., & Brusca, I. (2019). The quest for users' needs in public sector budgeting and reporting. *Journal of Public Budgeting Accounting & Financial Management*, 31(4), 473-477. <https://doi.org/10.1108/jpbafm-08-2019-0131>. Russo, G., Pavignani, E., Guerreiro, C., & Neves, C. (2017). Can we halt health workforce deterioration in failed states? insights from guinea-bissau on the nature, persistence and evolution of its hrh crisis. *Human Resources for Health*, 15(1). <https://doi.org/10.1186/s12960-017-0189-0>. Fund, I. (2011). Guinea-bissau: third review under the three-year arrangement under the extended credit facility and financing assurances review: staff report; joint imf/world bank debt sustainability analysis; informational annex; press release on the executive board discussion; and statement by the executive director for Guinea-Bissau. *IMF Country Report*, 11(355), 1. <https://doi.org/10.5089/9781463928513.002>. Haustein, E., Lorson, P., Caperchione, E., & Brusca, I. (2019). The quest for users' needs in public sector budgeting and reporting. *Journal of Public Budgeting Accounting & Financial Management*, 31(4), 473-477. <https://doi.org/10.1108/jpbafm-08-2019-0131>.

47 (2007). Financing Global Health: Mission Unaccomplished. *Health Affairs*, 4(26), 921-934. <https://doi.org/10.1377/hlthaff.26.4.921>.

48 (2018). Regional state capacity and the optimal degree of fiscal decentralization. *Journal of Public Economics*, 159, 225-243. <https://doi.org/10.1016/j.jpubeco.2017.12.010>.

49 (2021). The Role of the Clearance Crisis on Public Expenditure and Budget Deficit in Palestine. *IJBEG*, 1-40. <https://doi.org/10.51325/ijbeg.v4i1.59>.

More specifically, Angola’s Ministry of Finance has made progress in the PFM system since the end of its civil war in 2002. However, challenges remain, including a high level of public debt, inadequate budget planning, and weak budget execution. Transparency and accountability are also areas of concern. Cabo Verde has a relatively well-functioning PFM system, with better budget planning and execution processes than other countries in the region. The Ministry of Finance has implemented reforms aimed at enhancing transparency, improving fiscal discipline, and increasing the efficiency of public spending. Guinea Bissau faces significant challenges in PFM, with limited capacity for budget planning and execution, high levels of corruption, and an unstable political environment. The Ministry of Finance struggles to effectively manage public finances, which negatively impacts service delivery and development outcomes. Mozambique’s Ministry of Finance has made progress in PFM reforms, but the country still faces challenges related to public debt, fiscal transparency, and budget execution. The “hidden debt” scandal in 2016 exposed weaknesses in the PFM system and has led to increased scrutiny and calls for reform that have since been responded with a robust reform program. São Tomé e Príncipe’s PFM system is relatively weak, with limited capacity for budget planning and execution. The Ministry of Finance has been implementing reforms to improve transparency and strengthen fiscal discipline but faces challenges in terms of human resources and institutional capacity – e.g., the need to effectively implement the VAT. Timor-Leste’s PFM system is relatively well-functioning, with strong fiscal discipline and transparency measures in place. The Ministry of Finance has made significant progress in building capacity, aided by the country’s oil wealth and international support.

Domestic revenue mobilization capacities of tax revenue authorities and public finance management capacities of ministries of finances and vary across Angola, Cabo Verde, Guinea Bissau, Mozambique, São Tomé e Príncipe, and Timor-Leste. As referred to in the previous section above, while some countries have made progress in improving domestic revenue mobilization and public financial management, others face significant challenges in these areas. There is a need for continued efforts to strengthen tax administration and compliance, as well as public financial management, to support economic development in these countries.

More specifically, Angola’s tax revenue authority has made progress in improving tax collection and broadening the tax base. However, the country’s heavy reliance on oil revenues, limited tax administration capacity, and issues with tax evasion continue to hinder DRM. Cabo Verde has a relatively effective tax revenue authority, with a broad tax base and well-functioning tax administration. Efforts have been made to improve tax compliance and modernize tax collection processes, leading to a relatively stable revenue stream. Guinea Bissau’s tax revenue authority faces significant challenges in DRM, with limited capacity, a narrow tax base, and high levels of tax evasion. Efforts to improve tax collection and administration have been hampered by the country’s political instability and weak institutional framework. Mozambique’s tax revenue authority has made progress in improving tax collection, but the country’s DRM remains constrained by a narrow tax base, limited capacity, and tax evasion. Efforts to modernize tax administration and broaden the tax base are ongoing, but progress has been slow. Finally, both São Tomé e Príncipe and Timor-Leste have made progress in improving their DRM capacities, but significant challenges remain. Addressing these issues requires comprehensive tax reforms, capacity building, the use of technology, and international support to strengthen tax systems and enhance DRM. In this regard, it’s worth mentioning that Timor-Leste authorities developed the “Timor-Leste Single Window project” that has increasingly facilitated trade, enable paperless trade and enhance clearance controls.

## 2) OTHER MINISTRIES/NATIONAL INSTITUTIONS, SUCH AS THE NATIONAL GENDER MACHINERIES

National Gender Machineries (NGMs) are the primary governmental bodies responsible for promoting gender equality and women's empowerment. National Gender Machineries National Gender Machineries are policy agencies that have the ability to consolidate policy initiatives or to rally support among women in government for specific policy issues and legislative demands by women<sup>50</sup>.

This analysis focuses on the ability of these structures to consolidate policy initiatives or to rally support among women in government for specific policy issues and legislative demands by women in the PALOP-TL countries.

In Angola, the Ministry for Family and Women's Promotion (MINFAMU) is responsible for gender equality. Despite the government's commitment to gender equality, notably through the 2010 constitution affirming equal rights, MINFAMU's effectiveness is hindered by underfunding and limited human resources. It is primarily focused on awareness campaigns, with less emphasis on policy implementation and enforcement. The Ministry has implemented several initiatives to promote gender equality, including the National Plan for Gender Equality and Equity and the National Strategy for the Advancement of Women.

Cabo Verde's Institute for Gender Equality and Equity (ICIEG) is a high-functioning body with a significant role in policymaking. With a clear mandate and adequate resources, the ICIEG has contributed to significant progress in gender equality, including legislation against gender-based violence and the promotion of women in politics. The Institute has implemented several initiatives to promote gender equality, including the National Plan for Gender Equality and Equity and the National Strategy for the Advancement of Women. However, societal attitudes and norms pose ongoing challenges to complete gender parity.

In Guinea Bissau, the Ministry of Women, Family and Social Cohesion is responsible for promoting gender equality and women's empowerment. The Ministry has implemented several initiatives to promote gender equality, including the National Plan for Gender Equality and Equity and the National Strategy for the Advancement of Women. Additionally, Guinea-Bissau's National Institute for Women and Children (INMC) is the primary body promoting gender equality. The INMC is faced with significant constraints, including limited funding, inadequate human resources, and a lack of capacity to implement and enforce policies. Despite these challenges, it has been able to make incremental progress in areas such as education for girls.

In Mozambique, the Ministry of Gender, Children, and Social Action (MGCAS) is the main body responsible for gender equality. The MGCAS has been instrumental in developing comprehensive policies promoting gender equality. However, implementation and enforcement are hampered by a lack of resources and institutional capacity, as well as persistent societal norms. The Ministry has implemented several initiatives to promote gender equality, including the National Plan for Gender Equality and Equity and the National Strategy for the Advancement of Women.

In Sao Tome and Principe, the Ministry of Social Affairs, Citizenship, and Gender is responsible for promoting gender equality. However, the Ministry faces significant challenges, including limited funding, inadequate human resources, and difficulty implementing and enforcing policies. Despite these constraints, the Ministry has made some progress in promoting women's rights, particularly in terms of legislation. The Ministry has implemented several initiatives to promote gender equality, including

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50 (2019). Women's movements and feminist activism. *Agenda*, 2(33), 1-8. <https://doi.org/10.1080/10130950.2019.1619263>.

the National Plan for Gender Equality and Equity and the National Strategy for the Advancement of Women. In November 2022 the Ministry of Womens' Rights was created, with the mandate of promoting gender equality.

The Secretary of State for Equality and Inclusion in Timor-Leste plays a crucial role in gender equality. This office, while well-conceived, is plagued by limited resources, hampering its ability to effectively promote gender equality. Despite this, it has made significant strides in increasing women's political participation. The Secretary of State has implemented several initiatives to promote gender equality, including the National Plan for Gender Equality and Equity and the National Strategy for the Advancement of Women.

All six countries demonstrate a commitment to promoting gender equality at the policy level. However, their capacities vary considerably, largely due to differences in resources and institutional capacity. Cabo Verde's ICIEG stands out for its effectiveness, driven by its clear mandate, relatively strong resources, and significant policy influence. Mozambique's MGCAS has also been instrumental in policy formulation, though its implementation capacity remains limited.

In contrast, Angola, Guinea-Bissau, Sao Tome and Principe, and Timor-Leste face more significant challenges. These include underfunding, inadequate human resources, and institutional capacity constraints. Despite these challenges, each has shown incremental progress in specific areas, highlighting the potential for progress with additional resources and capacity-building.

### **3) SUPREME AUDIT INSTITUTIONS (SAI) EXTERNAL JURISDICTIONAL/TECHNICAL CONTROL OF PFMS**

According to the International Organization of Supreme Audit Institutions (INTOSAI), the role of SAIs is to provide independent and objective assurance and advice to improve public financial management and accountability. SAIs are responsible for auditing the accounts of government entities, including ministries, agencies, and state-owned enterprises, and reporting their findings to parliament and the public<sup>51</sup>. **External control and audit capacities by supreme audit institutions (SAIs)** are critical for ensuring transparency, accountability, and good governance in public financial management<sup>52</sup>.

All PALOP-TL countries have now a legal framework that enables external jurisdictional/technical control of public finances to carry out the different types of audits (concomitant, financial, performance, ex-ante and ex-post) with clear benefits to the timeliness of the **SUPREME AUDIT INSTITUTIONS (SAI)** conclusions and decisions. Some of these countries, namely Angola, Mozambique and Guinea Bissau would benefit from more independence of the **Heads of the SAI** with regards to the executive, in addition Mozambique and Timor-Leste would benefit from institutional autonomy of the SAI (opposite to their current situation of Administrative Court and “Tribunal de Recurso” respectively).

In addition, the legal frameworks of all PALOP-TL countries allow for external audit to be carried out in line with the international standards (IPSAS, ISA and ISSAI)<sup>53</sup> covering revenue forecasting and collection, major public works, public procurement, private-public partnerships, state patrimony, state-owned enterprise sector, among others. It is paramount to continue to foster and develop these SAI capacities in order to be able to fulfil their legal responsibilities and attributions.

<sup>51</sup> International Organization of Supreme Audit Institutions. (2016). What is an SAI? <https://www.intosai.org/about-us/what-is-an-sai.html>.

<sup>52</sup> Tribunal de Contas. (2021). About Us. <http://www.tcontas.pt/pt/TC/AboutUs/Pages/default.aspx>.

<sup>53</sup> IPSAS – International public-sector accounting standards; ISA – international standards on auditing; ISSAI – international standards of supreme audit institutions.

All PALOP-TL are developing mechanisms to further involve the public in their agenda through websites, public information sessions and institutional audio-visual programmes (radio programme in Guinea Bissau).

In Angola, the SAI is the Tribunal de Contas (TC), which is responsible for auditing the accounts of the central government, local governments, and state-owned enterprises. The IMF Country Report on Angola notes that the TC has made progress in improving its audit practices, but there is still a need to strengthen its capacity in financial and performance auditing, as well as its independence and accountability<sup>54</sup>.

In Cabo Verde, the SAI is the Tribunal de Contas de Cabo Verde (TCCV), which is responsible for auditing the accounts of the central government, local governments, and state-owned enterprises. The TCCV has made progress in improving its audit practices, but there is still a need to strengthen its capacity in financial and performance auditing, as well as its independence and accountability<sup>55</sup>.

In Guinea Bissau, the SAI is the Tribunal de Contas (TC), which is responsible for auditing the accounts of the central government, local governments, and state-owned enterprises. The IMF Country Report on Guinea Bissau notes that the TC faces significant challenges in its audit practices, including inadequate staffing and resources, limited capacity in financial and performance auditing, and weak independence and accountability<sup>56</sup>.

In Mozambique, the SAI is the Tribunal Administrativo (TA), which is responsible for auditing the accounts of the central government, local governments, and state-owned enterprises. The TA has made progress in improving its audit practices, but there is still a need to strengthen its capacity in financial and performance auditing, as well as its independence and accountability<sup>57</sup>.

In São Tomé e Príncipe, the SAI is the Tribunal de Contas (TC), which is responsible for auditing the accounts of the central government, local governments, and state-owned enterprises. The TC has made progress in improving its audit practices, but there is still a need to strengthen its capacity in financial and performance auditing, as well as its independence and accountability<sup>58</sup>.

In Timor-Leste, the SAI is the Câmara de Contas, which is responsible for auditing the accounts of the central government, local governments, and state-owned enterprises. The IMF Country Report on Timor-Leste notes that the TC faces significant challenges in its audit practices, including inadequate staffing and resources, limited capacity in financial and performance auditing, and weak independence and accountability<sup>59</sup>.

In conclusion, the external control and audit capacities by SAIs in Angola, Cabo Verde, Guinea Bissau, Mozambique, São Tomé e Príncipe, and Timor-Leste vary in terms of their capacity in financial and performance auditing, as well as their independence and accountability. While some countries have made progress in improving their audit practices, others face significant challenges in these areas. There is a need for continued efforts to strengthen the capacity of SAIs to ensure transparency, accountability, and good governance in public financial management.

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54 International Monetary Fund. (2020). Angola. Imf Country Report, 20(135). <https://doi.org/10.5089/9781513542225.002>.

55 Tribunal de Contas de Cabo Verde. (2021). About Us. <https://www.tccv.cv/en/about-us/>.

56 International Monetary Fund. (2020). Guinea Bissau. Imf Country Report, 20(135). <https://doi.org/10.5089/9781513542225.002>.

57 Tribunal Administrativo. (2021). About Us. <https://www.ta.gov.mz/en/about-us/>.

58 Tribunal de Contas. (2021). About Us. <http://www.tcontas.pt/pt/TC/AboutUs/Pages/default.aspx>.

59 Tribunal de Contas. (2021). About Us. <http://www.tcontas.pt/>.

#### 4) PARLIAMENTS AND LEGISLATIVE BUDGET OVERSIGHT OF PFMS

Budget oversight by parliaments is a critical component of democratic governance and accountability.

According to Griglio<sup>60</sup>, the Covid-19 emergency has challenged the interactions between the legislative and executive branches of government, with executives assuming a predominant role in law-making and parliaments being increasingly marginalized. In this context, parliamentary oversight of the executive is a strategic function for the democratic legitimacy of policymaking. Griglio evaluates the role of parliaments in this domain and assesses oversight mechanisms in different countries.

Fong<sup>61</sup> notes that comparative budgeting scholars have traditionally focused on analyzing budget oversight at the sovereign state level, with budget oversight at the territorial autonomy level remaining largely under-investigated. Fong's study compares the budget oversight institutions and practices in Hong Kong and Macao under the 'one country, two systems' model, using the Open Budget Survey methodology. The study finds that the varying practices of budget oversight of Hong Kong and Macao are the consequence of their different political and institutional contexts.

Asongu and Odhiambo<sup>62</sup> examine the relationship between inequality and the economic participation of women in Sub-Saharan Africa. While this study does not directly address budget oversight capacities by parliaments, it highlights the importance of gender-sensitive budgeting and the need for parliaments to ensure that budget allocations are equitable and inclusive.

**PARLIAMENTS** in Angola, Cabo Verde, Mozambique, São Tomé e Príncipe and Timor-Leste have benefitted from coaching and targeted training to staff and MPs from **"budget committees"** to develop methods, tools and skills to ensure effective scrutiny and oversight of revenue collection, public expenditures and accounts. Most of these parliaments have expressed their interest in institutionalizing independent parliamentary budget analysis structures and there is an established PALOP-TL community of practices of legislative "Budget committees" that has been very dynamic in the past 3 years. Standardized methods for training and carrying out legislative budget oversight that fits to all PALOP-TL legal and institutional contexts were developed by the Pro PALOP-TL SAI and applied successfully in Cabo Verde and in the PALOP-TL community of practice of legislative "Budget" committees. The Budget Committees need to be fostered and consolidated, since PALOP-TL parliaments, like most parliaments in the world, remain quite weak in facing the executive to ensure budget oversight and pursue "the power of the purse"<sup>63</sup>.

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60 (2020). Parliamentary oversight under the Covid-19 emergency: striving against executive dominance. The Theory and Practice of Legislation, 1-2(8), 49-70. <https://doi.org/10.1080/20508840.2020.1789935>.

61 (2021). Budget oversight in territorial autonomies: A comparative analysis of Hong Kong and Macao. International Review of Administrative Sciences, 1(89), 292-311. <https://doi.org/10.1177/00208523211033816>.

62 (2019). Inequality and the Economic Participation of Women in Sub-Saharan Africa: An Empirical Investigation. SSRN Journal. <https://doi.org/10.2139/ssrn.3393876>.

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

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

Parliaments need also to lead in the advocacy for more **gender responsive budgeting** in each of the PALOP-TL, among others through a systematized approach to gender budgetary analysis and legislative oversight of public expenditure allocated to gender equality. This was done successfully in Cabo Verde, Angola, São Tomé e Príncipe and Mozambique with Pro PALOP-TL SAI support and an in-depth comparative study and mapping was developed<sup>64</sup>. This important baseline needs to be fostered and further developed in all other PALOP-TL countries.

The Angolan Parliament exercises budgetary oversight primarily through its National Assembly, which is responsible for approving the national budget and its execution. The National Assembly has a Committee on Economy and Finance that reviews the budget proposal before submitting it to the plenary for approval. This committee plays a crucial role in ensuring transparency and accountability in the allocation and use of public funds. However, the National Assembly's capacity to effectively monitor the budget is constrained by a lack of technical expertise, inadequate staffing, and limited access to timely and accurate financial information. According to the IMF Country Report on Angola<sup>65</sup>, there is a need to strengthen budget preparation, execution, and reporting, as well as public procurement and debt management. The report notes that the government has taken steps to improve budget transparency, but there is still a need to enhance the quality and timeliness of budget information.

Cabo Verde's National Assembly, the country's unicameral parliament, is responsible for budget oversight through its Committee on Finance, Planning, and Public Administration. This committee scrutinizes the budget proposal, identifies potential areas of concern, and recommends amendments before the budget is approved. The National Assembly has made strides in improving budget transparency and accountability through regular public hearings and consultations with civil society organizations. However, limited technical capacity and a lack of comprehensive financial information remain challenges to the National Assembly's effective budget oversight. The IMF Country Report on Cabo Verde<sup>66</sup> notes that the government has made progress in improving budget transparency and public financial management, but there is still a need to strengthen public procurement and debt management. The report also highlights the need to improve the quality and timeliness of budget information.

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<sup>64</sup> <https://www.agora-parl.org/pro-palop-tl-sai/context>.

<sup>65</sup> (2016). European Parliamentary Oversight Behind Closed Doors. CILJ, 1(5), 31-49. <https://doi.org/10.4337/cilj.2016.01.03>.

<sup>66</sup> (2012). Political selection of public servants and parliamentary oversight. Econ Gov, 1(14), 45-76. <https://doi.org/10.1007/s10101-012-0120-z>.

In Guinea Bissau, the unicameral National People's Assembly (ANP) has the authority to review, amend, and approve the national budget. The ANP's Finance and Budget Committee is the primary body responsible for budget oversight. Despite the legal framework for budget scrutiny, the ANP's capacity to effectively monitor the budget is hindered by limited technical expertise, inadequate resources, and a lack of transparency in budgetary information. Additionally, political instability has negatively impacted the ANP's ability to consistently perform its budget oversight role. The IMF Country Report on Guinea Bissau<sup>67</sup> notes that the government faces significant challenges in public financial management, including weak budget preparation and execution, inadequate accounting systems, and limited capacity in revenue administration. The report recommends measures to strengthen budget preparation, execution, and reporting, as well as public procurement and debt management.

The Mozambique Parliament, known as the Assembly of the Republic, is a unicameral body responsible for budgetary oversight. Its Planning and Budget Commission is tasked with reviewing the budget proposal, identifying potential issues, and making recommendations before approval. The Assembly has made efforts to improve budget transparency, such as the introduction of public hearings and consultations with civil society organizations. The Pro PALOP-TL SAI programme (Phase I & II) supported the institution to a Parliamentary Budget Office (PBO). However, the Assembly's budget oversight capacity is limited by a lack of technical expertise, insufficient staffing, and inconsistent access to timely and accurate financial information. The IMF Country Report on Mozambique<sup>68</sup> notes that the government has made progress in improving public financial management, but there is still a need to strengthen budget preparation, execution, and reporting, as well as public procurement and debt management. The report also highlights the need to improve the quality and timeliness of budget information.

São Tomé e Príncipe's unicameral National Assembly is responsible for budget oversight through its Committee on Finance and Budget. The committee's role is to scrutinize the budget proposal and make recommendations for amendments. Although the legal framework for budget oversight exists, limited technical capacity and resources impede the National Assembly's effectiveness in this area. The IMF Country Report on São Tomé e Príncipe<sup>69</sup> notes that the government has made progress in improving public financial management, but there is still a need to strengthen budget preparation, execution, and reporting, as well as public procurement and debt management. The report also recommends measures to improve the quality and timeliness of budget information.

Timor-Leste's Parliament, also a unicameral body, is responsible for budget oversight through its Committee C, which focuses on public finance. The committee reviews the budget proposal and submits recommendations to the plenary for approval. While Timor-Leste has made progress in improving budget transparency and accountability, challenges remain, such as limited technical capacity and inadequate access to financial information. The IMF Country Report on Timor-Leste<sup>70</sup> notes that the government faces significant challenges in public financial management, including weak budget preparation and execution, inadequate accounting systems, and limited capacity in revenue administration. The report recommends measures to strengthen budget preparation, execution, and reporting, as well as public procurement and debt management.

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67 (2000). Members of parliament and governments in western Europe: Agency relations and problems of oversight. *Eur J Political Res*, 3(37), 353-376. <https://doi.org/10.1111/1475-6765.00517>.

68 file:///C:/Users/Ricardo.GGomes/Downloads/1MOZEA2023023.pdf.

69 (2006). Normative power Europe reconsidered: beyond the crossroads1. *Journal of European Public Policy*, 2(13), 182-199. <https://doi.org/10.1080/13501760500451600>.

70 (2022). Parliamentary Oversight: A Critical Review of Literature. *PPAR*. <https://doi.org/10.7176/ppar/12-6-01>.

In conclusion, while there is limited research available on the budget oversight capacities of parliaments in Angola, Cabo Verde, Guinea Bissau, Mozambique, São Tomé e Príncipe, and Timor-Leste, the IMF Country Reports provide some insights into the state of public financial management and budget transparency in these countries. There is a need for continued efforts to strengthen budget analysis in specific sectors proven relevant for accelerating the progress in achieving national SDG targets and sustainable development plans, as well as in key EU priority sectors (whenever these are aligned with the national priorities of the referred countries). The budget analysis will build from the Pro PALOP-TL SAI standard model for budget analysis (Oficinas de Análise Orçamental) applied to the budget preparation, execution, and reporting phases, but also to public procurement and debt management, in support of the democratic governance and accountability in these countries.

## 5) CIVIL SOCIETY STAKEHOLDERS: SOCIAL MONITORING OF PFMS

According to Przeybilovicz and Cunha<sup>71</sup>, civil society organizations can use open government data (OGD) platforms to seek public budget information and monitor policy outcomes.

In Angola, the civil society organization, Open Society Initiative for Southern Africa (OSISA), has been actively involved in monitoring public expenditures and advocating for transparency and accountability in the budget process. However, the government has been accused of limiting the space for civil society to operate, including through restrictive legislation and harassment of activists.

In Cabo Verde, the civil society organization, Transparência e Integridade, has been advocating for transparency and accountability in the budget process and monitoring public expenditures. The organization has also been involved in promoting citizen participation in the budget process through the use of participatory budgeting.

In Guinea Bissau, Mozambique, and São Tomé and Príncipe, civil society organizations have been involved in monitoring public expenditures and advocating for transparency and accountability in the budget process. However, these governments have been accused of limiting the space for civil society to operate, including through restrictive legislation and harassment of activists.

In Timor-Leste, civil society organizations have been involved in monitoring public expenditures and advocating for transparency and accountability in the budget process. However, the government has been accused of limiting the space for civil society to operate, including through restrictive legislation and harassment of activists.

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

<sup>71</sup> (2021). Envisioning the future through e-transparency: Using OGD platforms to monitor government capacity in achieving policy goals. IP, 1(26), 39-56. <https://doi.org/10.3233/IP-200243>.

PFMS, training tools (e-Learnings adapted to classroom training). PALOP-TL CSOs need more capacity development in relevant domains of PF, but also need to consolidate this community of practices allowing for more south-south cooperation among the PALOP-TL countries.

The media (including new media) are important stakeholders for the intervention logic of the programme, considering their role in disseminating information (budget analysis) and advocating for more transparency and accountability in PFM. Regardless, media has not been playing a pivotal role in promoting transparency and accountability in the PALOP-TL PFMS.

The media landscape in the PALOP-TL countries varies significantly due to factors such as political stability, economic development, and infrastructure. Here's a brief analysis of the capabilities of media actors in these countries:

### Angola

- ▶ **Radio:** Radio remains one of the most widespread and popular means of information dissemination, especially in rural areas. State-run Radio Nacional de Angola (RNA) is widespread, but there are also numerous private stations, especially in urban areas.
- ▶ **TV:** Televisão Pública de Angola (TPA) is the state-run service with a wide reach. There are also private channels like TV Zimbo.
- ▶ **New Media:** Internet penetration is growing, especially in urban areas. There's increased use of social media platforms for news. However, there's some censorship and restrictions online.

### Cabo Verde

- ▶ **Radio:** Radio is popular, with both state-owned and private stations present. The Voice of America also broadcasts in the country.
- ▶ **TV:** The state-owned RTC (Radiotelevisão Caboverdiana) is prominent. Cable TV and satellite services are also available.
- ▶ **New Media:** With good internet penetration for its size, Cabo Verde has an active online media and social media scene.

### Guinea Bissau

- ▶ **Radio:** Given the country's low literacy rates, radio is crucial. State-run Radio Nacional and several private stations are operational.
- ▶ **TV:** Television isn't as widespread due to infrastructural and economic challenges. Guinea-Bissau has no national television station; viewers depend on foreign broadcasts.
- ▶ **New Media:** Internet access is limited mainly to urban areas. However, those who have access use it as an information source.

## Mozambique

- ▶ **Radio:** Radio Moçambique, the state-run broadcaster, is significant. Several community radio stations play an essential role in reaching the broader population.
- ▶ **TV:** Televisão de Moçambique (TVM) is the state-owned broadcaster. Some private channels have started emerging.
- ▶ **New Media:** Internet penetration is increasing, but access is still somewhat limited. Social media is a growing news source for younger generations.

## Sao Tome and Principe

- ▶ **Radio:** Radio Nacional de São Tomé e Príncipe is the major station. There are also a few private ones, gaining increasing relevance.
- ▶ **TV:** TVS, the state-run TV station, is the primary broadcaster.
- ▶ **New Media:** Internet use is growing, though it's still limited. Social media platforms like Facebook play an increasingly vital role in news dissemination.

## Timor-Leste

- ▶ **Radio:** Radio is significant for information dissemination across the country. There's a mix of state and privately-owned stations.
- ▶ **TV:** Timor-Leste has several TV stations, with Televisão de Timor-Leste (TVTL) being the state broadcaster.
- ▶ **New Media:** Internet penetration is growing, and with it, the use of social media platforms. However, challenges remain due to infrastructure and affordability.

Across all these countries, while traditional media like radio and TV continue to play vital roles, new media (especially social media) is growing in influence, particularly among younger audiences. However, factors like political stability, freedom of the press, and economic constraints play significant roles in shaping the media landscape in each of these countries.

Finally, building from the very successful experience of the advanced studies programme in PFM, the Academia will be a relevant stakeholder in this 3<sup>rd</sup> phase of the programme. The know-how and knowledge gathered since 2015 with the rollout of a groundbreaking advanced studies programme on PFM for public officials in the PALOP-TL countries will now serve as baseline for a Masters' Programme in Public Administration and PFM. In this context and to ensure sustainability of the intervention (exit strategy), partnerships between ISCTE/IUL-IPPS and universities in the beneficiary countries will be promoted.

In this regard, the universities in Angola, Cabo Verde, Guinea Bissau, Mozambique, Sao Tome and Principe, and Timor-Leste face challenges in terms of their capabilities and capacity for hosting, collaborating, or leading (...) research projects (Neves, 2021). Overall, there is a need for further capacity building and improvement in the capabilities of universities in these countries. Below follows a snapshot of the public academic institutions in the PALOP-TL countries.

In **ANGOLA**, the University of Angola (Universidade Agostinho Neto) in Luanda is among the country's key academic institutions. The University of Angola offers degrees in economics, law, and other fields related to public administration and finance. However, there have been concerns about the quality of education and the need for modernization and increased research output. Additionally, the National School for Public Administration and Public Policy (ENAPP) which is the public academic institution that provides professional training in the fields of public finances and public procurement.

In **CABO VERDE**, the University of Cabo Verde (Universidade de Cabo Verde - UniCV) is the primary academic institution, particularly the School for Business and Governance (ENG/UniCV). This university offers courses in social sciences, humanities, and economics. With growing international collaborations, there's a push towards improving academic standards in public finance and administration.

In **GUINEA BISSAU**, Amílcar Cabral University (Universidade Amílcar Cabral) and the National School for Administration (ENA) are the public academic institution. Due to political instability and resource constraints, higher education in Guinea Bissau has faced challenges. Nonetheless, there are courses in social sciences, but they may not be as specialized in public finances or public administration. In this country, it might be necessary to also include the University Colinas de Boe (private), due to the context.

In **MOZAMBIQUE**, Eduardo Mondlane University (Universidade Eduardo Mondlane) in Maputo stands out, but University Joaquim Chissano is also a relevant public. Eduardo Mondlane offers a wide range of courses in economics, law, and public administration. Over the years, with international partnerships and collaborations, the university has been working to raise its academic standards and research output.

In **SAO TOME AND PRINCIPE**, the University of Sao Tome and Principe (Universidade de São Tomé e Príncipe) is the main institution. The university offers courses in humanities, social sciences, and law. However, given the country's size and economic constraints, specialized courses in public finance might be limited.

In **TIMOR-LESTE**, the National University of Timor Lorosa'e (Universidade Nacional Timor Lorosa'e) is the public university. As a relatively young nation, Timor-Leste has been investing in education. The university offers programs in economics and public administration, but there's still room for expansion and improvement in the curriculum and research.

In general, while universities in these countries provide foundational courses in social sciences, economics, and law which are integral to public finances and administration, challenges such as limited resources, political instability, and the need for modern curricula and faculty development persist. International collaborations and partnerships can play a crucial role in enhancing the capabilities of these institutions in the domains of public finances and public administration.

During the inception phase of the programme, an in-depth update of the stakeholders' analysis will be carried out in all beneficiary countries.

## 1.2.4 Lessons learnt

The programme uses as main baseline the lessons learned, and the experiences gained from the Pro PALOP-TL SAI's previous phases, more specifically, from the EU Results Oriented Missions and the independent Mid-Term Evaluations<sup>72</sup>. Additionally, lessons were drawn from the consultation and analysis of the implementation of the PALOP-TL|EU cooperation programme (2012-21)<sup>73</sup>, as well as from the EU direct budget support (DBS) programmes due to linkages between their respective scopes.

By supplementing a government's **budget** with foreign-provided funds, more funds are available for public spending. Second, and partly in response to the negative **impacts** of past policies of conditionality and structural adjustment ([Stiglitz, 1998](#); Wade, 2001), donors provide **budget support** to reduce strain on partner government systems, harmonise donor activities behind the partner government's own policies and priorities, and empower rather than impose conditions on partner governments. Accountability operates in a number of different **directions**, involving different stakeholders...."<sup>74</sup>. In general, lessons learned from previous European Union (EU) Direct Budget Support (DBS) Programmes can still provide the following valuable insights:

- 1. Focus on Ownership and Governance:** DBS often works best when there is a high level of country ownership and governance. It allows the recipient country to dictate the terms of the aid's use and enables local stakeholders to take the lead in developmental projects. It also emphasizes the importance of good governance, as it allows for better coordination and monitoring of funds.
- 2. Improved Public Financial Management (PFM) Systems:** The use of DBS has generally led to improvements in PFM systems in recipient countries. This is because the success of DBS requires a strong system of financial management to ensure the effective use of funds.
- 3. Stronger Institutional Frameworks:** DBS can lead to the development of stronger institutional frameworks as it usually comes with certain requirements, including the development of certain policies and procedures. This encourages recipients to build robust and efficient institutional structures.
- 4. Policy Dialogue:** DBS has been found to strengthen policy dialogue between donors and recipient countries, fostering better communication and relationships.
- 5. Risk Management:** It's important to understand the risks involved with DBS. Since the funds go directly into the recipient government's treasury, there's a risk of misappropriation or misuse. Therefore, robust risk management strategies are necessary.
- 6. Sustainability:** DBS has underscored the importance of sustainable development. However, some critics suggest that DBS might cause recipient governments to become too reliant on aid. Therefore, DBS programmes should be designed in such a way as to encourage self-reliance and sustainability.
- 7. Flexibility and Adaptability:** DBS requires a certain level of flexibility and adaptability. This is because each country has unique needs and circumstances, and a one-size-

72 [https://www.agora-parl.org/sites/default/files/pdf/2022\\_03\\_Relatorio\\_Final\\_de\\_Avaliacao\\_Intermedia\\_ProPALOPTL.pdf](https://www.agora-parl.org/sites/default/files/pdf/2022_03_Relatorio_Final_de_Avaliacao_Intermedia_ProPALOPTL.pdf).

73 <https://palop-tl.eu/biblioteca/>.

74 Venning, P. (2009). impact Of budget support On Accountabilities At the Local Level In Indonesia. *OECD Journal on Budgeting*, 1(9), 1-29. <https://doi.org/10.1787/budget-v9-art5-en>.

fits-all approach is unlikely to work. The EU and other donors have to adapt their DBS programmes to meet these unique needs.

It is important to note that the effectiveness of DBS can vary significantly from country to country, depending on the political, economic, and social conditions in each context. This is why continuous evaluation and learning from past experiences is crucial.

According to the ROM<sup>75</sup> and MTE<sup>76</sup> reports to the **Pro PALOP-TL SAI**, the project had a positive, sustainable impact on the Public Finance Management systems in the PALOP-TL countries.

The latest Pro PALOP-TL SAI MTER looked into the deliverables of all previous phases cumulatively and summarized 5 lessons learnt:

### **LL1. The Annual Work Plan (AWP) methodology is effective and contributes to good levels of relevance, flexibility, implementation, as well as appropriation (buy-in) of the Programme.**

There is no one size fits all approach when it comes to regional programming. Project activities should be flexible and adapted to the changing needs of the beneficiaries, especially in the context of COVID-19. The AWP approach fosters political buy-in and ownership which is crucial for ensuring sustainability, especially for interventions linked to economic governance. Political buy-in is indispensable in interventions that deal with sensitive national sovereignty matters.

### **LL2. Training and development of skills in the multiple layers of the PFMS contributes to effective and sustainable transformation of institutional practices.**

Training and development of skills of technical staff, decision makers, parliamentarism, and civil society, strengthens economic governance and the PFMS. It can occur in multiple setting, and through multiple means, including academic courses, technical training, seminar, sharing of practices, field visits and so forth. South-south and triangular exchanges are often valuable in training and skills development initiatives.

### **LL3. South-south and triangular cooperation within the PALOP-TL region is relevant from the linguistic, legal, and political perspectives.**

PALOP-TL countries share a language, have similar legal frameworks, and relevant economic, social, and political interests. The countries perceive cooperation within the PALOP-TL region as highly relevant to enhance the political dialogue and sharing of best practices. Triangular cooperation is also highly relevant to expose national institutions to international best practices and standards.

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75 1<sup>st</sup> ROM report was submitted on 20.11.2015 and the 2<sup>nd</sup> ROM draft presented in December 2017. The latest ROM on Pro PALOP-TL SAI (Phase II) – report submitted on Aug 2021.

76 The mid-term evaluation report was submitted to UNDP Cabo Verde on December 2016. The latest MTE was carried out on the Pro PALOP-TL SAI (Phase II) and the report was submitted on Dec 2021.

## LL4. The Programme has the potential of becoming an international good practice.

Since 2014, the Pro PALOP-TL SAI has been a successful and practical example of sustainable development cooperation in the field of PFMS. The programme's pioneer all-of-government approach is now widely recognized as an efficient way to build capacities, change attitudes, and promote durable and nationally own reforms in public finance management systems by bringing to the same table state and non-state actors from six countries. Many of the tools and methodologies developed by the programme are considered best practices by relevant development cooperation institutions and International Financial Institutions. As examples, the [\*\*multi-country PALOP-TL eBudget CSO Digital Platform for transparency & accountability\*\*](#)<sup>77</sup> was selected by [OPSI](#)<sup>78</sup>/OECD as case of public sector innovation and published in the [\*\*OECD-OPSI Case Study Library\*\*](#)<sup>79</sup>; the Pro PALOP-TL SAI standard approach for Gender Responsive Budgeting and oversight of public expenditure with gender-lenses contributed to [UNDP Gender Equality Strategy 2023-25](#)<sup>80</sup> and UNDP Policy on gender equality at global level through reference and publication on UNDP [Development Future Series portal](#)<sup>81</sup> and [Global Library](#)<sup>82</sup>.

## LL5. The centralization of the Programme's management contributes to the good implementation of the Programme, yet local presence is required when beneficiaries diverge in their implementation rate.

One of the LL from the first phase of the Programme was the benefit of having a centralized PMU. Phase II indicates a similar benefit, yet it also seems to indicate that when a beneficiary country shows early signs of divergence in terms of project implementation when compared with its counterparts, it is beneficial to establish a national PMU field officer in order to provide additional assistance.

Additionally, in the context of the consultation and analysis of the implementation of the PALOP-TL|EU cooperation programme (2012-21), the Pro PALOP-TL SAI was considered a good practice and the following are some of the lessons were drawn from the Pro PALOP-TL SAI programme:

- ▶ Continuation of the work currently underway to support the Ministries of Finance in the area of transparency in public finances, in order to allow greater sharing and availability of public, clear and accessible information, so that the population can in some way participate in the formulation of this very important law that is the State Budget and in monitoring its execution.
- ▶ Deepen the issues of national budgeting and transparency in the new areas considered as priorities by the EU.

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77 <https://www.paloptl-ebudgets.org/>.

78 <https://oecd-opsi.org/>.

79 [https://oecd-opsi.org/case\\_type/opsi/?\\_level\\_of\\_government=other](https://oecd-opsi.org/case_type/opsi/?_level_of_government=other).

80 <https://genderequalitystrategy.undp.org/>.

81 <https://www.undp.org/undp-development-futures-series>.

82 <https://www.undp.org/dfs-publications/durable-transformation-and-structural-changes-gender-equality-through-pfms-and-budgetary-circles>.

- ▶ Strengthen internal control capacities.
- ▶ Continue to support the creation in all countries, especially the least developed, of conditions conducive to the implementation of the International Public Sector Accounting Standards Board (IPSAS) international public accounting standards.
- ▶ With regard to the Courts of Auditors (CA), continued efforts to place the CA at the heart of control systems, especially in the most fragile countries, the promotion of their empowerment and their awareness and ownership of the importance of their role in governance. The approach with the SAI should be improved through action-oriented training, in particular with the MoF and the CA.
- ▶ It will be crucial to encourage the opening of Parliaments to the other actors responsible for monitoring the State Budget and to strengthen cooperation with those actors.
- ▶ Multiply training capacity in terms of budgeting, budget execution and public financial management issues and extend them to local authorities, for example through training-of-trainers programmes and on-the-job monitoring and mentoring.
- ▶ Link more academic training modules to more practical tasks that give rise to internal institutional change (from “coaching on the job” to exchange of experiences, visits, or “reporting back” to a team).
- ▶ Enhance the introduction of information and communication technologies (ICT) into the processes of transparency and accountability, with cheap and sustainable solutions; for example, create digital platforms for budgetary control, including external control and public and social control.

Lastly, the following are lessons learnt cumulatively with the implementation of the 2 previous phases of the Pro PALOP-TL SAI programme:

- ▶ Flexibility and adaptation to the beneficiaries’ changing needs is key to foster political buy-in and ownership of the Programme. This has proven to be crucial to ensure sustainability in interventions linked to economic governance.
- ▶ A participative process in the formulation of activities, results, indicators, and baselines, through Annual Work Plans contributes to tailored responses to the beneficiaries’ needs and priorities, rooted on South-South and Triangular cooperation and peer-to-peer learning practices (including CoP).
- ▶ The quality and efficiency of the EU policy dialogue can be increased, notably in countries benefitting of Budget Support operations, by receiving critical, timely insider information, networks and connection to PFM institutions.
- ▶ Importance in continuing to work in enhancing peer-to-peer collaboration and network as it has proven to be successful in fostering difficult but critical transformation in institutions.
- ▶ Fostering closer coordination with national and regional EU-funded projects through formal and informal dialogue and exploring potential synergies needs to be further promoted, particularly through the activities foreseen under output 4 and the programme’s governance instruments (national and regional).

## 1.2.5 Complementarity, Sinergy & Donor Coordination

The Action will act in coordination and synergy with the EU 2021-2027 Multi-annual Indicative Programme (MIP 2021-27) in Angola, Cabo Verde, Guinea Bissau, Mozambique, São Tome and Príncipe and Timor-Leste. Additionally, whenever relevant, coordination will be actively promoted with other regional PFMS programmes covering the PALOP-TL countries.

Angola is one of the beneficiary countries of the UNDP Tax for Sustainable Development Goals Initiative, (Tax for SDGs), a three-year programme (2022-2024) supporting 25 targeted countries in Africa, Latin America and the Caribbean, Central Asia and Asia Pacific, in increasing domestic resource mobilization (DRM) and achieving the Sustainable Development Goals (SDGs). Under the Initiative, Angola Ministry of Finance and Tax authorities will be supported to address explicit and implicit biases in taxation while strengthening the capacities of tax related administrations to build their capacities and internal mechanisms for gender mainstreaming in tax policies.

Furthermore, the beneficiary institutions in the PALOP-TL are members of the CPLP<sup>83</sup>, and in their respective sub-regions, they are already members of platforms with a regional or sub-regional scope that promote partnerships and south-south and triangular cooperation across the three domains of the Action. More specifically the Action could build on, cooperate, and support networks such as: the OISC|CPLP – the Organisation of Supreme Audit Institutions of the Community of Portuguese Speaking Countries; the CPLP Ombudsman network; the AP-CPLP – the CPLP Parliamentary Assembly and its networks of women MPs and parliamentary administrations; and the network of PALOP-TL/ CPLP CSOs promoting social monitoring of public expenditure and fiscal openness in the beneficiary countries.

In complementarity, synergies will be promoted with ongoing or planned programmes of regional associations of ministries of finance, budget and planning (CABRI), SAI (AFROSAI, namely AFROSAI-E, CREFIAF and PASAI), Parliaments (IPU), European Parliament relevant Committees, the European Court of Auditors, as well as IMF Fiscal Affairs Department and AFRITAC, and civil society (IBP).

During the project inception phase, a detailed donor matrix will be further developed alongside with the design of results-based and budgeted annual work plans. These inclusive and bottom-up planning exercises will allow to promote effective synergies and avoid overlapping with bilateral actions and projects at country level.

During the implementation of the Action, at national level, coordination between the project's actions and projects/programmes carried out by the beneficiary countries and their development partners (in particular those involving or carried out by and in support of the beneficiary institutions) will be promoted within the framework of the Country Coordination Committees. These national project oversight management committees will be composed by representatives of the Project Executive (PALOP-TL UN-UNDP COs); the Senior Beneficiary (Ministries of Finances/Plan, Supreme Audit Institutions, Parliaments, and Civil Society Organisations); the Senior Supplier (European Union Delegations, EDF National Authorizing Officers in each PALOP-TL). They will ensure donor coordination with country government and donors' programmes, including with EU programmes, especially when drafting and reviewing their annual work plans. The EU Delegations will be closely involved in this process. The Action will also be implemented in coordination and synergy with relevant actions

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<sup>83</sup> Comunidade dos Países de Língua Portuguesa - Community of Portuguese-Speaking Countries

under the continental Team Europe Initiative to support Africa in combating Illicit Financial Flows and Transnational Organized Crime.

To capitalize on the arrangements and relations already established by the Pro PALOP-TL SAI, it is proposed that the Action replicate and improve its same coordination mechanism: daily management ensured by the Project Management Unit; coordination and follow-up at the national level ensured by the Country Coordination Committee (see composition in Section III) in each beneficiary country, supported by national UNDP offices, already established in each PALOP-TL countries and active in this field, and supranational oversight at the Project Steering Committee (see composition in Section III). This mechanism allows complementing and reinforcing efforts undertaken by different partners at national level, avoiding duplication of structures and of activities and overlapping in the implementation of the activities.

The Annual Work Plans will be shared by UNDP in country with the respective donor coordination groups (in the countries where these platforms are setup and functional) to ensure alignments and avoid overlaps. Beneficiary institutions will also plan and report the Pro PALOP-TL SAI activities and realizations in their institutional plans and reports. Project results and activities will be duly reported in the dialogue frameworks addressing PFM performance in countries with EU budget support and through sector coordination mechanisms.

## **SECTION II**

– Strategy,  
intervention logic &  
Foreseen impact

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

This south-south triangular cooperation and “peer2peer “exchanges mechanism for capacity development and technical assistance have been tested and standardised between 2010 and 2017 in various 9<sup>th</sup> and 10<sup>th</sup> EDF PALOP-TL/EU projects (especially the UNDP-implemented Pro PALOP-TL PACE<sup>84</sup> and Pro PALOP-TL SAI). The Action intends to harness lessons learned from these initiatives and to consolidate them in a single Facility of South-South Cooperation for capacity building, technical assistance, south-south triangular cooperation. It also aims to facilitate the sharing of experiences and lessons learned between peers in the context of a Programme for Consolidating Economic Governance and Public Finance Management Ecosystems in the PALOP-TL (Pro PALOP-TL SAI – Phase III).

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

In this scenario, the current Action aims to build from the Pro PALOP-TL SAI (Phase II) baselines and achievements, referred in the background of the current document. Phase III will scale up the intervention logic by pushing the boundaries further in promoting more “effective, accountable and inclusive institutions at all levels” (SDG 16), building coalitions among the above referred stakeholders to achieve even more in terms of gender equality, budget transparency and domestic resource mobilisation (executive), external control (legislature and supreme audit institutions) and social monitoring (civil society) of public finances, public expenditure and accounts in the PALOP-TL.

Between January 2014 and December 2022, over 12,300 beneficiaries (53% women) from state institutions (executive, courts of auditors and other control institutions, parliaments) and non-state institutions (NGOs, Professional Bodies, Interest Networks, Media, etc.) of the public finance management systems in the PALOP-TL were involved in face-to-face and online training, as well as capacity building initiatives through technical assistance and south-south/triangular cooperation, to strengthen their skills and qualifications in the field of budget transparency, external control, parliamentary oversight and social monitoring of public accounts and policies in the PALOP-TL. They benefitted from training and capacity development initiatives in the fields of external control, legislative budget oversight, social monitoring of public expenditure and budgetary transparency through the Pro PALOP-TL SAI.

The use of digital media has made it possible to extend the offer to more beneficiaries, without undermining the quality and impact of this offer. A database has been established taking stock of websites, portals and the LMS (learning management system) platform in the Portuguese language dealing with these questions and regional platforms (OISC|CPLP, CSO Lusophone networks that nurture fiscal/budgetary transparency, the Network of Women Parliamentarians within the context of the CPLP Parliamentary Assembly, among others) that can be expanded and capitalised upon.

The use of digital media increases the effectiveness and scope of initiatives to promote budget transparency, consolidate external control and independent audits of public accounts, as well as to improve parliamentary oversight and social monitoring of public policies and expenditure. On the

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<sup>84</sup> Support to the 2009 - 2011 Electoral Cycles of the PALOP-TL.

one hand, these means increase and facilitate citizens' access to the State's accounts, thus promoting greater and more effective accountability on the part of public agents and institutions. On the other hand, they allow CSOs to make information available to the public in a simplified and interactive, but also open way, without having to be limited to the "official" narrative presented by the executive.

In 2019, when the implementation of the second phase of the programme began, none of the Pro PALOP-TL SAI beneficiary institutions have received support from this programme to acquire software and hardware, or to design information management systems. By 2022, the Ministries of Finance in 4 PALOP-TL countries (Angola, Cape Verde, Mozambique, and Timor-Leste) have Information Management Systems (IMS) platforms and are promoting budget transparency through Information and Communication Technology (ICT). In Guinea Bissau there is the financial management information system SIGFiP, which needs to be strengthened.

The Supreme Audit Institutions of 5 PALOP-TL (AO, CV, GB, STP and MZ) have IMS platforms and promote budget transparency through ICTs. The Parliaments of 5 PALOP-TL (AO, CV, STP, MZ and TL) have made improvements and acquired equipment to strengthen/develop ICT platforms in 5 countries. Finally, the PALOP-TL CSO digital budget platform for budget simplification, the PALOP-TL eBudget<sup>85</sup> has been successfully developed and is available to the public with teams from PALOP-TL CSOs trained to operate the platform.

## **2.1.1 The Strategy**

The Action's logframe and results framework were crafted upon a Theory of Change (ToC – Appendix 4) that lays out a working hypothesis that were successfully subjected to verification during and after implementation of the Pro PALOP-TL SAI phase I, as demonstrated in the background of the current document (supported by the project's results evaluations).

The ToC was developed through the traditional cycle approach: (1) analysis of the situation and context; (2) identification of the pre-conditions; (3) identification of the role of the related stakeholders; (4) elaboration of explicit assumptions and risks; (5) the validation of the ToC; (6) the narrative of the ToC that is set out in the current document.

The **analysis of the situation and context** was anchored in diagnosis and assessments made within the framework of the Pro PALOP-TL SAI phase I, EU bilateral direct budget support programmes and EDF NIPs in the PALOP-TL countries, and the Pro PALOP-TL SAI mid-term evaluation. In addition to the challenges identified and already referred along the present document, the thorough diagnosis carried out along 8 years of the Pro PALOP-TL SAI implementation (see final report), PEFA reports, and IBP exercises also provided inputs contributing for the ToC.

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<sup>85</sup> <https://www.paloptl-ebudgets.org/>.

The **pre-conditions** for a successful scale-up of the Pro PALOP-TL SAI intervention logic into a phase III were identified and are in place. In addition to the baselines described above in this section, it is important to highlight that the latest Pro PALOP-TL SAI ROMs and MTE concluded that clear gains resulted from the programme's intervention. The capacities of the relevant PFM institutions and actors in the PALOP-TL countries were developed in a sustainable manner (all four OECD-DAC indicators – efficiency, effectiveness, pertinence, and sustainability – were fully met).

Progress made within the framework of the Pro PALOP-TL SAI Phase I and II set adequate baselines for a thorough **stakeholders' analysis** identifying individual and institutional duty-bearers and their corresponding obligations that supports the Pro PALOP-TL SAI Phase III ToC framework and process. Using a human rights-based approach with particular focus on gender equality, it was possible to identify **who** has to do something about the problems identified in the PALOP and Timor-Leste in the domain of fiscal transparency and budget transparency, including inequalities and discrimination affecting particularly women (this is also in line with the principle of “no one left behind”).

Clear **assumptions** were identified. In order to have the expected change and impact, clear assumptions were established.

If the intervention is expected to contribute for “Enhanced transparent and gender inclusive budgets, domestic resource mobilisation (DRM) and external control of public expenditures and policies practices in the PALOP-TL countries” (the outcome), the following assumptions must be made:

- ▶ The implementation of the agreed reform plans and roadmaps progresses take place to increase the accountability of the institutions.
- ▶ Beneficiaries have the necessary human and financial resources to sustain the Action’s results.

If the intervention is expected to result in (Output 1) *Consolidated and strengthened PFMS and domestic resource mobilisation capacities by the Ministries of Finance in the PALOPTL countries*; (Output 2) *Improved external control and audit by Parliaments, Court of Auditors and other external control watchdogs in the PALOP-TL countries*; (Output 3) *Enhanced budget and policy monitoring by the CSOs and increased citizens public participation*; (Output 4) *Strengthened peer-to-peer international partnerships among PALOP-TL national oversight institutions*; and (Output 5) *Enhanced Gender-responsive Budgeting (GRB) practices and mainstreaming in the PALOP-TL countries*, the following assumptions must be made:

- ▶ **01:** the PALOP-TL countries maintain their political will to provide financial data and to work in improving their Domestic Resource Mobilisation policies and capacities; the beneficiaries of this Action deepen their expertise in order to adequately apply it on PFMS reforms, digitalisation and dematerialization.
- ▶ **02:** the beneficiaries of the Action deepen their expertise in order to properly scrutinize and monitor the State Budget, leading to the improvement of the executive’s mandate.
- ▶ **03:** the national CSOs (including gender CSOs) maintain their interest and have the resources to increase their role in monitoring the budget and related policies.
- ▶ **04:** the international Partners show interest in partnering in a collaborative manner.
- ▶ **05:** the gender equality priorities stay at the core of national policies.

Pro PALOP-TL SAI interventions have already supported civil society participation in the monitoring of the budget, and this is not seen as a source of risk in terms of the CSOs security or ability to perform that role without harassment from PALOP-TL authorities. It is therefore assumed that the same climate of transparency will continue in the PALOP-TL countries. It is also assumed that the implementation of the Action will be performed with high-quality management and effectiveness in obtaining results.

The main assumption is that the political climate in the PALOP-TL countries remain stable without serious security problems and that there is stability, continuity of policies and beneficiary institutions in the PALOP-TL.

The project's strategy is fully aligned with UNDP Strategic Plan's signature solutions aiming to "Strengthen effective, inclusive and accountable governance" and to "Strengthen gender equality and the empowerment of women & girls". It's also aligned with the UNDP Gender Equality Strategy 2022-2025 and the priorities identified, especially on (i) Contribute to gender equal and sustainable economies (fiscal policies that works for gender equality); (ii) Help reinvigorate inclusive governance, participation and women's leadership (women's collective and influence) towards gender responsive states and (iii) Support Equal societies to build resilience.

To achieve these strategic goals, the Programme Management Unit (PMU) will build its work on UNDP **Country Support Platforms**<sup>86</sup> through the organization's network and technical capacity to support **integrated solutions to complex, interconnected development challenges** in the 2030 Agenda. This will allow for "differentiated offerings across [the] different [PALOP-TL] country contexts and in response to varying development challenges", but also for "greater ability to scale and reconfigure where needed". In complement to the above, the PMU will also recur to UNDP **Global Development Advisory and Implementation Services Platform**<sup>87</sup> to provide **world-class development advice** to the project's executive and beneficiaries.

The PMU will simultaneously promote collaboration and coordination in the most various forms with outer actors and partners working in PFMS in those countries, universities, and academic institutions.

## 2.1.2 The Intervention Logic

The underlying intervention logic for this action is to build upon the successful achievements of the Pro PALOP-TL SAI Programme previous phases, contributing to SDG 16 and SDG 5, particularly in the promotion of accountable and inclusive gender responsive institutions in the PALOP-TL countries (Impact). By bringing together PFM actors through systematic interactions and initiatives, using South-South and triangular cooperation (involving Brazil and Portugal), the Action aims at promoting a holistic approach to PFM reforms and enabling environments for inclusive public policy dialogue resulting in impactful changes in budget transparency, domestic resource mobilization, increasing gender impacts from public budgets, and external control of public expenditures and policies practices in the PALOP-TL countries (Outcome). It will also ensure alignment with sustainable development plans and goals and will contribute to responding to the macroeconomic recession emerging from the Covid-19 pandemic.

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<sup>86</sup> A new system-thinking approach resulting from UNDP's ongoing reform that will assist countries to design and deliver integrated solutions to complex development problems that require multi-sectoral actions across economic, social and environmental issues and help design tailored country and context-specific solutions and innovative ways of financing. Country support platforms will rely on networked ways of working to support *integration* across sectors and by targeting investments to policies that can simultaneously advance a wide range of SDGs, support SDG *acceleration* efforts. They aim to bring together partners who would otherwise not connect with each other to jointly analyse problems as well as co-create and deploy solutions that would otherwise remain undiscovered.

<sup>87</sup> AGORA services and advice were provided through such services, now rebranded in line with the reform and new strategic plan.

The South-South/Triangular cooperation, peer-to-peer methodologies for capacity development and technical assistance have been tested and standardized in previous phases. The Action foresees consolidating these achievements through enhancing partnerships at international level (e.g., IMF/FAD, WBG, Open Government Partnership, European Parliament) in order to step up the visibility of the results obtained and promote meaningful replication of successful activities/dynamics through the sharing of experiences and lessons learned between peers.

Firstly, the consolidation and strengthening PFMS practices and domestic resource mobilisation capacities by the Ministries of Finance (Output 1) will be achieved by improving the degree of openness (Open Data), periodicity and detail of budget data made available to the public by Ministries of Finance, and by strengthening and institutionalizing internal management and staff capacities for gender responsive PFMS through the implementation of the UNDP Gender Equality Strategy 2022-2025 and the Gender Equality Seal; increasing the involvement of Executives in the Open Government initiatives, including national gender machineries; and enhancing dialogue on domestic resource mobilisation. Capacities for DRM will be built in line with the Addis Tax Initiative<sup>88</sup> including training official to better monitor and fight tax evasion, illicit financial flows and corruption and transparency and dissemination of revenue data. Secondly, the improvement of external control and audit by Parliaments, SAI, CSOs and citizens' public participation will be achieved by enhancing legislative budget scrutiny and follow up on recommendations on public expenditure and policies (Output 2 and 3); increasing SAI's external control and audit of public accounts mainly through collaborative/coordinated performance audits; and increasing public budgets, expenditure, and policies' social monitoring capacities by CSOs. Capacities of Parliaments and SAIs will also be enhanced by the implementation of Pro PALOP TL SAI Gender-responsive Budgeting (GRB) practices and mainstreaming (output 5) and the Gender Equality Seal which will allow these key institutions to mainstream a gender perspective in their oversight work. The relevance of the GRB approach as a contribution to increased transparency and comprehensiveness on public finance information is also highlighted in a fifth Output, to be achieved by mainstreaming gender equality (Output 5) through a more systemic use of GRB by the Executives; and enhancing legislative oversight, social monitoring, and external control/audit of gender responsive budgeting. GRB tools aim at accelerating the achievement of the 2030 Agenda for Sustainable Development commitments, fostering, and strengthening EU engagement on gender equality in PALOP-TL countries.

Strengthening peer-to-peer international partnerships and South-South / Triangular cooperation (Output 4) will transversally contribute to the consolidation of the external public expenditures and policies oversight.

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<sup>88</sup> The Addis Tax Initiative (ATI) aims to promote fair and effective domestic revenue mobilisation (DRM), policy coherence and the social contract through partnerships and knowledge building. <https://www.addistaxinitiative.net/>.

## **2.1.3** Risks management

The Action will be implemented by the United Nations Development Programme (UNDP).

In this context, UNDP will be responsible for the risks' management. Subjected to UNDP's Programme and Operations Policies and Procedures, UNDP has developed a risks' log matrix (Appendix 9) to ensure due monitoring and management. The following shall apply to the risks' management:

- 1.** UNDP shall comply with the policies, procedures, and practices of the United Nations Security Management System (UNSMS.)
- 2.** UNDP agrees to undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). This provision must be included in all sub-contracts or sub-agreements entered into under any UNDP Project Document related to this action.
- 3.** Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
- 4.** UNDP and all its implementing partners shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
- 5.** The Programme will be compliant with UNDP Social and Environmental Standards.

CATEGORY	RISKS	RISK LEVEL HIGH MEDIUM LOW	IMPACT HIGH MEDIUM LOW	MITIGATING MEASURES
EXTERNAL ENVIRONMENT	Lack of governments' willingness to implement the agreed reform plans and roadmaps and to provide data on budgetary execution or other relevant data	H	H	Sustained political dialogue and engagement with all PALOP-TL countries (especially in those countries that benefit from EU Budget Support operations). Peer pressure will also push for budget transparency.
EXTERNAL ENVIRONMENT	The fragmentation and lack of coordination among different national authorities.	M	M	A coherent coordination structure was already built-in previous Action's phases, and it will be further enhanced by the presence of PFM experts based in main countries.
PEOPLE AND ORGANISATIONS	Lack of human resources and financial capacity of the beneficiaries' institutions to sustain results - especially in a global context of increased financial crisis or due to political instability.	M	H	Focus on institutional and legal reforms; capacity-building; digitalisation and technological support to ensure sustainability of the results, enhance resilience and efficient budget planning. Furthermore, the Annual Work Plans will enable flexibility and alignment with the national priorities and political situations.
COMMUNICATION AND INFORMATION	Lack of coordination and communication among different EU initiatives.	M	H	Coordination mechanisms with the EU Delegations, such as joint annual programming meetings, will be defined at the Action's inception phase as to capitalise on other EU initiatives and step-up efforts in countries with a slower implementation rate.

<b>PLANNING, PROCESSES AND SYSTEMS</b>	<p>Different levels of capacity among stakeholders (institutions and CSOs) from different countries.</p>	M	M	<p>Early identification of weaknesses and strengths of all stakeholders during programme formulation will allow the Action to tailor training and technical assistance activities. In addition, a training needs assessment will be conducted to verify specific needs of new Member of Parliaments, member of Court of Auditors and CSOs.</p>
<b>EXTERNAL ENVIRONMENT</b>	<p>Gender equality priorities are not anymore at the core of national policies.</p>	L	M	<p>Continuous political dialogue, supported by evidence of major current challenges in gender-sensitive protection measures, as well as peer pressure from countries where GRB reforms have taken place, to ensure that gender equality stays on the national agenda.</p>

## 2.2 Foreseen Impact

As shown in the background of this document, the capacities of the core state and non-state stakeholders of the PFM systems in the PALOP-TL were strengthened over the last decade, among others, through the intervention of the Pro PALOP-TL SAL programme (phase I – 2014-17 & phase II – 2019-23).

Despite the significant progress on economic governance in the PALOP-TL countries in the past decade due to PFM national reforms, there are still several challenges that need to be addressed regarding budget transparency and equity, efficient oversight, and social scrutiny. This is corroborated by internationally recognized datasets that assess the economic governance levels, such as the International Budget Partnership (IBP) Open Budget Index, where countries such as Angola, Mozambique, São Tomé and Príncipe and Timor-Leste rank well below the budget transparency, public participation, and budget oversight thresholds. Furthermore, the Worldwide Governance Indicators (WGI), that assess government effectiveness, also score all PALOP-TL countries below 0 in 2020.

There is indeed a need to address structural governance shortcomings in all six PALOP-TL countries which could be considered as a medium and long-term endeavour. More concretely: the executives still face challenges in aligning the national sustainable development plans and goals with the budget planning and implementation with a specific challenge in align the National Policies for gender equality with development plans and the budgetary cycle;

- f.** the insufficiencies in institutional and individual capacities remain significant in Supreme Audit Institutions (SAI) and Parliaments as to ensure efficient PFM external control across the PALOP-TL countries in a systematic way;
- g.** there is a general lack of understanding and capacities to address the critical development links between public budgeting and fiscal policies and gender inequalities;
- h.** the CSO's social scrutiny is still incipient in most countries;
- i.** despite the important progress in the adoption of digitalisation processes, these efforts still need to be consolidated;
- j.** strengthening tax transparency and domestic resource mobilisation policies are also much needed to support these countries to expand their taxation sources, realise human rights, tackle inequalities and reducing aid dependency, including DRM for promoting gender equality and reduce inequalities based on the impact;
- k.** there are recognised deficiencies in the implementation of appropriate environmental protection measures, which are now at the core of all national policies. And last but not least,
- l.** the Covid-19 pandemic and the conflict in Ukraine has triggered unprecedented challenges with a foreseen lasting impact on the lives of people and institutions that need to be addressed, namely a macroeconomic recession and limited access to development financing as well as riskier debt management measures and retraction on public investment in critical sectors.

Although the coordination among PFM actors has improved over the last years, entailing some progress in the above-mentioned areas, their exposure to international standards and practices would help them to capitalise on best practices to improve their accountability systems and policies.

In this context, the Action will contribute to mitigate all these trends; to consolidate and scale-up the Parliaments, Court of Auditors, CSOs and citizens' capacities on State Budget scrutiny and alignment to national development goals and SDGs. It is also proposed to enhance the budget oversight to other key areas such as fiscal/tax transparency and domestic resource mobilisation policies, gender budgeting processes, as well as climate relevant budgeting, notably using digital technologies. Taking stock of the lessons learnt on the aftermath of the Covid-19 pandemic, the Action will contribute to improve PFM and fiscal measures in emergency contexts.

Finally, it will endeavour to strengthen the existing collaborative relations and build durable partnerships with European peer institutions, as well as enhancing the visibility and promoting the replication of good PFM practices, tools and methods put in practice in the PALOP-TL countries (e.g., the Community of Practices; the Civil Society Online Budget Platform; the GRB and its oversight integrated model, the Gender Equality Seal global community of public institutions) notably in countries with EU Budget Support operations. Climate budgeting will be included as a cross-cutting issue on budget oversight and social monitoring.

However, in the case of parliaments, there has been tendentially high turnover rates of Members of Parliament in all the beneficiary countries, therefore, there is a strong need to continuously engage in the professional development of parliamentarians and the administrative staff of Parliaments (especially those that support the special parliament commissions) in both the budget discussions and the oversight and scrutiny of public expenditure<sup>89</sup>.

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<sup>89</sup> Pro PALOP-TL SAI Archive – strategic plans of the referenced parliaments.

The Action will also promote greater engagement of Civil Society Organisations (CSOs) and overall public participation in ensuring more efficient checks & balances in the beneficiary countries' PFM systems. CSOs will, as a result, have improved their respective capacities to effectively participate in the debate over public expenditure allocated to implement sector policies and demand accountability to: (a) Parliaments in the task of scrutinising and approving the budget and monitoring its implementation; (b) the executive (via monitor public expenditure and implementation of public policy monitoring); (c) SAI regarding audit reports.

The intervention favours the exchange of expertise through virtual and in-country visits allowing strengthening the capacity of public administration and governance actors. The implementation of previous 10<sup>th</sup> EDF projects, namely Pro PALOP-TL PACE (Electoral cycle support in the PALOP-TL countries) and Pro PALOP-TL SAI programme (phases I & II) between 2010-2023 allowed to design, test, standardize and scale-up South-South and triangular cooperation at institutional level – from electoral management bodies to the relevant stakeholders of PFM systems in the PALOP-TL countries. They built upon the longstanding tradition of bilateral cooperation among these countries at state and institutional level.

These projects were able to systematically use these channels to maximise opportunities for “peer2peer”, learning events, communities of practices promoting exchanges of experiences, access to databases, etc. The new phase of the Pro PALOP-TL SAI programme will continue to develop these mechanisms and is meant to bring about sustainable and effective transformation of targeted individual and collective practices in public administration institutions and environment by:

- a.** Serving as “broker” and resort to, whenever possible and accepted by the beneficiaries, other pre-existing mechanisms for south-south and triangular institutional cooperation (ex. platforms, bilateral or multilateral institutional agreements etc.), thus reinforcing and progressively consolidating these ties into working practices and networks for advice and support.
- b.** Using peer learning and exchange for capacity building whenever adequate, feasible and desirable by the beneficiaries, as the main instrument for technical assistance. As demonstrated by previous PALOP-TL experiences, institutions are keener to trust, open up, seek assistance and retain information and working methods from fellow colleagues in similar environments. This peer learning and exchange will include good practices from non-PALOP-TL countries to expose PALOP-TL countries to other innovative ways of developing their institutions.
- c.** Promoting exposure of beneficiaries to established patterns and good international practices and training with international recognition, including with academic graduation (masters program in PFM and Public Administration), thus overcoming the isolation some of the institutions may face (especially in more remote areas or in relatively isolated contexts).
- d.** Identifying the specific needs where the programme can respond with a regional added value in collaboration with concerned institutions, so to have a flexible tailor-made approach and concentrate the scarce resources on specific interventions in all of the 3 key areas, through the establishment of concerted annual work plans.
- e.** Having a variable geometry approach, where countries opt-in and out of selected regional activities according to the needs of their concerned institutions. This will avoid the engagement of participants in irrelevant capacity building activities, and will also allow for a balance among countries, each one having the possibility to be “on the lead/trainer” for some actions, and “learner” for others – a balance that is expected to reinforce the countries’ interest and ownership of regional cooperation.

There will be a 5-month Inception Phase, allowing to develop Annual Work Plans in an inclusive manner and using results-based budgeting approach, based on existing functional analysis of all the stakeholders as well as building upon the lessons learned and baselines mentioned in this document. These work plans designed with a bottom-up approach will define detailed actions through an inclusive process aimed at identifying capacity gaps against the actual mandate of each stakeholder.

This process builds on the experience of the Pro PALOP-TL SAI and allows for consultations with all stakeholders in the beneficiary countries for the development of very detailed AWPs with baselines, targets, and associated budget. The process will be consultative to avoid overlapping with other ongoing initiatives and to promote effective complementarity. The interventions will be crafted in total alignment with the Pro PALOP-TL SAI's intervention logic and the project's outcomes and outputs.

## **2.2.1 Foreseen impact, expected outcomes & outputs**

The Action is relevant for the 2030 Agenda and contributes firstly towards progressively achieving SDG 16 (Promoting peaceful and inclusive societies for sustainable development, providing universal access to justice, and building efficient, responsible and inclusive institutions across all levels). The Action also holds relevance to bringing about SDG 5 (Attaining gender equality and empowering all women and young females), SDG 10 (Reducing inequality inside countries and between them) and SDG 17 (Revitalize the global partnership for sustainable development).

The gender dimension in particular is included through Gender Responsive Budgets, a Gender Seal institutional program and by ensuring that there is adequate representation of women in capacity development activities supported by the Action. In addition, all countries identified gender-based violence and inheritance rights as a major development challenge and the programme can contribute to addressing them, among other gender matters, through monitoring of the budget allocated for the implementation of policies related to SDG 5.

### **THE OVERALL OBJECTIVE (OO) IS:**

**“Contribute to SDG 16, particularly in the promotion of accountable and inclusive institutions in the PALOP-TL countries”.**

This is the impact level to be captured by PALOP-TL countries' score on World Bank Indicators for Governance/ Government Effectiveness.

### **THE SPECIFIC OBJECTIVE (SO) IS:**

**“Enhanced transparent and gender inclusive budgets, domestic resource mobilisation (DRM) and external control of public expenditures and policies practices in the PALOP-TL countries”.**

This is the Outcome level that will be captured by 1) PALOP-TL countries' score on Index of Budget Transparency; 2) PALOP-TL countries' score on IBP - Open Budget Index/ Budget Oversight; 3) PALOP-TL countries' score on IBP - Open Budget Index/ Public Participation; 4) PALOP-TL countries' score on IIAG/ Efficiency of Revenue Mobilisation; 5) PALOP-TL countries' score on IIAG/ Gender.

Additionally, the outcome will be pursued through the operationalisation of a Community of Practices involving PALOP-TL PFM state and non-state actors, allowing for:

- a.** Technical support, professional training, academic education (masters program), follow up and mentoring in a framework of peer-learning, promotion of sectorial dialogue and interinstitutional south-south and triangular cooperation among, in particular, PALOP-TL, CPLP members and

also with other countries presenting good practices, with particular attention to PALOP-TL neighbours.

- b.** quick impact support<sup>90</sup> in specific contexts and areas allowing for a “variable geometry” implementation able to provide effective corporate response to evolving and volatile contexts with desirable flexibility without jeopardizing the results and budget of the action.
- c.** consolidation and enhanced use of a knowledge acquis, database, and standardised practices on fiscal transparency in the PALOP-TL through studies, conferences, trainings and working groups using cross-fertilisation between professional practices and academic studies and research.

The **OUTPUTS** to be delivered by this Action contributing to the corresponding Specific Objective (Outcome) are:

- ▶ **01:** *Increased PFM transparency and domestic resource mobilisation capacities by the Ministries of Finance and National Tax Authorities in the PALOP-TL countries*
- ▶ **02:** *Improved capacities for oversight by Parliaments and external control/audit by Supreme Audit Institutions, and other external control watchdogs in the PALOP-TL countries*
- ▶ **03:** *Enhanced budget and policy monitoring by the CSOs and increased citizens public participation, particularly women’s and gender equality related CSOs*
- ▶ **04:** *Strengthened peer-to-peer international partnerships among PALOP-TL national oversight institutions*
- ▶ **05:** *Enhanced Gender-responsive Budgeting (GRB) practices and Gender mainstreaming in PALOP-TL countries national development planning and Budgetary cycles*

In complement to the above, in order to ensure the adequate and efficient implementation of the programme, a managerial output is considered and outlined under the implementation modalities and programme management section.

## **2.2.2** Indicative general activities and implementation timetable

During the project’s identification and formulation phase, an overall indicative action plan was drafted. This plan will be replaced afterwards by detailed Annual Work Plans developed during a 5-months inception phase in the context of formulation missions deployed in each of the beneficiary countries.

The implementation period of the foreseen activities is 40 months based on the assumption that the project start-up will have an inception phase with a duration that can go up to five months from the start date of the implementation period of the Contribution Agreement between EU and UNDP. As referred above, the inception phase allows for the inclusive design and approval of operational and budgeted annual work plans benefiting each country, identifying accurately the pivotal actors and triggers of a change dynamics supporting the project’s sustainability strategy.

The inception phase will essentially allow for tailor-made responses on a case-to-case basis maintaining the approach and strategy of the project. This phase will also allow the project management to update

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<sup>90</sup> Quick impact support is small-scale, low-cost projects planned and implemented within a short timeframe.

the risk assessment and management matrix, the donor matrix; and to develop an M&E plan. During the inception phase, the PMU will be recruited through a competitive process, according to UNDP rules and procedures and agreements with implementing partners (ISCTE and OISC|CPLP) will be established.

Under each output, the Action will facilitate and promote a set of overarching **activities** involving the stakeholders in each beneficiary country or through transversal platforms. The Action's overarching activities comprise:

- 1. Capacity development:** develop skills and capacities (training and education, technical assistance, peer support), including:
  - ▶ the creation of a **tailor-made Masters Degree in Public Administration and Public Finance Management**, to be developed by ISCTE – Instituto Universitário de Lisboa (IPPS – Instituto de Políticas Públicas e Sociais) and the Portuguese Court of Auditors, aimed at senior managers and technicians from the governments and related bodies of the six PALOP-TL countries; and
  - ▶ **knowledge management and sharing of resources** created throughout the implementation for the institutions and the public, including enhancing synergies with local capacity-building institutions.
- 2. Advocacy and sensitisation campaigns.**
- 3. Promoting legal and institutional reforms.**
- 4. Digitalisation:** enhance ICT systems that enable more effective and efficient processes.
- 5. Promoting Community of Practices (CoP) and partnerships** using peer-to-peer learning and exchange of experiences, focusing on the exposure to and appropriation of best practices, as triggers for change.

These 5 types of overarching activities will embody actions that will be customized according to national/institutional needs and strategic documents, in order to provide a local response to local needs, but also using global/regional means and channels.

During an inception phase, a 3-year AWP will be developed in each beneficiary country and reviewed annually by the national coordination committee or whenever deemed necessary by the beneficiary<sup>91</sup>. These National Annual Work Plans will be developed in straight consultations with all identified beneficiaries to accommodate specific and customized actions, in order to provide and effective management response to identified and stated regional, national and institutional needs, targets set in strategic/action institutional plans. These annual work plans (AWPs) will be developed during the inception phase crafting customized activities' results and actions with the aim to ensure that the expected outputs are achieved, together with the targets and indicators. The plans will afterwards be shared with the donor communities in country. This bottom-up and inclusive operational planning exercise will also ensure close coordination with the EU Delegations, but also other donors' supported PFM programmes, in the respective countries.

These overarching activities build upon the existing baselines set by previous interventions, particularly the Pro PAIOP-TL SAI Phase I and II. In complement of these baselines, the challenges persisting that were identified through the context and stakeholders' analysis (based on international assessments

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<sup>91</sup> The AWP is an operational tool - not contractual.

and reports feeding the analysis) helped shaping the overarching activities and will guide the annual work plans' design under each of the following overarching activities.

The overarching activities per output include:

#### **ACTIVITIES RELATING TO OUTPUT 1:**

##### **1.1.: Capacity development of the Ministries of Finance/Plan and Tax Revenue Authorities.**

**Authorities.** This activity aims to support the relevant actors in producing and making available to the public the standard budget documents, in line with international standards and create the appropriate monitoring requirements (through an advanced studies program and a Masters Degree, tailored training, on the job technical assistance, working groups and peer support, south-south/triangular cooperation, etc.).

**1.2.: Advocacy and sensitisation campaigns.** This activity aims to promote advocacy and sensitisation initiatives focusing on tax efficiency for inclusive economic growth (Domestic Resource Mobilisation); budgetary transparency and open government initiatives and programmes.

**1.3.: Legal and institutional reforms.** This activity aims to promote legal and institutional reforms for enhanced budget transparency, availability of disaggregated data (by sex, age, disability, etc,) and tax efficiency, through tailored technical assistance and south-south/ triangular cooperation.

**1.4.: Digitalisation** through the development and/or improvement of PFM e-governance systems.

#### **ACTIVITIES RELATING TO OUTPUT 2:**

##### **2.1.: Capacity development:**

- ▶ **2.1.1.:** of auditors and technical staff, women and men, in SAI and other external control watchdogs on consolidating audit exercises and audit reports, quantitatively and qualitatively, mainly collaborative/coordinated audits in line with international standards - including a Coordinated Audit on Protected Areas in view of promoting the compliance to Aichi biodiversity Target 11 commitment in the framework of United Nations Convention for Biological Diversity (CDB), and encourage the improvement of environmental governance towards sustainable development.
- ▶ **2.1.2.:** of Members of the Parliaments and parliamentary staff, women and men, to carry out oversight initiatives and parliamentary openness, analyse and scrutinize budget and expenditure information as well as policies (including relevant national SDG targets), in line with the international standards.
- ▶ **2.1.3.:** of auditors / senior staff from SAI and MPs / senior staff from parliaments (particularly from budget committees) through an advanced studies program and a Masters Degree on PFM.

**2.2.: Legal and institutional reforms.** This activity aims to promote legal and institutional reforms for enhanced independence/capacity of SAI, legislative budget oversight and openness, and public involvement in the budget cycle, through tailored technical assistance and south-south/triangular cooperation.

**2.3.: Digitalisation** that Enhances SAI and Parliaments' ICT systems.

#### ACTIVITIES RELATING TO OUTPUT 3:

**3.1.: Capacity development of CSO members** (including gender-sensitive CSOs, in line with the Gender Action Plan III - GAP III). This activity aims to develop capacities of CSO members, including through technical assistance and south-south/triangular cooperation, so that they are capable of carrying out public budget, expenditures and policies' social monitoring/scrutiny.

**3.2.: Advocacy and sensitisation campaigns.** This activity aims to promote advocacy and sensitisation initiatives for citizens' awareness on budgetary processes and fiscal policies, including on domestic resource mobilisation policies.

**3.3.: Legal and institutional reforms.** This activity aims to promote legal and institutional reforms for enhanced inclusive public involvement in the budget cycle, through tailored technical assistance and south-south/triangular cooperation.

**3.4.: Digitalisation** promoting the effective use of the Civil Society Online Budget Platform by CSOs.

#### ACTIVITIES RELATING TO OUTPUT 4:

**4.1.: Promote Communities of Practices (CoP)**, including through south-south/triangular cooperation, focusing on the exposure to and appropriation of best practices; showcase of successful tools and methods in other countries where they can be replicated; provide support on building resilience of PFMS and fiscal measures, including in emergency contexts (impact of pandemic and other major crises on State Budgets; public policies & SDGs; improving social spending and service delivery).

**4.2.: Establish of international partnerships** with the European Parliament relevant Committees, the European Court of Auditors, OISC|CPLP<sup>92</sup>, AP|CPLP<sup>93</sup>, ASG-PLP<sup>94</sup>, as well as IMF Fiscal Affairs Department and AFRITAC<sup>95</sup>, among others.

#### ACTIVITIES RELATING TO OUTPUT 5:

**5.1.: Capacity development of Executives and Gender Machineries, SAI and CSOs, including women's organisations.** This activity aims to provide capacity development, including through technical assistance and south-south/triangular cooperation, on Standard

92 Organização das Instituições Superiores de Controlo da Comunidade de Países de Língua Portuguesa. <https://www.oiscplp.org/>.

93 Assembleia Parlamentar a Comunidade dos Países de Língua Portuguesa. <https://www.cplp.org/id-3570.aspx>.

94 Associação de Secretários-Gerais dos Parlamentos de Língua Portuguesa. <https://www.asg-plp.org/>.

95 IMF Africa Regional Technical Assistance Cener.

Operation Procedures (SoPs) for Gender Responsive Budgeting and oversight and Gender Mainstreaming in Planning and Gender Budgeting Impact Evaluation Tool (the PALOP-TL Gender Scorecard).

**5.2: Advocacy and sensitisation campaigns.** This activity aims to promote advocacy and sensitisation campaigns for CSOs and citizens' awareness for increased budget allocation to gender programming on state budgets and fiscal policies (including tax) to promote gender equality.

**5.3.: Legal and institutional reforms.** This activity aims to promote legal and institutional reforms to promote Gender Equality, including through the Gender Seal Programme, the Pro PALOP-TL SAI Gender-Responsive Budgeting Approach, and the mainstreaming of gender into planning and budgeting cycles.

**5.4.: Digitalisation** to promote gender equality mainstreaming into planning, budgeting and auditing/monitoring cycles. This activity will also promote studies on the availability of disaggregated data to include allocations to gender programming on state budgets and including a specific gender indicator (for the different gender markers' scale) in the PALOP-TL Civil Society Digital/Online Budget Platform by CSOs.

As referred previously, these overarching activities per output will be further detailed and customised in concrete actions in the Annual Work Plans to be developed during the inception phase in consultation with the national partner institutions and actors in each country. As previously referred, the AWPs aim to provide a regional approach to local needs, using a bottom-up and inclusive planning exercise that was proven to contribute to good levels of relevance, flexibility, implementation, as well as appropriation (buy-in) of the Programme in previous phases.

As detailed in the crosscutting issues point below (point 2.2.3.), the programme's implementation will mainstream "Gender Equality and empowerment of women and girls", "Environment Protection and Climate Change", and "Innovation through digitalisation". The mainstreaming will be operationalized through crosscutting activities promoting (under the relevant output):

#### **UNDER OUTPUT 1:**

- ▶ Gender responsive budgeting uses the GRB Pro PALOP SAI Methodology and the Gender Seal PALOP-TL Programme customized for Ministries of Finances, Tax Revenue Authorities and Gender Machineries (Gender -line ministries and policy institutes/institutions).
- ▶ Advocacy and Sensitisation campaigns focused on Fiscal Policies that works for gender equality.
- ▶ Legal and institutional reforms include gender responsive budgeting and mainstreaming gender in planning exercises; availability of disaggregated data (by sex, age, disability, etc.), as a resource to measure gender policies results and impact, as well as climate relevant budgeting.
- ▶ Development and/or improvement of PFM e-Governance systems includes gender markers and climate relevant tagging.

## UNDER OUTPUT 2:

- ▶ Legislative oversight of public expenditures focusing on gender equality uses the GRB Pro PALOP SAI Methodology and the Gender Seal PALOP-TL programme customized for parliaments.
- ▶ Legislative oversight of public expenditures focusing on climate change uses climate relevant budgeting tags.
- ▶ Performance audits (including collaborative/coordinated audits) by PALOP-TL SAI focus on national SDG targets 5, 13 & 14 (SDG 5 performance audits & coordinated audits to the management of protected areas in the PALOP-TL).
- ▶ Gender Seal PALOP-TL programme customized for SAI.
- ▶ Updating and implementation of the SAI Public Financial Management Reporting Framework tool (PFM-RF) in partnership with AFROSAI-E, GIZ Africa Programme and OISC|CPLP<sup>96</sup>, Social Monitoring of public expenditures focusing on gender equality using the GRB Pro PALOP SAI Methodology.

## UNDER OUTPUT 3:

- ▶ Social Monitoring of public expenditures focusing on gender equality using the GRB Pro PALOP SAI Methodology.
- ▶ Social Monitoring of public expenditures focusing on climate change uses climate relevant budgeting tags.
- ▶ Promoting the effective use of the Civil Society Online Budget Platform by CSOs and inclusion of a Gender Impact Indicator/Index (the PALOP-TL Gender Scorecard).

Implementing the Gender Equality Seal with Ministries of Finances, National Tax Authorities (tax administrations) Supreme Audit Institutions and Parliaments of all six countries. The UNDP Seal, a specific benchmarking methodology to improve capacities and results of finance related institutions that will allow them to a) further build their gender capacities and institutionalize mechanisms and procedures to accelerate institutional results on addressing gender gaps linked to fiscal policies; b) enhance the sustainability of gender capacities and results on advancing gender equality in fiscal policies b) gain global visibility and access to a global network of finance public institutions committed to gender equality.

## IMPLEMENTATION MODALITIES / PROGRAMME MANAGEMENT

To ensure the timely, efficient, effective, relevant, and coherent delivery of the programme's outputs, it is expected that the "Daily management, including monitoring and independent evaluation, is ensured efficiently and the governance structure (steering committee and national coordination committees) meets in a timely manner and ensures the strategic oversight of the daily management" (managerial output).

The Activities to ensure that this managerial output is delivered as described below aim to ensure that **Daily Project Management (including the inception phase and Office Costs), Communications**

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<sup>96</sup> AFROSAI-E and GIZ Africa Programme have developed a framework for reporting on PFM environment in a country as a contribution to SDG 16.4, effective efficient and transparent institutions. The Pro PALOP-TL SAI past programmes have partnered with these institutions to support the OISC|CPLP in developing and implementing the **Public Financial Management Reporting Framework tool** aiming at empowering PALOP-TL SAIs to make a meaningful contribution towards the Sustainable Development Goals. These initiatives will continue to be supported as a crosscutting climate change matter.

**& Visibility**, and **Monitoring & Evaluation** are efficient and ensured efficiently and in a timely manner.

**(1) (Activity 6): Communications & visibility activities**

- 1.** The implementation of the communication and visibility activities shall be the responsibility of UNDP and shall be funded from the amounts allocated to the Action. All necessary measures will be taken to publicize the fact that the action has received funding from the EU in line with the applicable contractual framework.

The communication & visibility will have an integrity core budget, and, in addition, each overarching activity will have a specific category of costs for “communication, visibility, audio-visual and print costs”. The indicative actions to implement the communication & visibility activities funded through the core integrity budget are:

- ▶ (A6.1) Dissemination of project information – social networks (website/Facebook/Twitter/YouTube) & newsletters.
- ▶ (A6.2) Editing & Publication of project monthly briefs or working papers, quarterly newsletters, and annual interim reports, as well as other relevant bibliography.
- ▶ (A6.3) Project archive & institutional memory.

A full-time communications and visibility officer, as well as a graphic and web-design company (contracted through a request for proposal for long term agreement), will be recruited by UNDP to support in the coordination and implementation of all communications and visibility actions. These activities are complemented by those outlined in point 2.2.4., referring to communications and visibility.

- 2. Project's inception phase** to ensure the operationalization of the project's strategy and intervention logic through the design of the AWPs and Partnerships Agreements with implementing partners.

As referred to previously, results-based budgeted Annual Working Plans will be designed in an inclusive manner with a bottom-up approach, reflecting effective and real needs of the beneficiary to be costed and calendarized. The exit strategy will be finalized during the inception phase, allowing for the update of the results framework/logframe (particularly the output-level baselines and indicators) on the basis of finds gathered during the formulation of the AWPs – without impacting the approved overall budget.

The actions to be carried out during the inception phase are:

- ▶ (A7.1) Development of ToR and recruitment of the PMU and/or all relevant personnel.
- ▶ (A7.2) Preparation and agreement with all beneficiary countries stakeholders on the travel plan.
- ▶ (A7.3) Formulation and approval (by Country Coordination Committees) of country Multi-Year Work Plans covering the implementation period.
- ▶ (A7.4) Update of the project's M&E plan and the exit strategy.
- ▶ (A7.5) Update and refinement of the programme's “Communications & Visibility”<sup>97</sup>.

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<sup>97</sup> In line with the updated set of General Conditions, communication and visibility activities will be described in Annex I and budgeted in Annex III – therefore, there will not be any separate/future plan.

**3. Project Management and Office Costs** to ensure the implementation of daily activities, including project assurance and support, in all beneficiary countries.

These operational and managerial actions needed to deliver the Action include, but are not limited to:

- ▶ (A8.1) Ensure the project operational start-up.
- ▶ (A8.2) Setup of project's managerial and financial tools and guidelines.
- ▶ (A8.3) Daily project management activities.
- ▶ (A8.4) Provide country support and ensure the travel plan's implementation.
- ▶ (A8.5) Organisation of Project's steering committees (physically or virtually) and promote the organisation of the national coordination committees.

These activities will be delivered to ensure efficient project management, quality assurance and operations support. The specific human resources behind these activities that will be charged to the budget of the action are described in the below general activity (A8.6) for **Project Office Costs**.

The **programme management unit** will be based in Praia, Cabo Verde, and will include staff carrying out various forms of tasks including technical assistance, administration and management that are directly attributable to the implementation of the Action. It will comprise full-time dedicated and part-time specialized project staff with salary rates based on UNDP proforma costs, in line with the rates used in the previous phases of the programme. The latter will be charged to the budget of the action for the time spent directly attributable to the implementation of the Action. The PMU will consist of the following UNDP project staff:

- ▶ **Head of Partnerships and Chief Technical Advisor (International FTA/P6):** oversees strategically the programme's activities and provides advise to UNDP COS and EUDs with regards to all matters related to the implementation of the programme in all beneficiary countries (PALOP and Timor-Leste). The Head of Partnerships and Chief Technical Advisor is also responsible for promoting the programme's partnerships and the scale-up of its interventions to other contexts and countries. He/She is the Head of the programme management unit and technically supervises all its staff and recruited consultants, and will be based in Praia, Cabo Verde, and devote 100% of his/her time to the programme. Until the completion of the recruitment process, the responsibilities of this position will be ensured by the Chief Technical Advisor (CTA) of the Pro PALOP-TL SAI (Phase II), which is a PMU staff position recruited during the implementation of the Pro PALOP-TL SAI (Phase II) that transits for the current project through an extension of the existing contract without competitive process.
- ▶ **Project manager and PFM Advisor (National NPSA11):** ensures the daily management of the programme in all beneficiary countries and provides expert advice and support to the Head of Partnerships and Chief Technical Advisor regarding all the outputs of the programme, more in particular on PALOP-TL PFMS matters. He/she will be based in UNDP CO in Praia, Cabo Verde, and will devote 100% of his/her time to the programme.

- ▶ **PFM Advisor and Monitoring & Evaluation Officer (National NPSA11):** provides advice to the Head of Partnerships and Chief Technical Advisor in all beneficiary countries and expert support regarding legislative budget oversight and to ensure the effective and efficient implementation (including reviewed and update) of the M&E Plan, in all beneficiary countries. He/she will devote 100% of his/her time to the programme and will be based in UNDP CO in Maputo, Mozambique. This is the Monitoring and Evaluation Officer PMU staff position recruited during the implementation of the Pro PALOP-TL SAI (Phase II) that transits for the current project through an extension of the existing contract without competitive process.
- ▶ **Communications & Visibility Officer (National NPSA9):** provides advice to the Head of Partnerships and Chief Technical Advisor and expert support to integration of the communications and visibility in all project's activities. He/she will be based in Cabo Verde and devote 100% of his/her time to the programme.
- ▶ **Project Administrative and Finance Associates - PAFA (National NPSA6):** ensures the programme-related administrative and financial management activities and supports the project implementation in all other beneficiary countries. He/she will be based in UNDP CO in Praia, Cabo Verde, and will devote 100% of his/her time to the programme. The PAFA is a PMU staff position recruited during the implementation of the Pro PALOP-TL SAI (Phase II) that transits for the current project through an extension of the existing contract without competitive process.
- ▶ **Project Administrative and Finance Associate based in Timor-Leste - PAFA-TL (National NPSA4):** ensures program-related administrative and financial management activities and supports the project implementation in Timor-Leste UNDP Country Office and will devote 100% of his/her time to the project. The PAFA-TL is a PMU staff position recruited during the implementation of the Pro PALOP-TL SAI (Phase II) that transits for the current project through an extension of the existing contract without competitive process.
- ▶ **Driver (NPSA3):** ensures transportation services to project staff in Cabo Verde. He/she will be based in UNDP CO in Praia and will devote 100% of his/her time to this project.

In addition to the above core PMU team, the following thematic experts and/or advisors will be recruited full-time to support the PMU and provide expert support to the beneficiary institutions in some of the beneficiary countries. These thematic experts/advisors will work as a knowledge cluster in support of the beneficiary institutions, EU Delegations and UNDP COs in the beneficiary countries. They will form a network coordinated and supervised by the Head of Partnerships and Chief Technical Advisor. The location of recruitment of these experts (UNDP recruiting unit) indicated below is indicative.

- ▶ **Budget & DRM Transparency Expert (International FTA/P3):** provides advice to the Head of Partnerships and Chief Technical Advisor and expert support to Ministries of Finances and National Tax Revenue Authorities to deliver activities under Output 1, more specifically in matters related to Budget Transparency and Domestic Resource Mobilisation in all the beneficiary countries. He/she will be based in UNDP CO in Sao Tome, Sao Tome and Principe, to primarily cover that Country and Cabo Verde, but also Guinea Bissau. He/she will devote 100% of his/her time to the programme.

- ▶ **Women Empowerment and Gender Responsive Budgeting Expert (FTA/P3):** provides advice to the Head of Partnerships and Chief Technical Advisor on the activities to be implemented under output 5 and the mainstreaming of gender in all other outputs in all beneficiary countries – particularly the activities referred above for the crosscutting of gender. He/she will be based in UNDP CO in Luanda, Angola, to primarily cover that Country and Mozambique, but also Sao Tome and Principe. He/she will devote 100% of his/her time to the programme.
- ▶ **Senior Economist and Open Data Specialist for the PALOP-TL CSO eBudget Platform (FTA/P3):** provides advice to the Head of Partnerships and Chief Technical Advisor and expert support to CSO beneficiaries (and all other, as deemed necessary) on all activities and deliverables that will contribute for the operationalization and effective use of PALOP-TL eBudget Platform and open data initiatives under output 3. He/she will be based in UNDP CO in Praia, Cabo Verde, but will cover all beneficiary countries. He/she will devote 100% of his/her time to the programme.

In complement to the positions described under “Project Management and Office Costs”, as a way to address the challenges posed by the complexity deriving from the daily implementation of the programme, the following long-term agreements shall be established with the following individual contractors (costs necessary to implement the Action that are not under the project costs category):

- ▶ **Web designer for development and maintenance of the Pro PALOP-TL SAI website:** responsible for deliverables that will redesign the Pro PALOP-TL SAI website and the PALOP-TL Portuguese Corner (reorganization of the first phase and design of the second phase), hosted in [AGORA](#) (the leading global knowledge platform on parliamentary development)<sup>98</sup>, and to provide backend IT support and maintenance of the website – including training of the relevant staff and experts.
- ▶ **Expert for eLearning development & innovation mainstreaming:** responsible for deliverables that will reshape the project’s distant learning offer and to streamline innovation into the project’s interventions. To achieve this, this expert shall redesign existing Pro PALOP-TL SAI eLearning courses and develop new eLearning courses, using new tools in order to provide a modern and more engaging user experience for the learners. In addition, the expert shall setup and ensure the technical maintenance of the Learning Management System (hosted in AGORA Platform) and support the Pro PALOP-TL SAI management team streamlining innovation into the project’s interventions.
- ▶ **IT developer/programmer for the PALOP-TL CSO online Budget Analysis and simplification Platform:** responsible for deliverables that will contribute for the creation and operationalization use of an online platform allowing the consultation, learning and research in Portuguese, but also guaranteeing sustainable access to, public budget/expenditure databases and information. The IT developer/programmer work is expected to highlight the central role of new technologies to leverage the process of transparency and democratic strengthening using the internet and ICT. The aim is also to contribute to the establishment of the first multi-

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98 <https://www.agora-parl.org/>.

country platform of civil society organizations (CSOs) in the PALOP-TL dedicated to promoting transparency, accountability and monitoring of public expenditure.

The above long-term agreements to be established with individual contractors are essential for the implementation of the activities under the three outputs described above.

In implementing the project, several costs are envisaged for the functioning of the PMU, including:

- ▶ **Travel:** To secure the implementation, follow-up and monitoring of the project's activities in all beneficiary countries, travel related costs, including travel tickets, UNDP/ beneficiary's Daily Subsistence Allowance (**DSA**), and local transportation costs are budgeted and covered, in line with the organisation's procedures and rates<sup>99</sup>.
- ▶ **Transportation and Vehicle-Related Expenses:** Support to this activity requires maintenance and fuel costs to ensure safe, reliable transportation for Project Staff.
- ▶ **Equipment and supplies:** The project foresees a cost for the purchasing of IT equipment, including maintenance costs for the project-related staff.
- ▶ **Rental and maintenance premises:** the PMU will be hosted within the UN building in Cabo Verde and the costs for rental, common premises (including internet connection costs) and dispensary will be part of the project costs.

Salaries and other remuneration costs of the following UNDP staff might be partially charged to the Action under the category of Project Office costs: (a) Heads of Governance Units (or equivalent) or Programme Officers/Governance Specialists in PALOP and Timor-Leste UNDP Country Offices; (b) Programme Associates/assistants working for the programme units of the PALOP and Timor-Leste UNDP Country Offices; General Services staff working for the operations units (travel clerks, procurement and finance officers) in the PALOP and Timor-Leste UNDP Country Offices.

These are UNDP staff in the beneficiary country offices used to carry out specific operational support tasks as required for the implementation of the activities and charged on a part-time basis for the time spent directly attributable to the implementation of the Action. These tasks include: (1) Processing and authorization of payments, disbursements and other financial transactions; (2) Recruitment of staff, project personnel, and consultants, (3) Procurement of services and equipment, and disposal/sale of equipment (3) Organization of training activities, conferences, and workshops, including fellowships (4) Travel authorizations, visa requests, ticketing, travel arrangements and ICT commons services; (5) Shipment, custom clearance, vehicle registration and accreditation; (6) ensuring follow-up and implementation of national AWPs; (7) Facilitation of national board meetings.

Project Costs will be adjusted in Annex III to reflect the termination of contracts with project staffers referred above.

#### **4. Implementation of the monitoring & evaluation plan**

The day-to-day technical and financial **monitoring of the implementation** of this action will be a continuous process and part of UNDP's responsibilities. To this aim, UNDP shall establish a permanent internal, technical, and financial monitoring system for the action and elaborate regular progress reports and final reports in accordance with the standard reporting requirements set in Article 3 of Annex II of the Contribution Agreement

The Programme Management Unit will document **the baseline situation** for each indicator of the

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<sup>99</sup> <http://www.uy.undp.org/content/dam/uruguay/docs/adquisiciones/DSA/undp-uy-2018-02-DSA-FEBRERO.PDF>.

project. The PMU will ensure that the Country Coordination Committees and the Steering Committees are periodically informed and that the latest approves the monitoring and evaluation plan. The instruments that will be used in monitoring progress towards the outputs will include:

- ▶ Bi-annual Country Coordination Meetings and Annual Steering Committee meetings (either physically or virtually) to inform on project's implementation progress and approve mid-term evaluation results.
- ▶ Quarterly monitoring and follow-up missions carried out by the PMU to each beneficiary country.
- ▶ Corporate response and action plan to the project mid-term evaluation, which is a time-bound and independent exercise to measure results and management.

A monitoring plan (Appendix 7) will be updated and refined during the inception phase. The end-goal of the project monitoring is to learn lessons and incorporate these to the improvement of the current and/or future projects. All Project activities will be closely monitored by the PMU with the support of UNDP Country Offices in the PALOP and Timor-Leste.

Below are the indicative actions to ensure the implementation of the plan:

- ▶ **(A18.1)** Country Coordination Meetings and Annual Steering Committee meetings.
- ▶ **(A18.2)** Project monitoring and follow-up missions.
- ▶ **(A18.3)** Project mid-term evaluation and final stakeholders' review/lessons learnt.
- ▶ **(A18.4)** Project reporting.
- ▶ An M&E officer will be recruited by UNDP to support the implementation of the M&E plan.

### **2.2.3** Cross-cutting issues

#### **GENDER EQUALITY AND RIGHTS-BASED APPROACH**

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

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

## **GENDER EQUALITY AND EMPOWERMENT OF WOMEN AND GIRLS**

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that a gender perspective will be mainstreamed throughout the Action with a focus on a) improving gender equality impacts of fiscal and tax policies, b) building the capacities of relevant public institutions to institutionalize the gender perspective both in organizational management, working environment and, planning, policy and budgetary cycle and service delivery, c) consolidating the systematic implementation of the Pro PALOP-TL SAI Gender-responsive Budget (GRB) methodology, Gender mainstreaming in planning exercises and Gender Impact evaluation Tool and d) to promote women's, women's caucus and women's and gender equality organizations leadership and participation in the public debate on fiscal policies, budgetary discussions, advocacy on planning exercises. To note that all countries identified gender-based violence, gender biases in fiscal/tax policies, and inheritance rights as major development challenge and the project can contribute to addressing them through monitoring of the budget allocated for the implementation of policies related to SDG 5. In this sense, the Action integrates gender into the tax, planning and budgetary process as a tool for accelerating the achievement of the SDG 5 of the 2030 Agenda for Sustainable Development commitments and improving governance, accountability, and transparency. It is also foreseen that there will be adequate representation of women in all capacity development activities supported by the project, and that social accountability of relevant institutions will be strengthened, particularly on gender equality. The Action is therefore in line with GAP III notably in its Pillar 1, 3 and 5. It will also contribute to fostering and strengthening the EU engagement on gender equality in PALOP-TL countries.

## **ENVIRONMENTAL PROTECTION & CLIMATE CHANGE**

According to EC DG INTPA (Directorate-General for International Partnerships – European Commission)<sup>100</sup>, “Green PFM means adapting existing PFM practices to make them environment and climate sensitive. On climate, this ultimately translates into policies and practices contributing to achieve the goals of the 2015 Paris Agreement. Green PFM shows similarities to other types of priority-based budgeting approaches, which seek to mainstream specific priorities into PFM practices and processes (e.g., gender budgeting)”.

Climate budgeting will be included as a cross-cutting issue on budget oversight and social monitoring. Climate budgeting is a process of integrating climate change considerations into the budget process of public financial management -including budget preparation, implementation, and evaluation. It involves the allocation of financial resources towards climate change mitigation and adaptation measures in alignment with the Paris Agreement and Sustainable Development Goals.

The best practices for climate budgeting include the use of a budget approach that combines findings from climate science and economics with fundamental concepts of equity to provide concrete figures for the emission allowances that are still available to countries<sup>101</sup>. Other best practices include the implementation of a whole-of-government approach to anchor climate across city decision-making through a process called climate budgeting<sup>102</sup>, the use of green budgeting techniques as budgeting by priorities integration in public financial management<sup>103</sup>, and the estimation of public climate finance

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100 E-note 4 – October 2021: Green Public Finance Management scope, tools and instruments.

101 (2010). The budget approach: A framework for a global transformation toward a low-carbon economy. Journal of Renewable and Sustainable Energy, 3(2), 031003. <https://doi.org/10.1063/1.3318695>.

102 (2022). Oslo is Demonstrating Ambitious Leadership through its Climate Budget. JCCPE, 1(1), 61-64. <https://doi.org/10.3138/jccpe-2022.1.1.0004>.

103 (2022). The use of climate marking as a green budgeting tool in Ukraine: recommendations and prospects. Finansi Ukr., 5(2022), 29-42.

using objective-based cost component approach<sup>104</sup>. Additionally, the use of carbon budgets, which define the total allowable CO<sub>2</sub> emissions associated with a given global climate target, is a useful way of framing the climate mitigation challenge<sup>105</sup>. The study of the world's best reformation practices for the budget process is also important in the management of the budget system<sup>106</sup>.

Here are some best practices for climate budgeting that might inspire the mainstreaming into the programme:

- 1. Integrating Climate Objectives into Budget Policies:** Climate budgeting starts with including climate change as a key consideration in budget policy planning. This means aligning budget policies and goals with national and international climate commitments and ensuring that budget allocations support these commitments.
- 2. Climate Responsive Budgeting:** This involves reviewing and adjusting budget allocations to ensure they respond to climate change impacts. This includes prioritizing funding for climate-sensitive sectors, such as agriculture, water, and energy, and funding for climate adaptation and mitigation measures.
- 3. Climate Proofing Public Expenditure:** This means ensuring that public expenditure does not contribute to climate change and is resilient to its impacts. This can involve assessing the carbon footprint of budget allocations and making adjustments to reduce emissions or investing in climate-resilient infrastructure.
- 4. Tracking Climate Expenditure:** Governments can monitor how much they are spending on climate change through climate budget tagging or tracking systems. This can help to ensure that climate spending is in line with commitments and can be an effective tool for accountability and transparency.
- 5. Stakeholder Engagement:** Effective climate budgeting involves a wide range of stakeholders, including different government departments, the private sector, civil society, and international partners. These stakeholders can provide valuable input into budget priorities and can help to ensure that climate budgeting is effective and responsive.
- 6. Capacity Building:** Climate budgeting requires specific technical skills and knowledge. Governments can invest in capacity building to ensure that those involved in budget preparation and implementation understand climate change and are able to integrate climate considerations into their work.
- 7. Use of Climate Finance:** Climate finance is crucial to support climate actions in developing countries. Therefore, it's important to use climate finance effectively and efficiently, in line with the countries' climate priorities.
- 8. Building a Legal and Institutional Framework:** Having a solid institutional framework is essential for climate budgeting. This includes having the necessary laws and regulations in place, and having institutions that are capable of implementing climate budgeting.

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<https://doi.org/10.33763/finukr2022.05.029>.

104 (2022). Estimating Public Climate Finance using Objective-based cost component approach. Ed, 4(24), 126-147. <https://doi.org/10.55302/ed22244126n>.

105 (2017). Estimating Carbon Budgets for Ambitious Climate Targets. Curr Clim Change Rep, 1(3), 69-77. <https://doi.org/10.1007/s40641-017-0055-0>.

106 (2020). Modern trends in management of the budget system. Serb J Management, 1(15), 55-68. <https://doi.org/10.5937/sjm15-23985>.

**9. Linking Climate Change with Other Development Goals:** Climate change should not be addressed in isolation. It should be linked to other development goals such as poverty reduction, health, and education.

These best practices provide a guide for governments looking to integrate climate change into their budgeting processes. By doing so, they can ensure that their financial resources are being used effectively to address the critical challenge of climate change.

Additionally, this crosscutting issue will be promoted through some of the tools for environmental taxation (DRM), capital accounting, green procurement, and SAI evaluations of progress in national environmental policy targets, all of which outlined in the EC Green Public Finance Toolbox<sup>107</sup>.

## INNOVATION

Innovation provides a way of doing work differently in order to achieve better outcomes as well as provide growth, also when it comes to projects and programmes aimed at significantly impacting a particular development area. Inspired by similar business frameworks, the umbrella framework for innovation provides an alternative that targets organisation and institutions focused mostly on impact rather than profit<sup>108</sup>.

A good example is the recently developed framework as a part of the conference paper “Tab the Lab: A Typology of Public Sector Innovation Labs” by Zurich University of Applied Sciences<sup>109</sup>. The framework allows for building a typology of Public Sector Innovation (PSI) Labs. Given that the framework is targeting PSI Labs and provides more of a high-level analysis, this paper will follow the umbrella framework described below. It shares a lot of common features like the internal vs external view and the network perspective. Another example (also recently developed) is the Innovative capacity of governments: A systemic framework developed by OECD<sup>110</sup>. As it provides more of an internal (organisational view), and it will be used at the review of programme’s organisation for innovation section within the umbrella framework.

The experimental umbrella framework adopted to mainstream innovation into the Pro PALOP-TL SAI programmes looks into processes, value creation and impact from an internal (organisation) and external perspective. It serves as an action framework and apart from the tools that it provides for the analysis of the current state, it also offers tools for recommendation and future actions. It is a good model for organisations that have recently started mainstreaming innovation in their work.

In the case of the Pro PALOP-TL SAI programme (Phases II & III), it is critical to ensure that there is a good understanding of what kind of innovation is being pursued in order to deliver the best results. This helps all stakeholders to follow a similar framework when trying to achieve both outcomes with innovative touch, as well as the establishment of a sustainable innovative ecosystem within the project itself.

In order to make sure all the actors involved are on the same page when discussing and implementing innovative practices and solutions, two main types of innovations will be defined – product and process/ organizational innovation. In the case of a programme within the frame of public and non-profit organizations, such as the Pro PALOP-TL SAI, process innovation implies organizational/institutional innovation, which ensures the processes for delivering quality sustainable outcomes have been tailored

<sup>107</sup> Technical Note 2A4 (Nov-Dec 2019 – Note N. 22) prepared by Devco A4/INTPA).

<sup>108</sup> For further analysis, refer to the Pro PALOP-TL SAI Innovation Guidelines (Appendix 9).

<sup>109</sup> Stoll, A., & Andermatt, K. (2021). *Tab the Lab: A Typology of Public Sector Innovation Labs*.

<sup>110</sup> Kauri, M., Buisman, H., Bekker, A., & McCulloch, C. (2022). *Innovative capacity of governments: A systemic framework*. OECD.

to serve for innovation. In general, the two types of innovation are similar in their nature, as their focus is very much on the end users (being within or outside the organization), while the main difference is the format of the outcome expected.

In this context, and taking into consideration the innovation analysis/guidelines developed in the context of the Pro PALOP-TL SAI programmes, the following innovation initiatives/approaches were pre-identified:

### **INNOVATION ACTIVITIES RELATING TO OUTPUT 1:**

Exploring the possibilities of new technologies to strengthen transparency and facilitate the process of public financial management at executive level. On the basis of an already conducted initial analysis of the technological landscape, there will be a focus on exploring the potential of digital ledger technologies (DLT) for transparency and accountability in PFM and DRM. This initial analysis has pointed out the benefits of deploying DLT solutions like blockchain in areas like preventing fraud in public procurement processes. The programme will further explore such a solution, as well as identify other contemporary technologies to improve the process, e.g., Artificial Intelligence (AI).

Applying again the programme's organizational framework for innovation, this phase will focus on boosting both internal and external innovation efforts in order to achieve better and more transparent public finance management processes. The internal efforts will involve further development of the innovative organisation, experimentation, and exploration capabilities of the programme to employ innovative practices that along with modern technologies can drive impactful solutions. The external efforts include the involvement of external actors to support the joint efforts of improving PFM either via a collaboration with the programme, or through their own solutions that will live beyond the duration of the programme.

In this way, the programme will contribute critically for several outcome changes, including: stronger tech and innovation capacity of the organisation, better involvement of external actors like tech hubs and academia that can raise their involvement in the problems related to PFM, modern and efficient solutions for the governmental actors, as well technological capacity building for the latter, which can help them in better execution, as well as informed policy making efforts.

### **INNOVATION ACTIVITIES RELATING TO OUTPUT 3:**

By employing open innovation practices our team aims at achieving better PFM outcomes. In the previous phase of the programme, we successfully implemented the eBudget platform, which allows CSOs to further develop it and keep their information up to date. Building on this success, we will continue the scaling of the platform, as well as focus on similar open innovation practices in order to bring to life other tools that both expands the civil society's involvement in a more engaging manner, but also brings all needed innovation and technology capacities to governmental actors where they are mostly needed. This allows the latter to both make their processes more efficient, as well as boosting their capacities for better policy making.

### **FOR OUTPUTS 1, 2 & 3:**

The innovation strategy will be paired with our exit strategy that ensures proper closure or continuation of all the technology and innovation outcomes. We are fully aware of the complexity of keeping a technological solution operational after the end of a programme, and therefore our team will further use and improve the in-house developed exit strategy framework for ensuring long-term impact.

## 2.2.4 Communications & Visibility

The following documents agreed between the EU and the UN remain the prevailing frameworks to be followed by the UN system in carrying out the communications and visibility activities in the EU-funded projects:

- ▶ Financial Administrative Framework Agreement between EU-UN (FAFA, article 11);
- ▶ General Conditions (Annex 2 to the EU-UNDP Contribution Agreement);
- ▶ [Joint Visibility Guidelines for EC-UN Actions in the Field](#)<sup>111</sup>.

Thus, the communications and visibility activities of the programme will also be carried out in line with [UNDP Brand Manual](#)<sup>112</sup>.

The implementation of the communications and visibility activities shall be the responsibility of UNDP and shall be funded from the amounts allocated to the Action. All necessary measures will be taken to publicize the fact that the action has received funding from the EU in line with the applicable contractual framework. The Communication and visibility activities will be carried out in complementarity/ coordination with the activities carried out by the dedicated team hired by the TCF/Support to the Coordination Programme to implement a global visibility strategy for the whole of the PALOP-TL | EU cooperation.

It is the responsibility of UNDP to keep the EU Delegations fully informed of the planning and implementation of the appropriate milestones' specific visibility and communication activities. UNDP will also coordinate with other UN agencies such as UNICEF and with the in-country donor coordination groups.

UNDP shall coordinate all communication activities with EU Delegations as well as regional communication initiatives funded by the European Commission to the extent possible.

The main objective of the C&V activities is the communication of the “positive results of the partnership” throughout visibility activities focusing on outputs and the impact of results. It will evolve throughout the project’s implementation and could include, among others, joint press releases, TV spots, joint presentations, photo opportunities and policy type publication in specialist press.

In addition to action-based communication activities, whenever possible and practical, communication and visibility should be strategic, and build on broader sets of activities or programmes, focusing on activities which better lend themselves to attract the target audiences. This type of visibility should seek to promote the PALOP and Timor-Leste and EU-UN partnership.

The approach for communication and visibility of the programme initiatives is funded in the successful implementation of the communications & visibility actions in the previous Pro PALOP-TL SAI phases (2020-22).

The costs for implementation of communication and visibility activities were divided into two categories: integrity costs for communication and visibility (costs with graphic design service providers for conception of communication products with the visual identity of the programme) and communication and visibility support costs for programme activities (budget lines foreseen in the activities to cover printing and dissemination costs of initiatives carried out in the field, in the context of annual work plans). The former aimed to promote institutional communication and visibility for the programme

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<sup>111</sup> <https://ec.europa.eu/europeaid/node/45481>.

<sup>112</sup> UNDP internal document.

and the latter the visibility of concrete initiatives in the field.

The total expenditure on Communication and Visibility in the previous phases of the Pro PALOP-TL SAI gradually evolved from 3% of the total expenditure<sup>113</sup> of the programme in February 2020 to 9% in December 2022<sup>114</sup>.

Over these two phases, costs to promote the programme's institutional communication and visibility reached 81,681.05 USD, rounding 14% of total communication and visibility costs<sup>115</sup>. On the other hand, the costs to support communication and visibility of the initiatives carried out in the field, in each country and by each beneficiary, reached 86% of the total costs with communication and visibility<sup>116</sup>.

The communication and visibility activities that will be carried out in the context of the current Action are detailed under the Communications & Visibility activities refereed in the Implementation Modalities / Programme Management point above. These activities are inspired by the successful communications and visibility strategy put forward in the past two phases of the programme with the following results:

## **1. SUPPORT FOR THE COVERAGE OF NATIONAL ACTIVITIES AND COMMUNITIES OF PRACTICE**

Between 2020 and 2022, this type of support covered approximately 70 actions carried out in the six countries in the context of the national annual work plans, involving more than 5,000 people (about 51% of whom were women). Of these actions, about 90% were fully covered with the visibility elements initially foreseen in a **Standard kit for national activities**, combined with virtual/digital elements, through social media posts and other elements developed to cope with the contingencies of the pandemic context.

In general, the visibility of the activities was always ensured with the respective press releases/information, the banners and/or rollups were practically replaced by virtual forms of dissemination, such as posts to social networks, except in some cases of countries that held face-to-face meetings, but also often with the use of lives/directs on virtual platforms to ensure the presence of specialists from the Pro PALOP-TL ISC, which would otherwise be impossible to participate. The implementation of these activities was generally communicated in a timely manner to the EU Delegations and UNDP Offices in the six beneficiary countries, involving them in the review and dissemination of the notes, thus extending the dissemination to their respective social networks and national media.

Considering the success and effectiveness of the digital transition carried out by the programme in 2020 as a way to mitigate the impact of the COVID19 pandemic, the communication and visibility of the programme privileged mainly digital means.

## **2. Online publication of monthly briefs/working papers and quarterly newsletters**

Building from the expertise provided by the Pro PALOP-TL SAI expert team in each beneficiary countries, the realisations of the programme at country level and internationally, but also from the activities referred in point 1 above, the PMU will produce and publish monthly thematic briefs or working papers prepared by the programme's experts, as well as a quarterly newsletter produced by the communications team.

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113 49,176 USD against 1,461,824 USD.

114 269,744 USD against 3,115,307 USD.

115 575,411.11 USD.

116 493,730.06 USD.

3. Use of digital media (website and social networks) to support communication and visibility of the actions referred to in point 1 above

As envisaged in the visibility strategy of the second phase of the programme, the [Pro PALOP-TL SAI website](https://agora-parl.org/pt-pt/pro-palop-tl-sai)<sup>117</sup> is strategically hosted on the global parliamentary platform [AGORA](https://www.agora-parl.org/projects)<sup>118</sup>, which also hosts the website archive of the first phase and the [e-learning portal with the Pro PALOP-TL SAI online courses](https://learn.agora-parl.org/)<sup>119</sup>.

Hosting the website on a global platform like AGORA aimed to extend the reach of the programme's information to a wider audience beyond PALOP-TL. The website integrates practically all the current social networks of the project, in an interlinked way, with the aim of further increasing the visibility space of the project initiatives and the EU external actions.

The website should function as a repository of the institutional memory of the various phases of the programme and, at the same time, interconnect the different social networks used to disseminate information on the implementation of the programme. This will also ensure a certain visibility of these networks on a global platform which, between 2021 and 2022 registered more than 163,000 users with more than 221,000 visits. During this period, benefiting from this global exposure, more than 18,500 people visited the Pro PALOP-TL SAI website – 10.42% of the total AGORA portal views in 2021 and 6.5% in 2022.

Compared to other AGORA portal pages, the Pro PALOP website has the lowest “bounce rate” (percentage of single page sessions/views without interaction), which means that typically the content provided invites the audience to browse the website. In 2021, users spent an average of 02:11 minutes on the Pro PALOP-TL ISC website, while the average session duration for the entire portal is 45 seconds. In 2022, this average improved to 02:37 minutes on the programme website, compared to 28 seconds for the AGORA portal.

Regarding the content, although all website's sections were consulted, the majority of users were more interested in the sections on news and resources produced by the programme.

The **PRO PALOP-TL SAI SOCIAL NETWORKS**, as global networking platforms and visibility and communication tools, are of major importance and present enormous potentialities to disseminate the brand. These are, namely, [Facebook](https://www.facebook.com/propalop.tl/)<sup>120</sup> and [Instagram](https://www.instagram.com/propaloptlisc/)<sup>121</sup>, [YouTube Channel](https://www.youtube.com/channel/UCqQShed9k1_1t0qqduF_tcg)<sup>122</sup>, [Twitter](https://twitter.com/ProPALOP)<sup>123</sup>, and [LinkedIn](https://www.linkedin.com/public-profile/settings?trk=d_flagship3_profile_self_view_public_profile)<sup>124</sup>. The policy has been not to make any paid or promotional publication or advertisement. The inter-institutional cooperation and interactivity between the UNDP/EU and Pro PALOP-TL ISC social networks, as well as with the social networks of the beneficiary institutions in the six countries, has shown significant results in terms of the growth of public interest in matters of public finance management and oversight.

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<sup>117</sup> <https://agora-parl.org/pt-pt/pro-palop-tl-sai>.

<sup>118</sup> <https://www.agora-parl.org/projects>.

<sup>119</sup> <https://learn.agora-parl.org/>.

<sup>120</sup> <https://www.facebook.com/propalop.tl/>.

<sup>121</sup> <https://www.instagram.com/propaloptlisc/>.

<sup>122</sup> [https://www.youtube.com/channel/UCqQShed9k1\\_1t0qqduF\\_tcg](https://www.youtube.com/channel/UCqQShed9k1_1t0qqduF_tcg).

<sup>123</sup> <https://twitter.com/ProPALOP>.

<sup>124</sup> [https://www.linkedin.com/public-profile/settings?trk=d\\_flagship3\\_profile\\_self\\_view\\_public\\_profile](https://www.linkedin.com/public-profile/settings?trk=d_flagship3_profile_self_view_public_profile).

**PRO PALOP-TL SAI FACEBOOK**, associated with **INSTAGRAM**, is the programme's privileged social media for the daily publication of the programme's events and activities held in all countries, as well as events and activities of interest for the theme of intervention in any country or by any institution. This has been the privileged means to communicate in Portuguese with the programme's beneficiaries and stakeholders, through the publication of news and various types of products, such as photos, videos, press releases, communiqués, and announcements.

Being a completely organic page, its evolution has been gradual in reaching the Portuguese-speaking community and beyond, whose interest in matters of public finance management and control has been growing over the years, and therefore making the visibility of the actions promoted by the project and the EU/UNDP strategic partnership increasingly present.

Between November 2021 and December 2022, Facebook reached around 45,473 people – a growth of 17.1% compared to the previous corresponding period. In other words, more than 45,000 people saw some type of content of the programme on or about its Facebook page. If we go back to April 2020, Facebook and Instagram combined reached 62,637 viewers (61,003 of them from Facebook) and 6,456 followers between 25 and 44 years of age (45.75% women in Facebook and Instagram average). The geographical location of Pro PALOP-TL SAI's Facebook audience is, as expected, concentrated in the PALOP and other Portuguese speaking countries (Brazil and Portugal) or where many Portuguese speakers and/or originate from those countries reside.

The impact of communication through social networks has been felt particularly in the case of Facebook, in Portuguese language, and targeting mainly the PALOP-TL, but also Portugal and Brazil. The bulk of this audience is of professional working age and has a gender distribution within the limits of parity.

**TWITTER @PROPALOP** is the programme's social media for an international target audience, used preferably in English, to show the events and achievements of the project and its communities of practice. Twitter works in an interconnected way with Facebook and the programme's other social networks, forwarding whenever possible to the news of the events that are disseminated on those pages.

Between November 2021 and December 2022, the period reported, the tweets of Pro PALOP-TL ISC received 34,179 impressions. That is, over the 13 months covered by the reported period, information about the project's activities in the different PALOP-TL was viewed on the project's Twitter feed 34,179 times (an average of 2,629 monthly impressions).

Finally, for this period, 129 new Twitter followers of Pro PALOP-TL ISC were registered, a relevant growth when compared to the 51 new followers reported for the previous period (March 2020 / October 2021 - 19 months). The tweets of Pro PALOP-TL ISC had important public figures as Top Followers, among others, Ambassadors of European Union Delegations, Regional Representatives of United Nations Organizations, Members of Parliament, Journalists, among others. These followers add up in their twitters a total of 32,897 followers who may have had access to Twitter contents of Pro PALOP-TL ISC indirectly.

These statistics indicate the steady growth of Twitter's reach to an audience that communicates mainly in English Language, as in the previous reporting period (March 2020 / October 2021) it recorded 19,318 impressions (an average of 1,607 impressions per month), against 47,726 impressions recorded between November 2019 and February 2020 (an average of 3,409 impressions per month).

The **PRO PALOP-TL SAI YOUTUBE CHANNEL** is the video channel where all learning events (conferences, exchange of experience seminars, high level working groups and all transversal trainings) are presented through three main audiovisual by-products: (1) the reports within the learning event,

(2) the short testimonies of the participants providing comments and insights on the learning event, and (3) the interviews with experts, resource persons and facilitators clarifying their presentations.

Between November 2021 and December 2022, the channel had 20 new subscribers, with a total of 106 subscribers as of the date of this report. During this period, 88 new videos were made available on the initiatives carried out by the programme. During this period, the channel's contents were viewed 2,142 times for an accumulated total of 67.3 hours. During this period, 35,532 links from the channel's videos were shown to viewers on YouTube and 2.4% of them, 853 viewers, followed up and accessed the shared contents, placing the Pro PALOP-TL SAI channel among the 50% of YouTube channels that manage to have an average of between 2% and 10%.

However, an important number of the programme's videos recorded a percentage of viewers who clicked to watch those videos well above the channel's average. For example, 9.8% of the people who watched the video about the Pro PALOP-TL SAI results, or 10.2% of the total viewers of the presentation video of the webinar series did it intentionally, by clicking on the link to access the content. Since November 2021, there has been a clear growth in the reach of the Pro PALOP-TL SAI YouTube channel. Views of the channel's content grew by 171.9% between the two periods - from 1,246 in the previous period to 2,142 in the current period. Consequently, total viewing hours increased from 45.9 to 67.3 hours, new subscribers from 9 to 20, impressions from 18,842 to 35,532. In December 2022, only East Timor and Sao Tome and Principe had no registered views, Cabo Verde and Mozambique being the countries with the most viewers. As for the other social networks of the programme, the age range of viewers is between 35-44 years.

The **PRO PALOP-TL SAI PODCAST**<sup>125</sup> is hosted in the [RDP-Africa online podcast platform](#)<sup>126</sup>. The Podcast series "Public Accounts in the PALOP-TL" was designed and produced by Pro PALOP-TL SAI, with the technical support of Cabo Verde's Radiotelevisão RTC /Rádio de Cabo Verde, which resulted in a programme of 12 episodes of 30 minutes each, organised into 3 series. Series I "Public Finances in Times of Uncertainty" is made up of six episodes and covers topics presented during the Webinar Series "Public Finances and Development in the Aftermath of COVID-19". Series two and three are already designed and will be delivered during the implementation of the next phase of the Pro PALOP-TL SAI. Furthermore, the podcast structure will be reviewed, so it can continue to be used as an important communications and visibility tool in the upcoming phase 3 of the programme.

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<sup>125</sup> <https://agora-parl.org/pt-pt/pro-palop-tl-sai/podcast/podcast-contas-publicas-nos-palop-tl>.

<sup>126</sup> <https://www.rtp.pt/play/p11740/pro-palop-tl-isc-contas-publicas-nos-palop>.

## **2.2.5** Results Framework

For purposes of coherence, bearing in mind that the Description of the Action (DoA) has no standard format and the implementing organization can suggest the format best fitting its means and objectives, rules and procedures, the logframe (Appendix 1) used in the identification and formulation documents, as well as in the EU-UNDP signed Contribution Agreement, will feed into a results' framework – the two documents are conversant and UNDP will report against the logframe.

UNDP may also, in accordance with the relevant contractual provisions of the Contribution Agreement (article 10 of Annex 2), change the indicators and their related targets, baselines and sources of verification described in the DoA and in the logical framework.

When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented, and the outputs defined during inception of the overall project and its components.

The indicative results' framework matrix will evolve during the lifetime of the Action: new lines will be added in the result's framework 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.

**Intended Impact (Overall Objective) as stated in the Regional Programme Results and Resource Framework:**

Contribute to SDG 16, particularly in the promotion of accountable and inclusive institutions in the PALOP-TL countries.

**Impact (Overall Objective) indicators as stated in the Regional Results and Resources Framework, including baseline and targets:****OO 1. World Bank Worldwide Governance Indicators**

OO 1.1. "Government Effectiveness"

**NB:** the specific country values are detailed in the Appendix 1.

**Intended Outcome (Specific Objective) as stated in the Regional Programme Results and Resource Framework:**

Enhanced transparent and gender inclusive budgets, domestic resource mobilisation (DRM) and external control of public expenditures and policies practices in the PALOP-TL countries.

**Outcome indicators as stated in the Regional Results and Resources Framework, including baseline and targets:**

SO 1: IBP Transparency score for PALOP-TL countries

SO 2: IBP Budget Oversight score for PALOP-TL countries

SO 3: IBP Public Participation for PALOP-TL countries

SO 4: IIAG Efficiency of Revenue Mobilisation score/rank for PALOP-TL countries

SO 5: IIAG Gender Inclusion & equality measure (index) score/rank for PALOP-TL countries

SO 6: CPIA gender equality rating for PALOP-TL countries

Sources: [Open Budget Index<sup>127</sup>](https://internationalbudget.org/open-budget-survey/country-results); [Ibrahim Index for Africa Governance \(IIAG\)<sup>128</sup>](https://iag.online/data.html?loc=ST&view=table&meas=INCLEO-PolPowIncLvlVDEM-PolPowSexOrVDEM-PolPowSocGrVDEM-PolPowUrbRurVDEM-EqPolPow-EqPolRightsOppFH-EqRepLeg-EqPolRep-EqCivLibRegVDEM-EqCivLibInclLvlVDEM-EqCivLibSocGrVDEM-EqCivLibUrbRurVDEM-EquCivLib-SocEcoOppIncLvlVDEM-SocioEconOppSocGroupVDEM-SocEcoOppUrbRurVDEM-PromSocEconIntYouthGI-EqSocEconOpp-AccPubServInclLvlVDEM-AccpubServSocGroupVDEM-AccPubServUrbRurVDEM-EqAccPubServ&subview=rank&range1from=2012&range1to=2021&range2from=2017&range2to=2021&showLowest=true&showHighest=true&showEstimated=true&showTrimmed=true&showTrimmedEstimated=true&showHighlights=true&showFullContext=false&showAAT=false); [WB CPIA gender equality indicator<sup>129</sup>](https://databank.worldbank.org/reports.aspx?dsid=2&series=IQ.CPA.GNDR.XQ); SDG indicators – World Bank Data; Project reports for countries that are not in the OBI or IIAG.

**NB:** the specific country values are detailed in the Appendix 1.

**Applicable Output(s) from the UNDP Strategic Plan and Gender Equality Strategy:**

Accelerating structural transformations for sustainable development, especially through innovative solutions that have multiplier effects across the SDGs

**Signature solution 1. Poverty and inequality (and Outcome 1 under the Gender Equality Strategy)** Contribute to gender equal and sustainable economies

**Signature solution 2:** Strengthen effective, inclusive and accountable governance (**and Outcome 2 under the Gender Equality Strategy** Help reinvigorate inclusive governance, participation and women's leadership economies)

**Signature solution 6:** Strengthen gender equality and the empowerment of women and girls.(and Outcome 6 under the Gender Equality Strategy Accelerate the achievement of Gender Equality)

**Project title and Atlas Project Number:**

PALOP-TL Regional Economic Governance Programme – Boosting PFMS and Budget Oversight (Pro PALOP-TL SAI – Phase III)

127 <https://internationalbudget.org/open-budget-survey/country-results>.

128 <https://iag.online/data.html?loc=ST&view=table&meas=INCLEO-PolPowIncLvlVDEM-PolPowSexOrVDEM-PolPowSocGrVDEM-PolPowUrbRurVDEM-EqPolPow-EqPolRightsOppFH-EqRepLeg-EqPolRep-EqCivLibRegVDEM-EqCivLibInclLvlVDEM-EqCivLibSocGrVDEM-EqCivLibUrbRurVDEM-EquCivLib-SocEcoOppIncLvlVDEM-SocioEconOppSocGroupVDEM-SocEcoOppUrbRurVDEM-PromSocEconIntYouthGI-EqSocEconOpp-AccPubServInclLvlVDEM-AccpubServSocGroupVDEM-AccPubServUrbRurVDEM-EqAccPubServ&subview=rank&range1from=2012&range1to=2021&range2from=2017&range2to=2021&showLowest=true&showHighest=true&showEstimated=true&showTrimmed=true&showTrimmedEstimated=true&showHighlights=true&showFullContext=false&showAAT=false>.

129 <https://databank.worldbank.org/reports.aspx?dsid=2&series=IQ.CPA.GNDR.XQ>.

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE	TARGETS (BY FREQUENCY OF DATA COLLECTION)	ASSUMPTIONS
				2023	
<b>OUTPUT 1</b>  <b>INCREASED PFM TRANSPARENCY AND DOMESTIC RESOURCE MOBILISATION CAPACITIES BY THE MINISTRIES OF FINANCE AND NATIONAL TAX AUTHORITIES IN THE PALOP-TL COUNTRIES.</b>	1.1 PALOP-TL Budget Transparency Index.	<ul style="list-style-type: none"> <li>• <a href="#">PALOP-TLCountry Index Assessment of Budget Transparency</a></li> <li>• SDG indicators</li> <li>• World Bank Data</li> <li>• Survey among relevant officials (baseline and endline assessment)</li> <li>• Project narrative reports</li> </ul>	1.1. AO: 50 (2021); CV: 58 (2021); GB: 27 (2021); MZ: 63 (2021); STP: 68 (2021); TL: 43 (2021).	1.1. AO: 80; CV: 80; GB: 50; MZ: 80; STP: 80; TL: 80.	The PALOP-TL countries maintain their political will to provide financial data and to work in improving their Domestic Resource Mobilisation policies and capacities. The beneficiaries of this Action deepen their expertise in order to adequately apply it on PFMS reforms, digitalisation and dematerialization.
	1.2 # of academic publications focusing on PALOP-TL PFM institutions or matters or challenges produced by PALOP-TL officials in the context of the programme: (i) Masters projects/thesis; (ii) Advanced Studies papers or final works; (iii) Academic publications.		1.2. (i) 0; (ii) 0; (iii) 0.	1.2. (i) 45; (ii) 20; (iii) 3.	
	1.3 % of trained Executives with improved competencies on PFMS (including through the programme's PFM Advanced Studies and Masters' programmes), disaggregated by sex.		1.3. 0.	1.3. 80% trainees significantly increase their competencies in PFM matters (at least 40% are women).	
	1.4 % of trained Executives with improved competencies on domestic resource mobilisation, disaggregated by sex.		1.4. 0.	1.4. 80% trainees significantly increase their competencies in DRM matters (at least 40% are women).	
	1.5 Status of PFM e-governance integratedn systems and services (non-existent, created/new, needs improvement, consolidated).		1.5. AO: created/new; CV: needs improvement; GNB: non-existent; MOZ: created/new; STP: non-existent; TL:	1.5. AO: consolidated; CV: consolidated; GNB: needs improvement; MOZ: consolidated; STP: needs improvement; TL: consolidated.	
	1.6 # of CoP on PFM, DRM, and tax reforms.		1.6. 0.	1.6. 3 (Three) CoPs / 120 participants (at least 40% women).	

<p><b>OUTPUT 2</b></p> <p><b>IMPROVED CAPACITIES FOR OVERSIGHT BY PARLIAMENTS AND EXTERNAL CONTROL/ AUDIT BY SUPREME AUDIT INSTITUTIONS, AND OTHER EXTERNAL CONTROL WATCHDOGS IN THE PALOP-TL COUNTRIES.</b></p>	<p>2.1 IBP/ OBI legislative oversight score</p> <p>2.2 IBP/ OBI audit oversight score</p>	<p>2.1. AO: 33 (2021); MZ: 42 (2021); STP: 39 (2021); TL: 47 (2021)</p> <p>2.2 AO: 33 (2021); MZ: 50 (2021); STP: 56 (2021); TL: 72 (2021).</p>	<p>2.1. AO: 41-60; MZ: 61-100; STP: 41-60; TL: 61-100</p> <p>2.2 AO: 41-60; MZ: 41-100; STP: 61-100; TL: 61-100.</p>	
	<p>2.3 % of trained MPs, Parliamentary and SAI's officials with improved skills on scrutiny/analysis of public expenditure and policies, external control and audit (including through the Action's PFM Advanced Studies and Masters' Programme), disaggregated by sex.</p>	<p>2.3 0.</p> <p><a href="#">International Budget Partnership (IBP) - Open Budget Index</a></p> <ul style="list-style-type: none"> <li>• Project reports for countries that are not in the OBI (GB and CV)</li> <li>• Survey among relevant officials (baseline and endline assessment)</li> <li>• Project narrative reports</li> </ul>	<p>2.3 80% trainees significantly increase their skills in analysis of public expenditures and policies, external control and audit (at least 40% are women).</p>	
	<p>2.4 # of academic publications focusing on PALOP-TL legislative oversight and external control institutions or matters or challenges produced by PALOP-TL officials in the context of the programme: (i) Masters projects/ thesis; (ii) Advanced Studies papers or final works; (iii) Academic.</p>	<p><a href="#">International Budget Partnership (IBP) - Open Budget Index</a></p> <ul style="list-style-type: none"> <li>• Project reports for countries that are not in the OBI (GB and CV)</li> <li>• Survey among relevant officials (baseline and endline assessment)</li> <li>• Project narrative reports</li> </ul>	<p>2.4 (i) 0; (ii) 0; (iii) 0.</p>	<p>2.4 (i) 45; (ii) 20; (iii) 3.</p>
	<p>2.5 Status of PFM e-governance systems and services (non-existent, created/new, improved).</p>	<p>2.5 AO: Parliament: created/new   SAI: created/new; CV: Parliament: consolidated   SAI: consolidated; GNB: Parliament: non-existent   SAI: non-existent; MOZ: Parliament: non-existent   SAI: consolidated; STP: Parliament: needs improvement   SAI: non-existent; TL: Parliament: non-existent   SAI: non-existent.</p>	<p>2.5 AO: Parliament: needs consolidated   SAI: consolidated; CV: Parliament: consolidated   SAI: consolidated; GNB: Parliament: needs improvement   SAI: needs improvement; MOZ: Parliament: needs improvement   SAI: consolidated; STP: Parliament: consolidated   SAI: needs improvement; TL: Parliament: needs improvement   SAI: needs improvement.</p>	<p>The beneficiaries of the Action deepen their expertise in order to properly scrutinize and monitor the State Budget, leading to the improvement of the executive's mandate</p>

<b>OUTPUT 3</b>  <b>ENHANCED BUDGET AND POLICY MONITORING BY THE CSOS AND INCREASED CITIZENS PUBLIC PARTICIPATION, PARTICULARLY WOMEN'S AND GENDER EQUALITY RELATED CSOS.</b>	3.1 Mechanisms are available in all countries for inclusive and gender-sensitive public participation in all stages of the budget process (4 stages: Formulation – executive; Approval – legislature; Implementation – executive and Audit – SAI)		3.1 No	3.1 Yes	
	3.2 # PALOP-TL countries where the CSOs effectively coordinate and use the Civil Society Online Budget Platform for State Budget monitoring including oversight of the fiscal revenue (DRM), on an annual basis.	Survey among relevant CSOs (endline assessment) Data generated by the PALOP-TL CSO eBudget Platform Project narrative reports	3.2 0 countries	3.2 6 (six) PALOP-TL countries	National CSOs (including gender CSOs) maintain their interest and have the resources to increase their role in monitoring the budget and related policies.
	3.3 # media professionals (radio, written, audiovisual, new media/digital) and academics trained in Storytelling with Open Data for PFM (disaggregated by sex)		3.2 0	3.2 Media professionals (radio, written, audiovisual, new media/digital) and academics trainees significantly increase their skills regarding PFM, Open Data and Storytelling.	
<b>OUTPUT 4</b>  <b>STRENGTHENED PEER-TO-PEER INTERNATIONAL PARTNERSHIPS AMONG PALOP-TL NATIONAL OVERSIGHT INSTITUTIONS.</b>	4.1 Peer-to-peer international and south-south/triangular partnerships are established with European Parliament (Committee on Budgetary Control and the Committee on Budgets), European Court of Auditors, IMF Fiscal Affairs Department and AFRITAC	Formalized partnership documents (MoU, exchange of letters, partnership agreements...) Survey among relevant officials (baseline and endline assessment) Project narrative reports	4.1 No	4.1 Yes	International Partners show interest in partnering in a collaborative manner.
	4.2 # of high visibility and knowledge-sharing initiatives where PALOP-TL tested methodologies and good practices are shared.		4.2 0	4.2 10	

<p><b>OUTPUT 5</b></p> <p><b>ENHANCED GENDER- RESPONSIVE BUDGETING (GRB) PRACTICES AND GENDER MAINSTREAMING IN PALOP-TL COUNTRIES NATIONAL DEVELOPMENT PLANNING AND BUDGETARY CYCLES.</b></p>	<p>5.1 # PALOP-TL countries where GRB is included and/or maintained in State budgets, in alignment with national development plans/policies</p>		<p>5.1 4 (four) PALOP-TL countries (CV, AO, STP and TL)</p>	<p>5.1 6 (six) countries</p>	
	<p>5.2</p> <p>a) # PALOP-TL parliaments that oversee public expenditure on gender, on a systematic basis</p> <p>b) # PALOP-TL that carried out an SDG 5 performance audit</p> <p>c) # PALOP-TL autonomously monitored by CSOs on public expenditure and/or policies on gender, on a systematic basis.</p>	<p>The 6 countries' Annual State Budgets and general State Account Project Reports and M&amp;E system</p>	<p>5.2</p> <p>a) 4 PALOP-TL Parliaments (CV, AO, STP and TL)</p> <p>b) 2021: 1 (one) country (CV)</p> <p>c) 2021: 2 (two) countries (AO and STP)</p>	<p>5.2</p> <p>a) 6 (six) countries</p> <p>b) 6 (six) countries</p> <p>c) 6 (six) countries</p>	Gender equality priorities stay at the core of national policies.
	<p>5.3 % of original approved allocations to gender programming on State budget.</p>		<p>5.3 (2022) AO: 4,88%; CV: 92,34%; GB: 2,17%; MZ: 38,07%; STP: 6,83%; TL: 23,5%.</p>	<p>5.3 AO: 50%; CV: 95%; GB: 50%; MZ: 50%; STP: 50%; TL: 50%.</p>	
	<p>5.4 % expenditures as a proportion of original approved allocations to gender programming on State budget.</p>		<p>5.4 (2023) AO: 0; CV: 0; GB: 0; MZ: 0; STP: 0; TL: 0.</p>	<p>5.4 AO: 50%; CV: 95%; GB: 50%; MZ: 50%; STP: 50%; TL: 50%..</p>	

# **SECTION III -**

## Implementation

## 3.1 Location, Duration, Governance & Management Arrangements

With regards to the **location**, the action shall be carried out in Sub-Saharan African Portuguese-speaking Countries (Angola, Cabo Verde, Guinea-Bissau, Mozambique and São Tomé and Príncipe). The action will be exceptionally extended to Timor-Leste as part of the PALOP-TL countries. The programme management unit (PMU) is going to be located in Praia City, Cabo Verde.

The **implementation period** specific to this Action is defined in the Special Conditions of the Contribution Agreement. The action will be implemented in indirect management with the United Nations Development Programme (UNDP), whereby the European Union's contribution is going to be entrusted to UNDP through a Contribution Agreement established under the overall frame of the Financial and Administrative Framework Agreement (FAFA).

To ensure the above and the delivery of all the foreseen activities in the six beneficiary-countries, UNDP will implement the project in accordance with its rules and procedures through Direct Implementing Modality (DIM). The following budget-implementation tasks will be ensured:

- ▶ Recruit the Programme management team and personnel needed to deliver the Action.
- ▶ Launch, award and manage contracts according to UNDP rules and procedures.
- ▶ Follow up the implementation procedures for the provision of services and supplies, overseeing the execution of the Programme, as member of the Steering Committee.
- ▶ Launch, award and follow up the implementation of Grants, according to UNDP rules and procedures and the Delegation Agreement Conditions.
- ▶ Establish partnership agreements (and other implementation tools allowed by its rules and regulations) with regional professional organisations, training institutions, etc, to be identified during the inception phase of the programme, to run/host some of the activities supported by the Facility.

Among the potential organisations with effective regional partnerships and good results within the scope of the Pro PALOP-TL SAI and other interventions carried out under the cooperation PALOP-TL|EU, that could be used in the context of the current project are: ISCTE-IUL|IPPS, ISCTE-Sintra (Escola de Tecnologias Aplicadas, Iscte-Sintra). UNDP will remain always accountable towards the EU in respect of the implementation of the action.

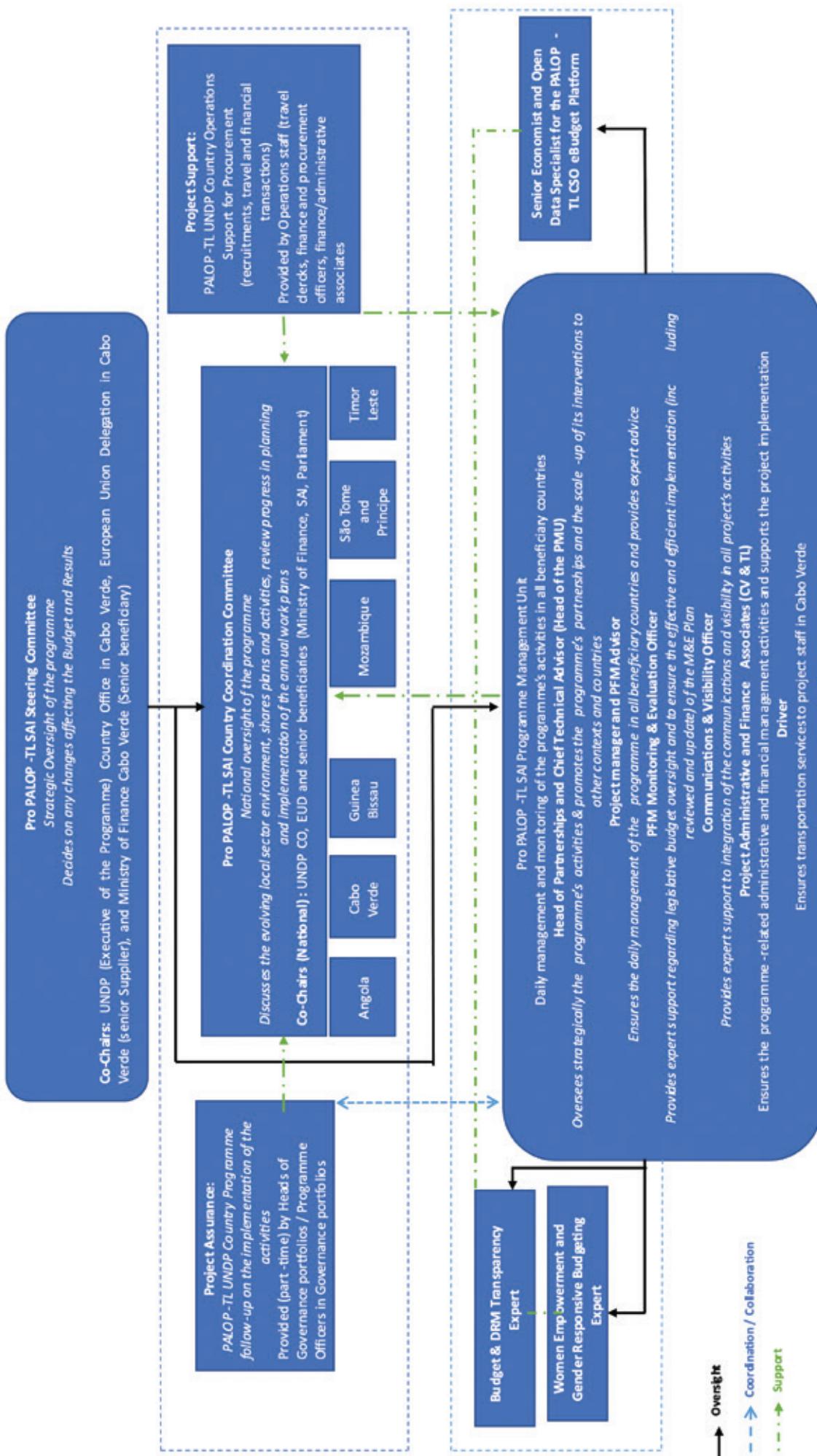
The **programme organisational structure** is based in UNDP two-tiered project management structures conceived to ensure inclusiveness and ownership in the overall direction and policy of the project, alongside with oversight and daily management.

**Country Coordination Committees and a PALOP/TL Steering Committee** will ensure that the project remains on track, on time and within budget while delivering the foreseen results. A **small and flexible Programme Management Unit (PMU)**, composed of a team of recruited experts, will ensure day-to-day implementation and management of the project. The PMU will provide directly and made available through different instruments and mechanisms technical assistance and expert support. The PMU will also ensure project reporting to the Country Coordination Committees and Steering Committee, as well as to the representatives of the programme senior supplier and executive (respectively European Union Delegations and UNDP Country Offices in the PALOP-TL),

which will enhance donors' coordination. This organisational structure will have the following roles and responsibilities:

- a. A COUNTRY COORDINATION COMMITTEE (CCP)** in each PALOP and Timor-Leste is co-chaired by UNDP Country Office, a representative of the EU Delegation and one representative of the senior beneficiaries (rotativity) – namely, Parliament (Parliamentary Administration or Specialized Committee on public finances), SAI (Supreme Audit Institution), Tax Revenue Authority, Ministry of Finance. The CSOs involved in the programme are members of the CCP. Representatives of other programmes/donors with prominent activities in the sector can be invited to participate in the country coordination committees. This mechanism, co-chaired by the UNDP Resident Representatives and EUD Representatives in the PALOP-TL is facilitated by the PMU and/or UNDP programme staff in the country. It shall meet as required and, in any case, no less than twice a year, to discuss the evolving local sector environment, share plans and activities, review progress in planning and implementation of the annual work plans, deliberate issues of common concern, negotiate agreed responses and analyse emerging needs and risks at a national level. The CCP is an important part of local coordination in each beneficiary country, with the emphasis on policy development, collaboration, and information-sharing in line with the decisions of the project Steering Committee.
- b. A PALOP-TL STEERING COMMITTEE** to ensure that the project remains on track, on time and within budget. The Steering Committee shall meet annually and is responsible for the strategic oversight of programme, including financial oversight, and approval of funding allocations within the overall budget as recommended by the programme management unit. It should receive regular reports from the management unit, approve major activities and expenditures, reach consensus, and take decisions in any change in the work plans affecting the project structure and strategy, carry out risk analysis and consider funding for emerging issues. It is facilitated by the programme management unit (PMU), which would also provide secretariat services and liaise with the Steering Committee co-chairs in the preparation of agendas, notification to members, reports on the various projects' activities and provision of minutes. In addition to the project's executive (UNDP Country Offices in all beneficiary countries) and senior supplier (EU Delegations in all beneficiary countries), the Steering Committee includes representatives from the PALOP and Timor-Leste beneficiaries (Tax Revenue Authorities, Ministries of Finances, Supreme Audit Institutions and Parliament's representatives, particularly Budget Committees), Civil Society Organisations (CSO). The Committee meets annually, physically, or virtually (using the recently installed PALOP-TL videoconferences facilities) and is co-chaired by a representative of UNDP Country Office Cabo Verde, a representative of the EU Delegation Cabo Verde and a representative of the Ministry of Finances of Cabo Verde – namely, Parliament (Parliamentary Administration or Specialized Committee on public finances), SAI (Supreme Audit Institution), Tax Revenue Authority, Ministry of Finance. The CSOs involved in the programme are members of the Steering Committee.
- c. The PROGRAMME MANAGEMENT UNIT** is a small, flexible, dedicated team that administers, manages, and monitors day-to-day overall programme's activities. This team will be supported by the necessary expertise to be deployed in the other beneficiary countries. The staff would include experts in different specific domains of the project, and some members should be familiar with UNDP procedures on recruitment, procurement, and project execution modalities. The PMU is supported by a network of thematic experts based in the different countries and working in a coordinated manner in a cluster, supervised by the Head of Partnerships and Chief Technical Advisor.

All the project office costs were referred above in the point 2.2.2. regarding the indicative general activities, under the Activity 8.



## **SECTION IV**

- Reporting,  
monitoring and  
evaluation

## 4.1 Monitoring & Reporting

The day-to-day technical and financial **monitoring of the implementation** of this action will be a continuous process and part of UNDP's responsibilities. To this aim, UNDP shall establish a permanent internal, technical, and financial monitoring system as part of its M&E plan.

The Programme Management Unit will document the baseline situation for the outcomes and each indicator of the project. The PMU will ensure that the Country Coordination Committees and the Steering Committees are periodically informed and that the latest approves the monitoring and evaluation plan. The instruments that will be used in monitoring progress towards the outputs will include:

- ▶ bi-annual Country Coordination Meetings and Annual Steering Committee meetings (either physically or virtually) to inform on project's implementation progress and approve mid-term evaluation results.
- ▶ One quarterly in-person monitoring, and follow-up mission carried out by the PMU to the beneficiary country (one country per quarter, depending on assessment by the PMU and travel plan previously agreed with the national stakeholders) – other monitoring and follow-up checks to other beneficiary countries will be done online.
- ▶ Corporate response and action plan to the project mid-term evaluation, which is a time-bound and independent exercise to measure results and management.

A monitoring plan (Appendix 6) will be updated and refined during the inception phase. The end-goal of the project monitoring is to learn lessons and incorporate these to the improvement of the current and/or future projects. All activities will be closely monitored by the PMU with the support of UNDP Country Offices in the PALOP and Timor-Leste.

The European 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).

**Obligations regarding information and reporting by UNDP** will be done according to the provisions in Art. 3 of the General Conditions of the Contribution Agreement. The **programme reporting** will provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs), as measured by corresponding indicators, using as reference the Results framework/logframe matrix. After the project's inception phase, in light of the inclusive formulation and approval of the national annual work plans, the Results framework/logframe matrix might be reviewed in agreement with the EU Delegation to reflect the indicators and baselines resulting from this exercise – which might require an amendment to the Contribution Agreement.

## 4.2 Evaluation & Audit

An evaluation plan (Appendix 7) will be developed during the inception phase. The following evaluation exercises will be carried out within the implementation period of the project, according to UNDP rules and procedures:

- ▶ One project mid-term evaluation, which is a time-bound and independent exercise to measure results and management; and
- ▶ One final project's review/lessons learnt done with the involvement of the core project's stakeholders and beneficiaries with the aim to assess the project early impact against the mid-term evaluation and the results framework/logframe output indicators and targets.

Independent consultants recruited on specifically established terms of reference will carry out one mid-term external evaluation. The mid-term evaluation will be carried out for problem solving, learning purposes, with respect to identifying progress in the project, analyse performance and formulate recommendations for the second part of the project. The Beneficiary Countries, the European Commission and UNDP shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The final evaluation will be carried out for policy revision and learning purposes at various levels.

In line with Art. 9.1 of the General Conditions of the Contribution Agreement, UNDP shall invite representatives of the European Commission to participate at their own costs to the main monitoring missions and evaluation exercises related to the performance of the Action. Participation in evaluation exercises should be ensured by requesting comments from the European Commission on the terms of reference before the exercise takes place, and on the different deliverables related to an evaluation exercise prior to their final approval (as a minimum, on the final report). UNDP shall send all monitoring and evaluation reports relating to the Action to the European Commission once issued, subject to confidentiality.

Monitoring missions or evaluation exercises, which the European Commission as a donor/Contracting Authority, may wish to perform at their own costs are regulated by Art. 9.2 of the GC referred above.

# Appendices

**Appendix 1** – Logical Framework

**Appendix 2** – Indicative operational timetable

**Appendix 3** – Donor Matrix

**Appendix 4** – Theory of Change (ToC)

**Appendix 5** – Exit Strategy

**Appendix 6** – Monitoring Plan

**Appendix 7** – Evaluation Plan

**Appendix 8** – Risks Log

**Appendix 9** – Innovation Guidelines



