Budget Support

Day 1: Core Concepts

Definition of EU budget support and eligibility criteria

Online Sessions

Ground Rules – Virtual Class

Our daily sessions are scheduled to last **4 hours** (20 minutes break included). Please be on time!

Please ensure you have your webcam ON during the sessions`; if not possible, switch it on when intervening ☺, it makes our sessions livelier!

Make sure to have a headphone connected to your computer, the sound will be better

Please mute yourself when not talking – but **do not hesitate to intervene** with questions, suggestions and contributions!

Keep next to you a good coffee and a bit of patience, sometimes technology is not perfect. And let colleagues and supervisor know you are on training!

European Commission

What is Budget Support for the EU?

European Commission

EU funding modalities

EU support to **private sector development** (loans, guarantees, capital investment, training, others)

Jointly with other financiers (Team Europe, Investment banks, others)

EU support to **public sector development** (projects, loans, **budget support,** blending mechanisms, technical assistance, twinning)

Economic Development,
Trade Relations
Governance

EU Approach to budget support

4 eligibility criteria

Credible and relevant development/sector policy

Relevant and credible PFM reform programme

Stability oriented macro-economic policies

Transparency and oversight of the budget

+ consideration of the commitment towards - and respect of - EU's fundamental values

4 interrelated components

Performance & assessment criteria

Policy dialogue

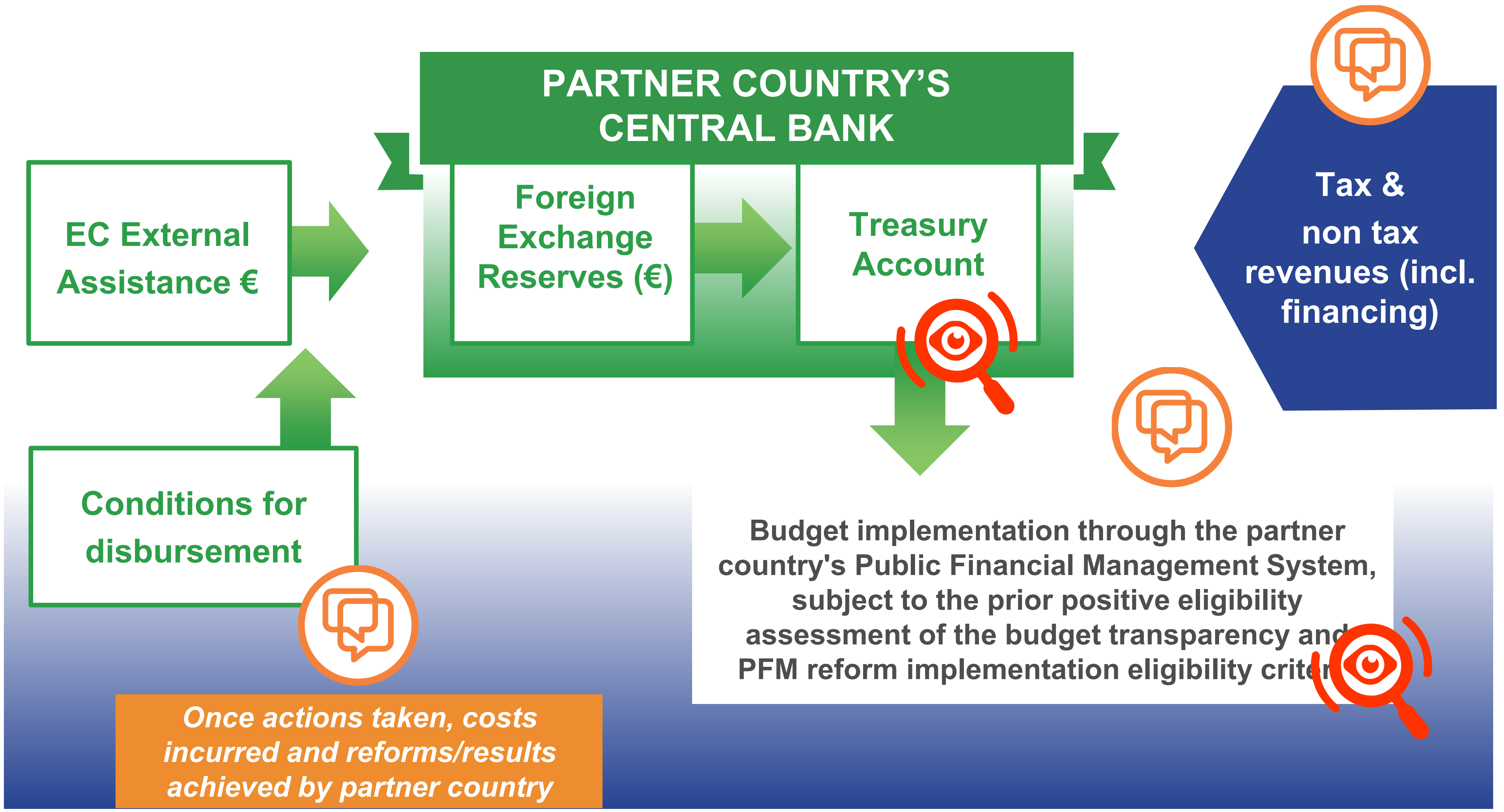
Capacity building

Financial transfers (grants)

3 types of multiannual contracts

Sustainable Development Goals Contract (SDG-C)
State and Resilience Building Contract (SRBC)
Sector Reform Performance Contract (SRPC)

Payments once conditions met (ex post)



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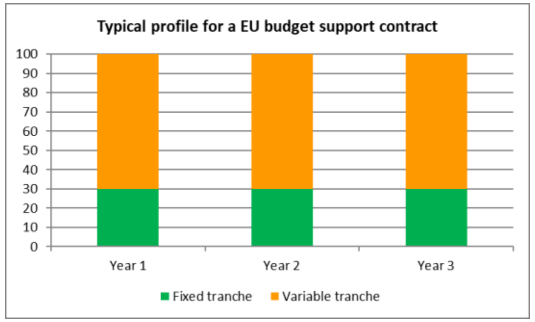
Payments on performance



Example: 10M€

VARIABLE

Ind. 7 (1M€)
Ind. 6 (1M€)
Ind. 5 (1M€)
Ind. 4 (1M€)
Ind. 3 (1M€)
Ind. 2 (1M€)
Ind. 1 (1M€)

Fixed component (3M€)

Typical design
30% fixed / 70% variable

ONCE ACTIONS HAVE TAKEN PLACE

AND RESULTS CAN BE MEASURED

Nothing paid

Example 1: general conditions not met

7M€ paid

Ind. 4 met
Ind. 3 met
Ind. 2 met
Ind. 1 met

Fixed component (3M€)

Example 2: progress on general conditions & 4/7 indicators

10M€ paid

Ind. 7 met
Ind. 6 met
Ind. 5 met
Ind. 4 met
Ind. 3 met
Ind. 2 met
Ind. 1 met

Fixed component (3M€)

Example 3: progress on general conditions & all indicators met

Fixed tranche ≠ unconditional, guaranteed or pre-financing

– 3 scenarios (no, partial or full payment) –

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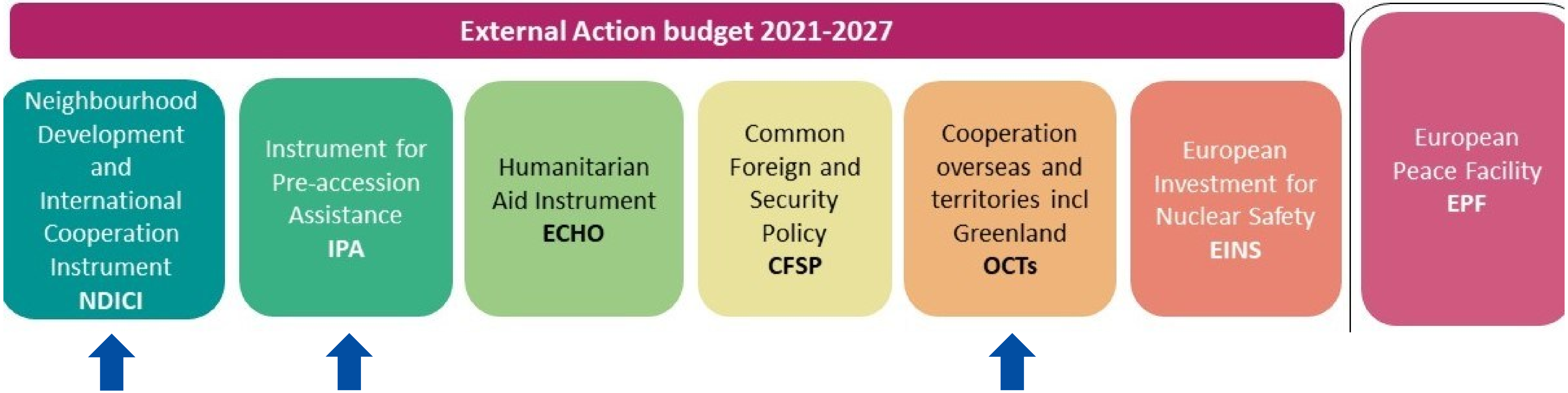
Thinking about the flow of funds of budget support, can you draw any parallels with this photo?

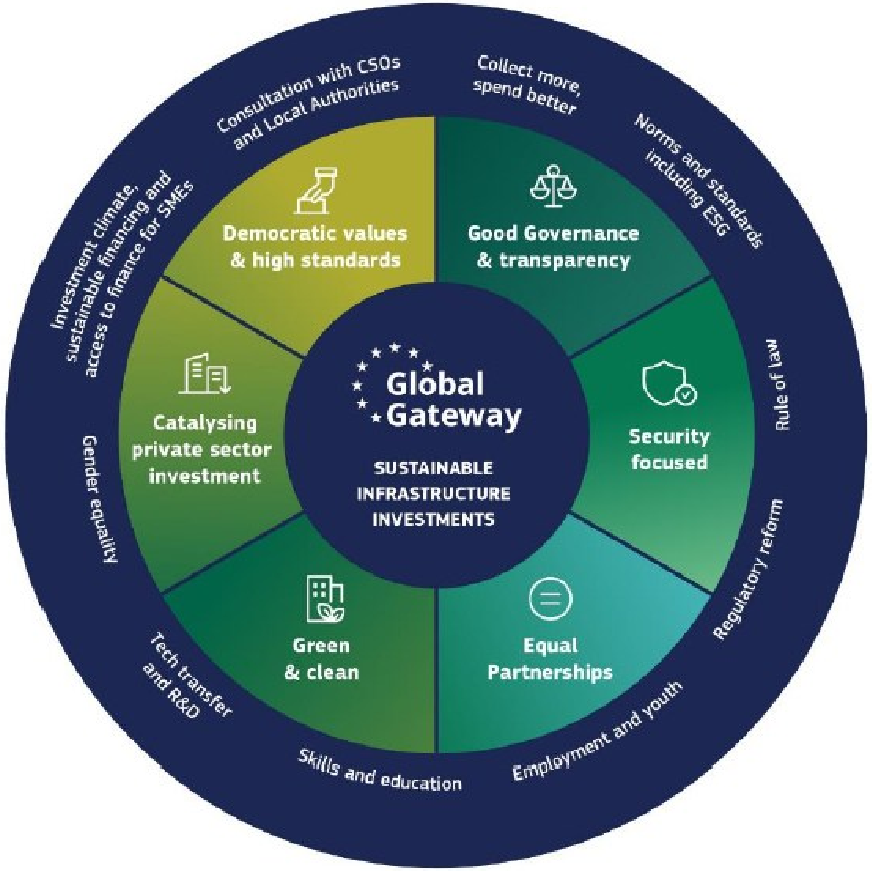
Budget support, External Action, Team Europe



Budget support, an asset for Team Europe (Initiatives)

- Coordination with EU MS/DFIs, EIB, EBRD
- Integrated in the EU Multiannual Indicative Programmes
- Reflected in plans for Global Gateway implementation
- In ENEST/MENA countries, synergies with Facility & Macro-financial Assistance

The Global Gateway and broader policies



The Global Gateway and its 360° approach

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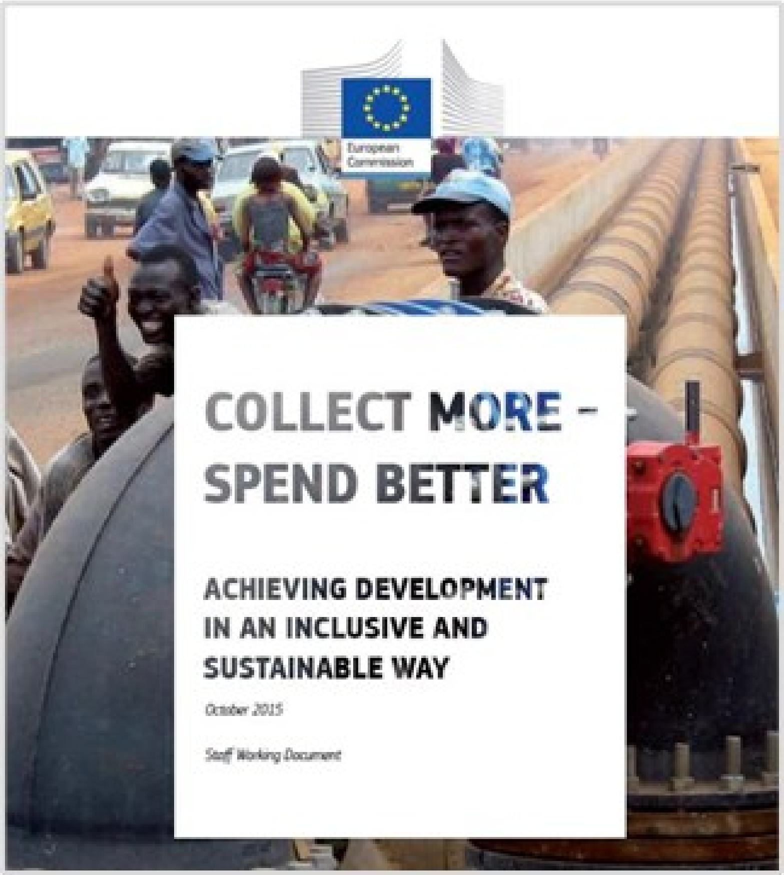
Economic governance & Global Gateway

Foster an investment-friendly environment for mobilizing increased investments in infrastructure meeting high technical, competitive, environmental, social and governance standards.

The EU supports:

- Strengthening **domestic resource mobilization, public finance management and debt management**
- Reforms of **regulatory frameworks** for greater sustainability, transparency and non-discrimination
- **Sustainable finance** flows
- The **capacity of partner countries to develop infrastructure plans and prepare credible projects**
- **Adherence to international standards for infrastructure spending** by other donors
- Active participation in **international standard setting bodies**

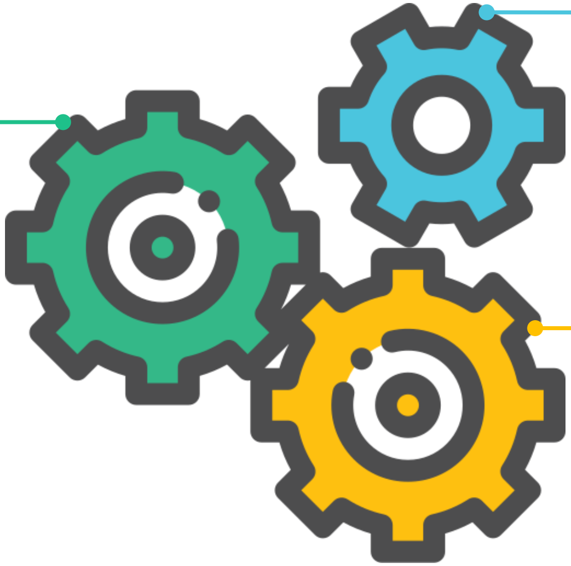


https://commission.europa.eu/system/files/2021-12/joint_communication_global_gateway.pdf

https://international-partnerships.ec.europa.eu/document/download/f2a837cc-95be-420a-ab89-d8eee453b1a8_en?filename=swd-collect-more-spend-better_en.pdf

Budget support for Global Gateway

Macroeconomic stability: fiscal policies (revenue and spending – recurrent and **investment**), debt sustainability



Relevant and credible development and sector policies: financing; regulatory frameworks; public **investment** component with maintenance and recurrent costs; reporting and monitoring systems

Public finance management & fiscal transparency:

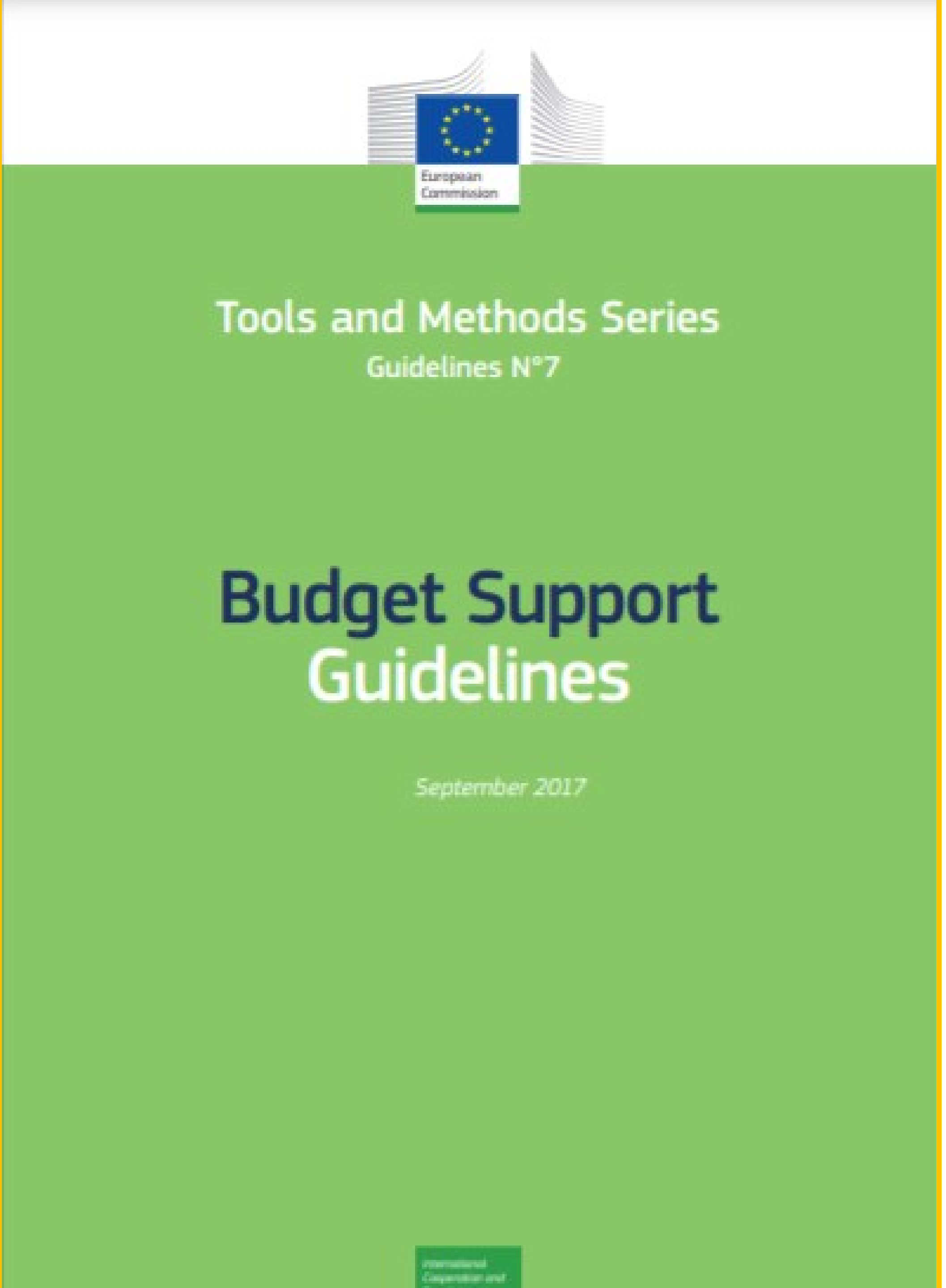
- tax and customs administration
- budgeting (gender and green)
- public procurement
- public **investment** management
- state-owned enterprises
- public debt management
- external control & anti-corruption

Global Gateway

Conditions for successful & sustainable investments, maximising their returns

Quiz time
What is policy dialogue about?

Let’s go to Menti!



What is Policy Dialogue?

ESSENTIAL activity (under Budget Support) and **CRUCIAL** (for other interventions)

It is expected to **CONTRIBUTE** to the objectives of budget support & other interventions

Used to **MITIGATE** some of the **RISKS**

COHERENT and in line with the **AGREED OBJECTIVES**

Adaptation of Annex 13, Budget Support Guidelines 2017

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Policy dialogue is a continuous, dynamic, multidimensional, non-linear, purposeful exchange

PD DPs DP – Gov Gov Democratic space Civil Society & Private Sector

Global

Regional

National

Sector

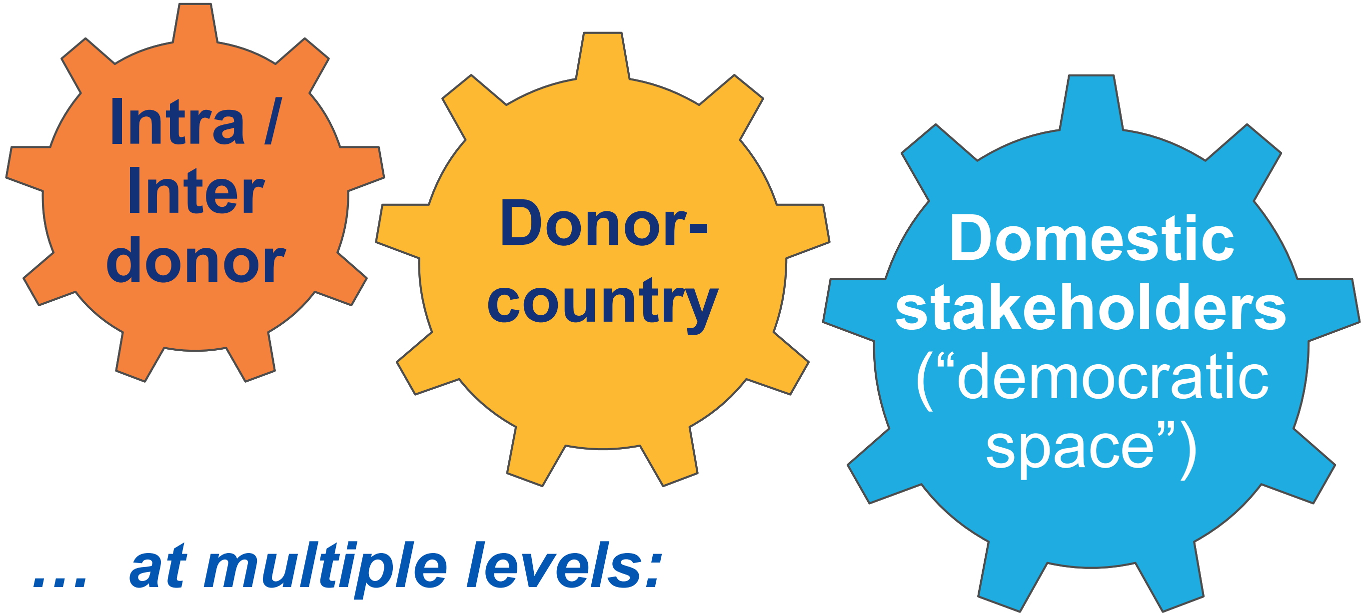
Sub-national

District

Municipal

Grassroots

… between:



… at multiple levels:

… and evolving over time !

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Policy dialogue: main features

- A **continued policy dialogue** during the budget support formulation and implementation
- A **focused dialogue to engage with partner country** around critical areas:
  - ✓ Domestic reform agendas (governance, accountability, regulatory & institutional framework)
  - ✓ Global Gateway objectives and other EU objectives
  - ✓ Eligibility criteria (policies, macroeconomics, PFM, transparency) and indicators
  - ✓ Efficiency and effectiveness of sector policy formulation and implementation processes
  - ✓ Public investment plans, of which Global Gateway investment projects
  - ✓ Reforms to improve the investment climate and the quality of/access to public services
  - ✓ Specific sector PFM issues that are not particularly covered by generic PFM reforms

Quiz time: What is capacity development in the context of budget support?

Let’s go to Menti!

Capacity development objectives

- Enhance Government capacity to design, implement, monitor, and evaluate policies and to deliver public services
- Support PFM reforms (e.g. revenue administration, procurement, investment management) and promote effective, accountable and inclusive institutions
- Support regulatory/institutional reforms to improve investment climate in sectors in connection with Global Gateway objectives and in relation to GG projects
- Promote stakeholders' engagement in policy design, implementation & monitoring
- Strengthen the national monitoring & evaluation framework / statistical system
- Integrate gender equality measures and greening PFM systems/fiscal policies
- Mitigate risks, where there is commitment to reform but lack of capacity

Any questions?

Four eligibility criteria needed to be satisfied

For programme approval

1. Existence of a credible and relevant programme to restore/maintain macro-economic stability

2. Existence of a credible and relevant programme to improve public financial management (PFM)

3. The proposed or enacted budget is published

4. Credible and relevant national/sector policy supports poverty eradication/inequality reduction/sustainable and inclusive growth and job creation, consolidation of democracy and peaceful society, and the promotion of gender equality

For programme implementation

1. Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances

2. Satisfactory progress in the implementation of reforms to improve PFM, including Domestic Revenue Mobilisation (DRM), and continued relevance and credibility of the reform programme

3. Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.

4. Satisfactory progress in the implementation of the national/sector strategy and continued credibility and relevance of that or any successor strategy.

The centrality of the budget

(ii) Macroeconomic policy

Objectives

- Macroeconomic stability and fiscal sustainability
- Sustainable and inclusive growth

Instruments

- Monetary and exchange rate policy
- Fiscal Policy
  - Revenue mobilisation policy
  - Public expenditures policy, including investments
  - Debt policy

(i) Public Policies

Budget

Domestic Revenue Mobilisation

Public Expenditure

Financing: loans & grants, incl. budget support

(iii) Public Finance Management

Function

- Manage Funds to implement public policies

Objectives

- Financial compliance
- Fiscal discipline
- Allocation of resources according to policy objectives
- Efficient public service delivery

(iv) Transparency and Oversight

Why start the assessment of macro-economic policies at an early stage?

Macro-economic stability

- Ensures a favourable context for development – think about volatility!
- Is essential for investments, private sector development and job creation – think about planning!
- Contributes to equity – think about inflation!

→A relevant macro-economic policy will address imbalances through monetary, exchange rate, and fiscal policies

→A credible macro-economic policy is where institutions are capable to plan, finance and implement effectively policies backed by political commitment with predictability for departments in charge of service delivery

Macro - Analytical grid

Four building blocks:

- **(1) *Real economy*: Evolution of main macro-economic aggregates and potential sources of instability:** composition of GDP, sources of GDP growth, external balances
- **(2) *Fiscal operations*, policies and aggregates:** overall revenue and expenditure levels, tax policy and exemptions/waivers, financing of the deficit, debt sustainability
- **(3) *Monetary indicators* and policies:** control of inflation, money growth, regulation of the banking sector, credit requirements, regulation of the financial market, etc.
- **(4) *Balance of Payments***. Imports / Exports / Financial flows**. Vulnerability to external shocks and resilience efforts**

➔ Is the **policy mix** conducive to stability? Are fiscal, monetary exchange rate policy concurring into balancing the economy? Does it improve the investment climate?

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See Guidelines Annex 4

Macro – Navigating the 4 Building Blocks

1. Real Economy
2. Fiscal policies
3. Monetary policies
4. Balance of payment

The Real Economy	Fiscal Operations, Policies and Aggregate	Monetary Indicators and Policies	Balance of Payments
This component examines how the economy is performing in real terms — that is, in terms of goods and services produced, jobs created, and income generated	This block focuses on how the government raises and spends money, and how sustainable these choices are.	This block deals with how the central bank manages money supply, credit, and inflation to maintain price and financial stability	This summarizes all transactions between a country and the rest of the world — goods, services, income, and financial flows.
• **Composition of GDP:** How much each sector (agriculture, industry, services) contributes to total production and how this structure evolves over time. • **Sources of GDP Growth**: Whether growth is driven by consumption, investment, exports, or government spending. Growth based on productivity and investment is generally more sustainable than growth based on temporary booms or external aid. • **Potential Sources of Instability:** Identify risks such as dependence on a single export product, climatic shocks, or regional conflicts. • **External Balances:** Examine whether imports consistently exceed exports, leading to trade deficits, or if there are pressures on the exchange rate and foreign reserves.	• **Revenue and Expenditure Levels:** Compare total revenues (mainly taxes) to total spending. Is the fiscal deficit widening or narrowing? • **Tax Policy and Exemptions:** Evaluate whether the tax system is broad-based, fair, and efficient, or if many exemptions and waivers erode the tax base. • **Financing of the Deficit:** Understand how the government covers its deficit — through borrowing, grants, or money creation — and what risks each option entails. • **Debt Sustainability**: Assess whether public debt remains manageable over the medium term, taking into account interest payments, growth prospects, and fiscal discipline.	• **Inflation Control:** Analyze how well the central bank contains price increases through interest rate policy and monetary operations. • **Money Growth and Credit Policy:** Review the relationship between money supply, credit to the private sector, and overall demand. • **Banking Sector Regulation:** Examine prudential supervision, capital adequacy, and the soundness of the financial system. • **Financial Market Regulation:** Understand how monetary and financial policies interact to support investment and protect savers.	• **Trade Flows** (Imports/Exports): Assess whether the country exports enough to pay for its imports, or relies on external borrowing and grants. • **Financial Flows:** Examine capital inflows (foreign investment, loans, remittances) and outflows, as well as reserve accumulation. • **Vulnerability to External Shocks:** Determine how dependent the economy is on commodity prices, foreign markets, or external financing. • **Resilience Efforts:** Identify measures taken to diversify exports, build reserves, and strengthen competitiveness.

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See Guidelines Annex 4

Quick look at the debt situation

	Country	date	Risk of debt distress	Notes / headline debt stats
LIC-DSA	Bangladesh	(Jun 2025)	Moderate (external & overall)	Limited space to absorb shocks.
LIC-DSA	Cameroon	(Apr 2025)	High (external & overall)	Debt remains sustainable but at high risk.
LIC-DSA	Niger	(Jan 2025)	High (external & overall)	Downgraded from Moderate in 2024.
LIC-DSA	Rwanda	(May 2025)	Moderate (external & overall)	Risk remains Moderate in 2025 update.
LIC-DSA	Malawi	(Jul 2025)	In distress	Unsustainable under current policies
LIC-DSA	Senegal	-2025	Risk of distress	Hidden liabilities - no willingness to restructure
MAC-DSA	Kazakhstan	(Jan 2025)	Sustainable	Not specified in summary
MAC-DSA	North Macedonia	(Apr 2025)	Public debt on upward trend	≈63% of GDP (end-2024)
MAC-DSA	Eswatini	(Sep 2024)	Article IV does not flag sustainability risks	Not specified in summary
MAC-DSA	South Africa	(Jan 2025)	Sustainable but elevated financing needs	Above 75% of GDP (end-2024)
MAC-DSA	Colombia	(Sep 2025)	Sustainable, conditional on consolidation	≈61.2% of GDP (end-2024)
* Bolovia :	No data available			

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DRM : tax to GDP ratio

Country	Tax / GDP ratio	year
Bangladesh	7,40%	2024
Niger	9,60%	2022
Kazakhstan	11,86%	2023
Malawi	12,50%	2023
Rwanda	13,52%	2023
Cameroun	14,00%	2023
Colombia	15,28%	2023
North Macedonia	17,39%	2023
Senegal	19,50%	2023
Bolivia	23,90%	2023
Eswatini	24,70%	2023
South Afruca	26,10%	2023

Around 15% of GDP is widely cited as the **minimum level** of tax revenue needed for the state to perform its core functions. Below this level, countries generally:

- Struggle to maintain consistent funding for health, education, and infrastructure.
- Depend heavily on external grants or debt.
- Experience weak institutional capacity and service delivery.

Rule of thumb:

•**< 10%** → Fragile fiscal capacity, unable to sustain core services.
•**10–15%** → Basic service delivery possible but uneven; donor dependence remains.
•**15–20%** → Moderate fiscal space; more reliable service financing.
•**> 20%** → Capable of sustaining and expanding quality service delivery.

Exercises

Fictiland and sector context

- Fictiland a mountainous country, mostly rural population, numerous ethnic groups, three tier government structure
- Rapid economic growth over past 30 years: now a LMIC with poverty rate < 6% and substantial progress towards achievement of SDGs
- Strong infrastructural development but coming up against rising demand for electricity, to which access remains uneven (quality and grid)
- ECF has monopoly over grid but not over electricity generation (hydropower 38%, coal 32%, gas 17%)
- Power = 85% of Fictiland's GHG by 2030 (growth GHG/capita +5% year) with population and economy highly vulnerable to climate impact

EU cooperation with Fictiland

- Agreed focus for the next Multi-Financial Framework: renewable energies and climate action
- Intended modalities:
  - €100 million as a SRPC to the renewable energy sector (eligibility criteria have been verified as satisfied)
  - €30 million as a co-financing of investment costs in transmission lines with Member States, the ADB and the WB (probably blending)
  - Possible additional assistance in capacity strengthening (considering twinning)

20’ in groups
15’ plenary feedback

Exercise 1: Macro-economic policy

Section 2 of the **Background Document** (text and the IMF Article IV table) provides you with macroeconomic information in a summary. **Exercise 1**. focuses on sustained Fiscal balance only. Have a closer look at government’s fiscal policies.

Discuss in your group:

1. Which section of the IMF-table refers to the Government Financial Operations? In which line would you expect information about Budget Support?
2. Are Fictiland’s fiscal policies aimed at fiscal stability and hence contribute to macro-economic stability?
3. Based on the information about the fiscal balance only, would you consider Fictiland’s eligible for budget support on the macroeconomic criterion?

Any questions?

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Budget Support

Day 2: Core Concepts

Definition of EU budget support and eligibility criteria (continued)

Online Sessions

Quiz time: Budget support and eligibility criteria

RECAP Day 1

Mentimeter

European Commission

Analytical Grid PFM

- **Diagnostic of the PFM system:** aggregate fiscal discipline, strategic allocation of resources according to policy objectives, efficient use of resources for service delivery, compliance with laws and regulations.
- **Respect of PFM principles:** legitimacy and norms; rules, procedures, and due processes; transparency and accountability.
- **Key weaknesses:** reforms and milestones for monitoring progress?
- **PFM reform:** action plan, monitoring arrangements, sequencing and prioritization of reforms, political buy-in; corruption and fraud; institutional arrangements, institutional and financial resources, coordination, capacity strengthening needs, gender-responsive budgeting; green budgeting; key reforms for investment climate/business environment.

Assess all phases of the budget cycle (and esp. domestic revenue mobilisation, transparency and oversight), **at national and subnational / sector levels.**

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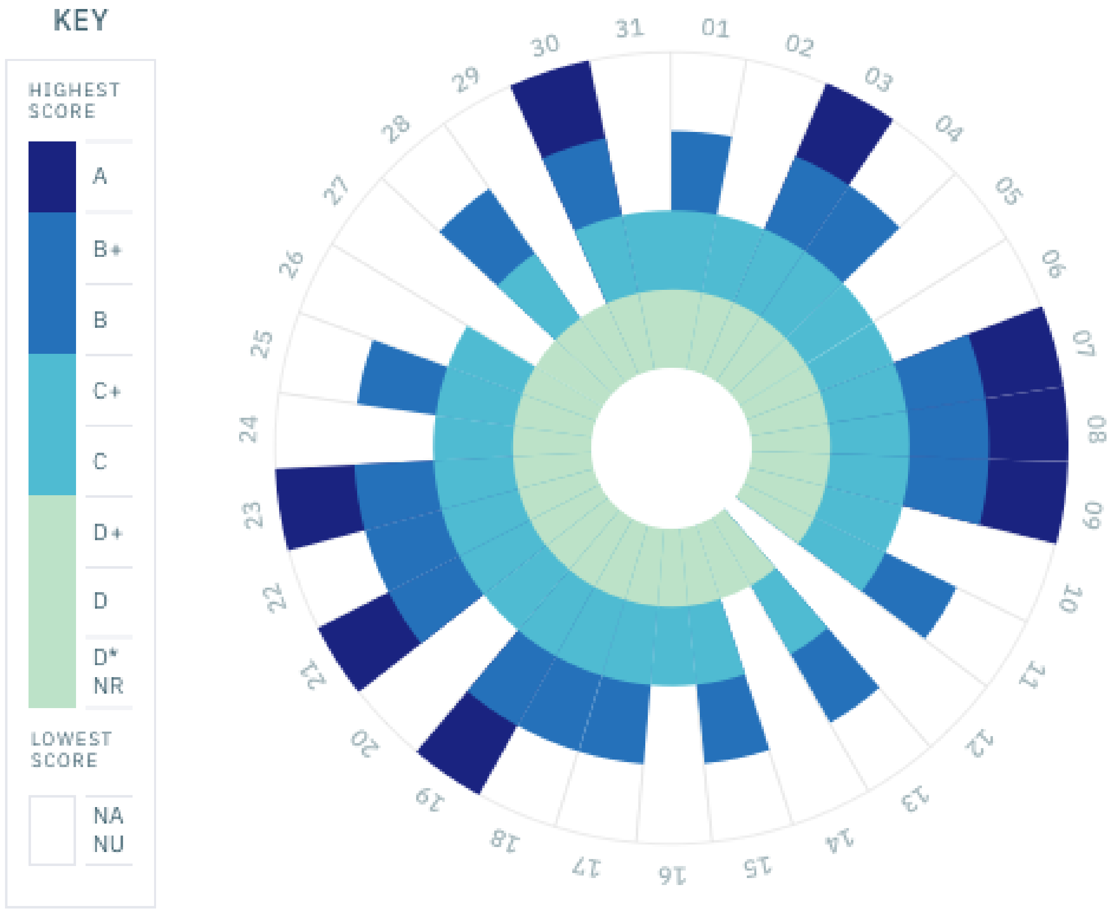
See Guidelines Annex 5

PEFA PFM Measurement tool



PEFA is a methodology for assessing public financial management performance. It identifies 94 characteristics (dimensions) across 31 key components of public financial management (indicators) in 7 broad areas of activity (pillars).
Method updated in 2016;
Various 'drill-down' instruments
Current focus at PFM Reform

www.pefa.org

European Commission

Exercise 2: Public Finance Management

40’ in groups
15’ plenary feedback

To ensure (continued) satisfaction of eligibility at either the start or during programme implementation, the PFM expert has identified a number of areas of concern. These are shown in Table 2.

Amongst these issues of concern in each of the analytical areas, please identify:

- Those requiring close monitoring and attention in policy dialogue and/or specific conditions
- Those that could usefully benefit from complementary assistance

Take the Fictiland document provided, read section 3 (PFM) and annex 2 (PEFA) and fill Table 2. The most relevant paragraphs for this exercise are marked in green

Exercise 2 – Table 2.1: PFM assessment

Issues	Issues identified	Possible CB	Point of Policy dialogue	Possible conditions (Performance Indicators)
① **Diagnostic of PFM:** aggregate fiscal discipline, strategic allocation of resources according to policy objectives, efficient use of resources for service delivery, compliance with laws and regulations.	Investment and recurrent budget planning separate threatening sustainability, budget credibility, strategic allocation of resources are weak. Efficient use of resources? Public investment management in particular at subnational level (energy)? Regulatory framework is in process of improvement			
② **Respect of PFM principles:** norms, rules, procedures, due processes, honesty/probity, legitimacy, transparency and accountability	PEFA PIs 15 to 23 score OK although expenditure commitment controls and internal audit need improvement. Procurement merits attention in a country with high public investment			

Tip: Use the Guidelines pages 36-41 and Annex 5, pages 98-116 for PFM assessment and pages 53 and 167-168 for tax administration

Exercise 2 – Table 2.2: PFM assessment

Issues	Issues identified	Possible CB	Point of Policy dialogue	Possible conditions (Performance Indicators)
③ **PFM Reform**: action plan, monitoring arrangements, sequencing and prioritization of reforms, political buy-in, corruption, ~~fraud~~, institutional arrangements, institutional and financial resources, coordination, capacity strengthening needs, gender issues	Poor relation between policies and budget. (multi-annual-) The institutional linkage between MOF and MOP is not conducive to improvement in budget formulation (dual budgeting). The Reform programme leaves out the investment component. Nothing is said on gender budgeting, so possible opening there			
④ **Tax administration**: tax collection and administration capacities, legal framework, illicit financial flows	Tax administration works efficiently. However, there is an (political?) issue of tax revenue collection at provincial level.			

! **Look at all phases of the budget cycle** (and esp. domestic revenue mobilisation, transparency and oversight), **at national and subnational levels.**

Tip: Use the Guidelines pages 36-41 and Annex 5, pages 98-116 for PFM assessment and pages 53 and 167-168 for tax administration

Requirement and focus for Transparency and oversight of the budget

- **For programme approval:** an '*Entry point' must be met. Focus on the publication of the Budget: either Executive's budget proposal or enacted budget within the previous or current budget cycle. Due attention to fiscal and audit reports (also follow-up).*
- **During implementation:** For each tranche disbursement: 'entry point still met?' means satisfactory progress (or no deterioration) in the production, public availability / accessibility, timeliness of release of budget/audit documents, quality and comprehensiveness of budget documentation (e.g. tax expenditures, borrowing plan)

Assessment of transparency and oversight	**Six major budget documents:** budget proposal; enacted budget; in-year reports [mid-year report]; year-end report; audit report and other documents (citizens' budgets).

See Guidelines Annex 6

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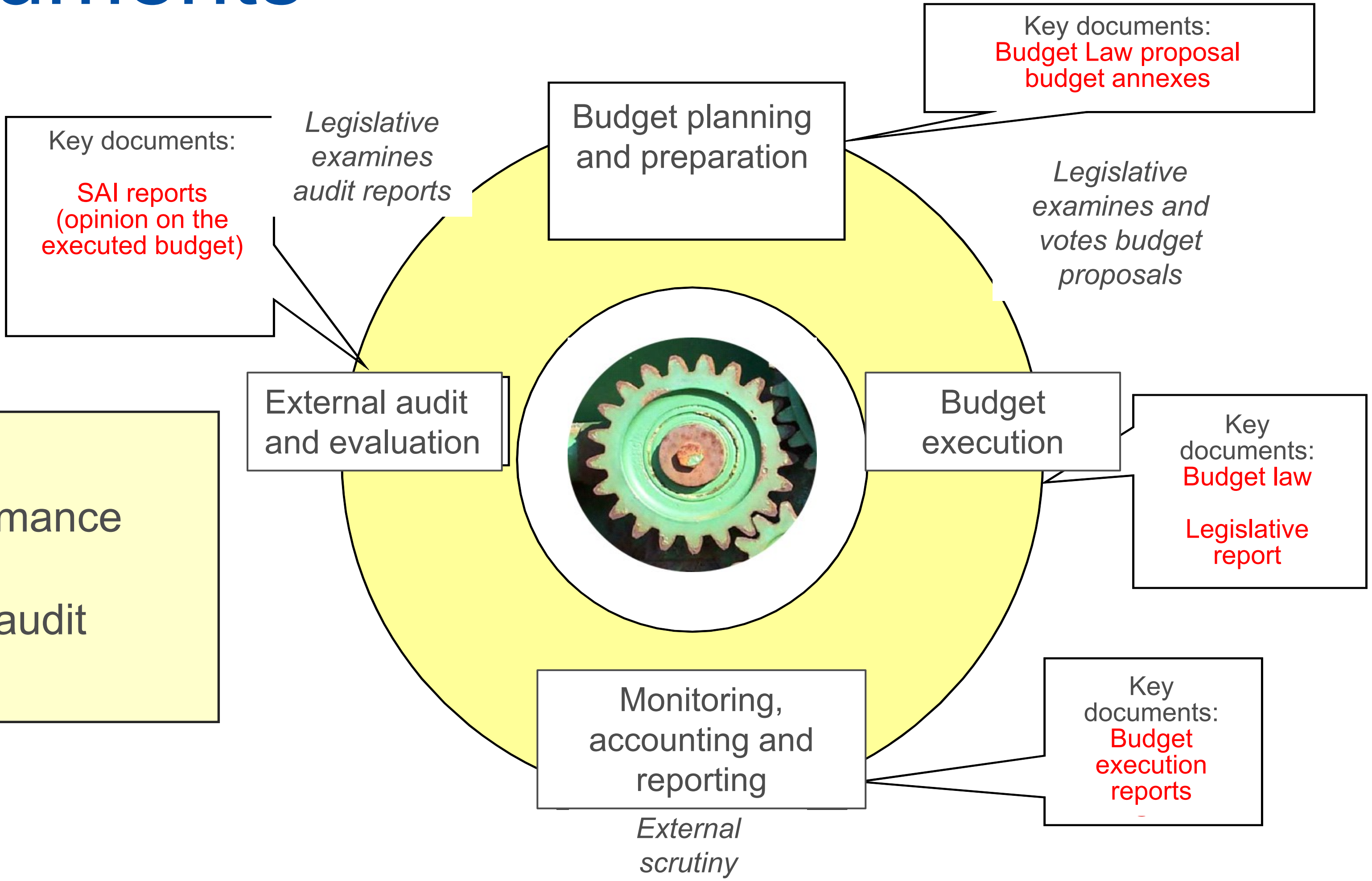
Budget cycle and essential budget documents



SAI report
Annual performance report
Performance audit report

Annual budget execution report

Quarterly and half-yearly execution reports

Executive Budget Proposal

Budget law including annexes (e.g. borrowing plan)

Various reports (e.g. tax expenditures, gender, climate)

Citizen budget

20' plenary discussion

Exercise 3: Budget transparency and external oversight

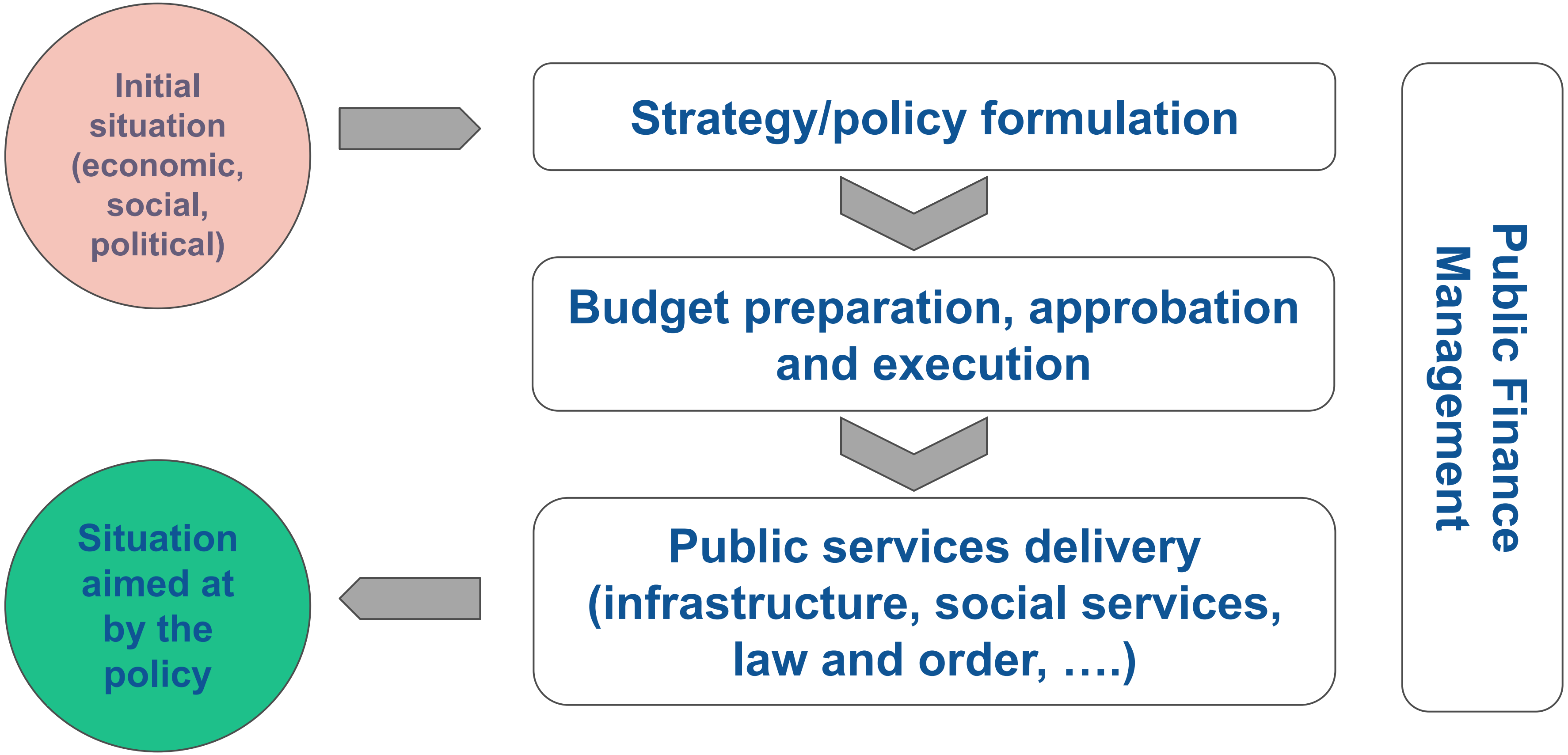
Table 3 shows the areas that should be analysed when assessing the country's eligibility to budget support with regards to budget transparency and oversight. With a view to ensure effectiveness of budget support and continued satisfaction of eligibility during programme implementation, please identify:

- Issues of concern that require close monitoring and attention in policy dialogue and/or specific conditions
- Issues that could usefully benefit from complementary assistance

Exercise 3 – Table 3: Budget transparency and external oversight assessment

Issues	Issues identified	Support to capacity building	Point of Policy dialogue	Possible conditions (Performance Indicators)
① **At programme approval: Entry point met:** Publication of the Budget within the previous or current budget cycle (either Executive's budget proposal or enacted budget)	Needs coherent budget classification Needs compatible reporting formats Scarce information at sector level			
② **During implementation**: **Entry point still met?** For each tranche disbursement, verified satisfactory progress (or no deterioration) in the production, public availability, timeliness of release of budget documents	Trend is positive but publication doesn't mean that the documents can effectively serve as support to analysis			
③ **Check on documents available**: Budget proposal	Yes with flaws			
Enacted budget	Yes but late			
In-year reports (mid-year reports)	Yes			
End-year report	Yes			
Audit report	Yes, but late & covers 60% only			
Other (such as citizens' budgets)	Yes			

Public policy process



- **Need to understand where decision are made, by whom**
- **Political Economy Analysis (PEA), Policy Dialogue process and Stakeholders analysis**

Public policy analysis

POLICY FRAMEWORK	> Policy content and policy formulation process > Policy coherence > Monitoring, evaluation and coordination mechanisms > Communication strategy
POLICY RELEVANCE	> Adequacy of Government response to country or sector challenges (contribution to sustainable growth, sector reform and service delivery, domestic accountability and oversight, resilience, crosscutting areas, …)
POLICY CREDIBILITY	> Past track record > Policy financing > Institutional capacities & ownership > Quality of data underpinning Policy

See Guidelines Annex 3

Exercise 4: Sector Policy

40’ in groups
20’ plenary feedback

The government of Fictiland has developed a new energy strategy for 2020-2050, with an implementation plan 2020-2030 which the EU is ready to support. The sector has been analysed and a summary can be found in the documents provided (sections 1 and 5). Similar to the previous exercises, from the analysis of the documents provided, please discuss and note in the template:

- Problematic areas
- Issues that might benefit from capacity building support
- The priority areas for Performance indicators of variable tranches
- The areas that need priority attention in monitoring (risks) and policy dialogue
- Any missing information you will need to design the budget support.

Tip: Read Section 1 (Sector context) and 5 of documents provided
To find out more, use the Guidelines pages 33-34 and Annex 3, pages 86-91

Exercise 4 – Table 4.1 – Sector Policy assessment

Issues	Issues identified	Support to capacity building	Point of Policy dialogue	Possible conditions (Performance Indicators)
① **Policy framework:** policy content and formulation, investment component with maintenance/recurrent costs, M&E system, coordination mechanisms, coherence of policies, communication strategy	There is no M&E system so data not reliable? There is a policy document but need more specifically on rural expansion of power. Large number of stakeholders: levels of Gov't, donors, sources of funding, beneficiaries. Are they all engaged? Pivotal role of Provinces. Reaching remote areas: equity considerations.			
② **Policy relevance:** contribution to overall objectives, response to sector challenges, inclusiveness of service delivery access and quality, sector governance (incl. oversight), tackling of cross-cutting issues (gender, youth)	Rural electrification is a priority of the national development policy Questions about the sustainability of expanding further the power Trade-offs between speed of roll-out and reaching remote communities Multiple objectives: green issues, gender, equity affordability, cost recovery, sustainability			

Tip: Read Section 1 (Sector context) and 5 of documents provided

To find out more, use the Guidelines pages 33-34 and Annex 3, pages 86-91

Exercise 4 – Table 4.2 – Sector Policy assessment

Issues	Issues identified	Support to capacity building	Point of Policy dialogue	Possible BS Condition (Performance Indicators)
③ **Policy credibility**: track record in policy implementation, policy financing (costing, MT budget allocations, budget comprehensiveness, financial sustainability, fiscal decentralisation), institutional capacity and ownership, quality of data underpinning policy	Weak human resources esp. at Provincial level Track record is positive Strong political commitment Financing is questionable (ODA is not secured, tariffs are still subsidised - will prices be adjusted? How will it affect rural incomes/equity? How is the grid going to be maintained?			
④ **Other risk areas** that require close monitoring	Energy pricing Uneven institutional capabilities (stable staffing?)			
⑤ **Missing elements required for analysis and decision-making**	Policy documents (details), annual plans and costing Credibility of assumptions?			

Tip: Read Section 1 (Sector context) and 5 of documents provided
To find out more, use the Guidelines pages 33-34 and Annex 3, pages 86-91

Budget Support

Core concepts: Choice of contracts and intervention logic

Online Sessions

Attention to fundamental values

Sustainable Development Goals Contract

SDG-C

A mutual and shared commitment to universal Fundamental Values assumed.

Positive assessment of country's adherence and **commitment to Fundamental Values**.

Sector Reform Performance Contract

SRPC

Country's adherence to Fundamental Values **taken into consideration** as part of the Risk Management Framework (RMF+).

At sector level the supported interventions should not harm and do maximum good (Rights-based approach)

State and Resilience Building Contract

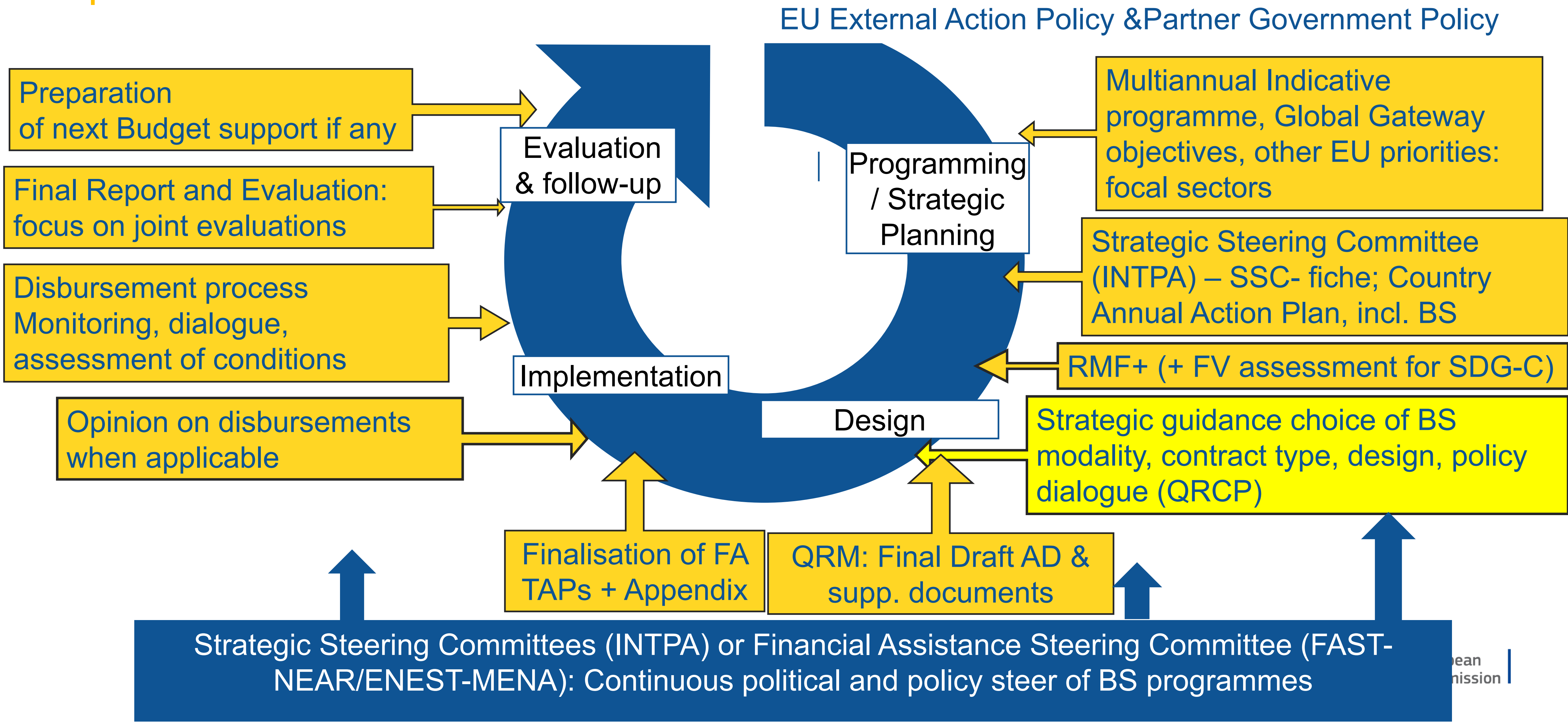
SRBC

Country's commitment to Fundamental Values and/or political response to improve the situation should be taken into account as part of the RMF+.

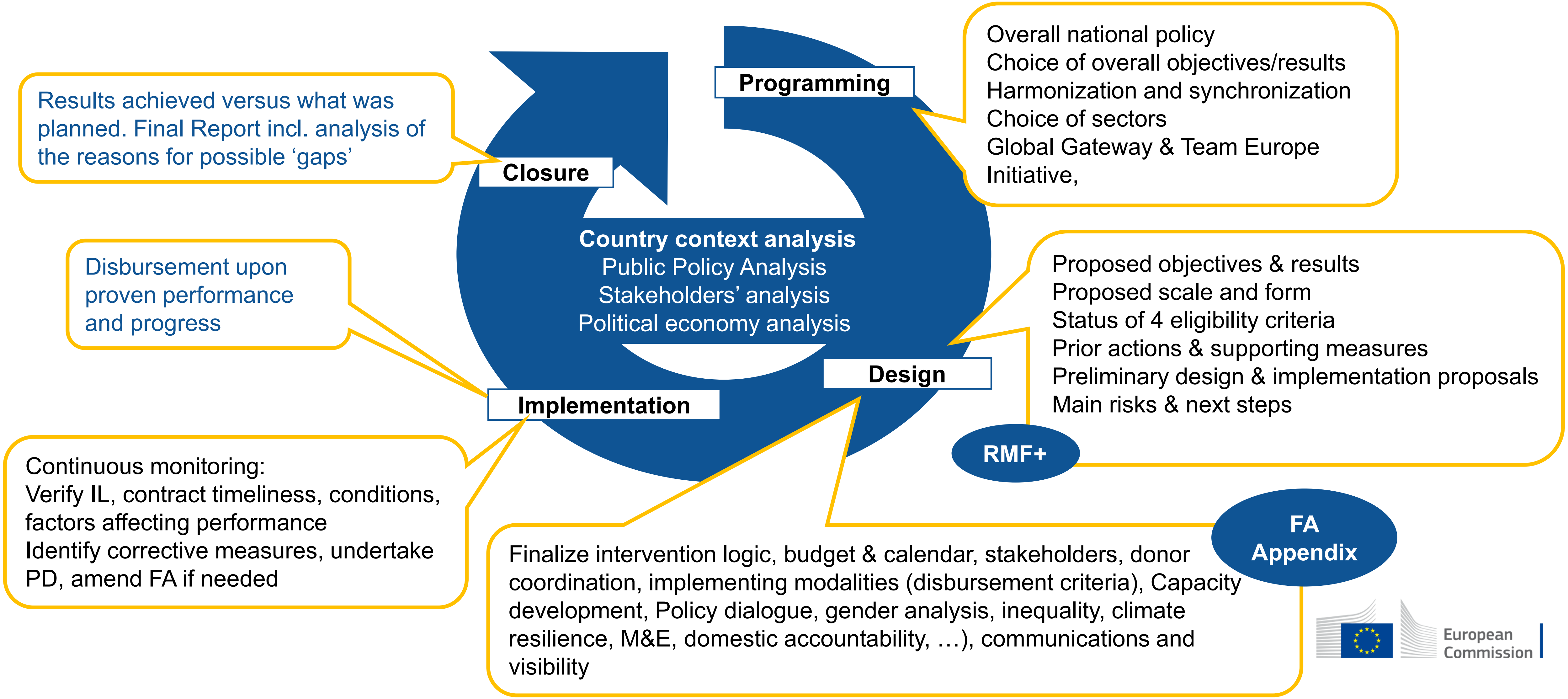
A forward-looking approach.

Opportunity of intervention vs. risk of inaction

EU Cycle of operations



The context analysis at the centre: A continuous and iterative process



Budget support Intervention Logic (OECD/DAC 2012)

GOVERNMENT POLICY & SPENDING ACTIONS (STRATEGY)

Inputs to Government policy & spending actions

Budget Support inputs	Direct Outputs	Induced Outputs	Outcomes	Impacts
Funds Conditions / indicators Capacity development Policy Dialogue	Improvement in the relationship between external assistance and the national budget and policy processes	Improved public policies, public sector institutions, public spending and public service delivery	Positive response by beneficiaries to government policy management, reforms and service delivery	Sustainable Growth & Poverty/Inequality Reduction, Stability

EXTERNAL FACTORS, CONTEXT FEATURES AND FEED BACK PROCESSES

Any questions?

European
Commission

Budget Support

Day 3 Continuation intervention logic; design

Online Sessions

Quiz time: Budget support eligibility criteria and intervention logic

RECAP Day 2

Mentimeter

European Commission

Exercise 5: Intervention Logic

30’ in groups
10’ plenary feedback

The EU analysed the complementary information and documentation received from the government and the policy eligibility criterion is satisfied. The EU has decided to provide a €100 million SRPC over 2025-2027 to support the expansion of sustainable energy in rural areas. Budget support design can start.

You are now tasked with preparing the Action document for the operation. As a first step, you will prepare the intervention logic of the operation, enabling you to clearly identify the expected contributions of budget support to the sector’s objectives, understand the dynamics that will produce the expected results, the assumptions made and the risks entailed. Please place the different elements at the right place in the intervention logic.

Tip: Remember esp. Sections 1 and 5 of documents provided and read section 6 (lessons learned

To find out more, use the Guidelines pages 21 and 22 and Annex 2, pages 81 to 85.

Exercise 5 – Table 5: Intervention Logic of support to the energy sector of Fictiland

	Results chain	Indicators	Mechanisms, processes, challenges/ risks and assumptions
Overall objective: impact			
Outcome(s)			
Induced Outputs			
Direct outputs			

Exercise 5.1 – IL of support to the energy sector of Fictiland - Example

Assumptions/risks

ECF technical back up provided to Provinces
ECF & GoF prioritise programme
GoF, ECF, DPs provide funding

DPs =TA pool funding
Gvt commitment to update tariffs/costs
Overcome political reluctance on improved budget mgmt

Proper technical back up must be provided by ECF to Provinces

Results chain	Indicators	Baseline (year)	Targets (year)
Overall objective: impact Improved living conditions in remote areas	Increased economic value generated by small businesses operating in rural areas Income levels in remote areas Health outcomes and literacy rates in remote areas	No known baseline	2023 baseline available 2025: +30% business 2025: Income :10% 2030: social indicators +5%
Outcome(s) Coverage of remote areas by off-grid electricity supply	• rural, mountainous and island areas households' access to a reliable electricity supply • Reduced hours of outages • accountability in sector	2021: 98% -	2030: 100% Reporting Yearly basis on budget, extension of access, number of households
Induced Outputs Improved Governance of energy sector	• M&E system operating • Disaggregated and detailed electricity data availability • Increased share of green power supply • Revision of tariff mechanism • Improved MT budget planning at province level • Improved management investments	2021: no baseline	M&E by 2022 Data by 2023 Tariff revised each year MT Budget available 2022
Direct outputs Funding of projects CB in PFM, project management, data collection Studies in electricity tariffs	• No of projects funded by ECF • No of projects funded by Provinces • No of feasibility studies completed • Trained staff at Provinces for budget management • Trained staff in project management • Data collection & treatment systems • Electricity tariff simulations	Not known	2030: 50 overall

Budget Support

Design and design simulation

Online Sessions

Design considerations

The design flows from the sector and eligibility criteria analysis and the ensuing policy dialogue. It involves:

- Connecting with **Global Gateway priorities/projects**, also with risks in **RMF+**
- Agreeing with government on basis for assessing **macro-economic stability**
- Agreeing with government on the **PFM Reform Strategy and its monitoring framework**: essential for assessing and disbursing.
- Agreeing with government on **policy**: essential for assessing and disbursing.
- Agreeing with government **on areas requiring capacity building support**, including macro-economic, public finance and sector governance.
- Agreeing with government on **access to information, means of verification and assessment, timing, principles and rating.**
- Agreeing with government on **coordination** and **monitoring** frameworks.
- Deciding **amounts, duration, size, phasing.**
- Agreeing with government on **fixed and variable tranches: number, amount, distribution.**
- Agreeing with government on **disbursement conditions**: incl. indicator definition, baseline, target, timing, scoring method.
- Agreeing with government on **Transparency and external oversight**: entry point and milestones for the programme implementation.

The role of Government Institutions

Key institutions involved and roles in preparing budget support

Line Min.	Foreign cooperation Liaison Office	Ministry of Finance
Policy definition	Programming	PFM Reform Strategy: Design and Implementation
Coordination within administration and with donors	Alignment with cooperation (accession) strategy	Coordination of reform effort with other PFM institutions (SAI, Parliamentary Committee) and line ministries
Policy dialogue	Monitoring link to IPA sub-committees	Coordination through SWG with donors, strong monitoring and reporting

Fulfil the agreed policy implementation within specified timeframe:

A dynamic interpretation of each eligibility criterion

The fulfilment of agreed indicators for performance tranches

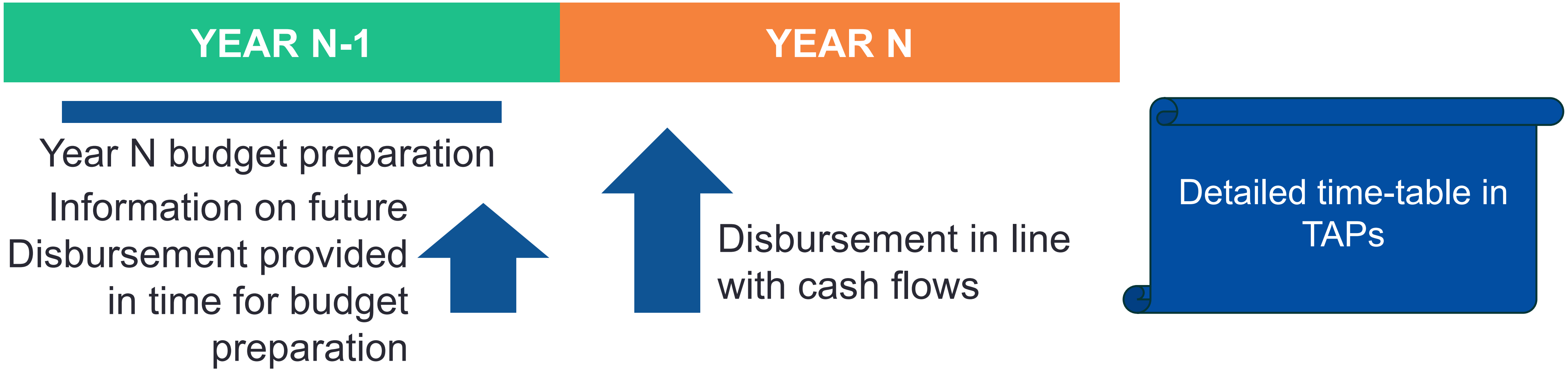
Funding arrangements

Understand the ‘additionality’ of budget support

- Ex post payment, i.e. once government has acted, incurred costs and achieved the agreed reforms/results
- Once paid, budget support funds are additional to domestic revenues
- Consider effects on the Medium-Term Fiscal Framework, strategic resource allocations according to overall policy priorities and within sector(s)
- Consider recurrent cost implications and sustainability.
- Additionality ≠ targeting – incentives for both MoF and line ministries (i.e. make required budget available for the line ministries to meet indicators)
- Focus dialogue, incentives and conditions on results and on the effectiveness and efficiency of policies/expenditures

Timing of disbursement and duration: BS predictability

Predictability in the short term: align to budget cycle and treasury cash flow



Predictability in the medium term: duration of contract:

- SDG-C and SRPC (3-4 years in principle), usually repeated
- 1- 3 years for SRBC (depending on volatility of situation, and specific objectives of the operation i.e. short-term stabilisation or structural fragility)
- **No floating tranches**

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Size and phasing of variable tranches

> Variable Tranche meant to have incentive effects and to signal specific performance issues: larger VT may have stronger incentive effect, but the PC is taking higher risks.

Balance needed between creating incentives and avoiding unpredictability and volatility of disbursements (start basis 30% Fixed Tranche and 70% VT)

Maximise the benefits

Minimise the risks

Disbursement profile specific to each operation (caution with 100% VT, which may tend to lower the importance of general conditions)

Funding profile: Energy SRPC in Fictiland

SRPC to the Energy sector of Fictiland of a maximum of €100 million over 2025-2027 with annual tranches of financial support with a fixed and a variable component, the variable component being performance based

Disbursement: amounts in Euros (= Maximum) and schedule

	2025		2026		2027		Total
	In € m	Timing	In € m	Timing	In € m	Timing	In € m
Fixed tranche							
Variable tranche							
Total BS							
CSA							

Maximum total amount €100m

European Commission

Illustration of funding profile: Energy SRPC in Fictiland

SRPC to the Energy sector of Fictiland of a maximum of €100 million over 2025-2027 with annual tranches of financial support with a fixed and a variable component, the variable component being performance based

Disbursement: amounts in Euros (= Maximum) and schedule

	2025		2026		2027		Total
	In € m	Timing	In € m	Timing	In € m	Timing	In € m
Fixed tranche	20	Q3	20	Q2	15	Q2	55
Variable tranche			10	Q2	15	Q2	25
Total BS	20		30		30		80
CSA	20	Q4					20

Maximum total amount €100m

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Complementary measures: Choices of capacity building support for Fictiland's energy sector

Background: SRPC to the Energy sector of Fictiland of a maximum of €100 million over 2025-2027 with €20m set aside for CSA

Area of change that requires strengthening	Type of capacity strengthening	Ministry/ Agency benefiting	Timing and length of intervention
Budget management at provincial level	Training	Provinces	continuous
Procurement	TA by EU Reform programme	Provinces	continuous
Energy information systems: from collection to treatment & publication	TA, training of statisticians, hardware if needed	FSO	asap
Tariff studies	Study	MOF and ECF	asap
Support to feasibility studies (greening)	Study, consultancies	ECF, market parties	asap
Studies on compensations for vulnerable groups (when electricity subsidy is lifted)	Study & research	MOF, other ministries	At the same time as tariff study
Legal and regulatory frameworks, norms and technical standards development for Renewable Energy & Independent Power Producers	TA, studies	Regulator, ECF, MOE	2022
Reinforcement of audit function (central & Province)	EU twinning with MS SAI	SAI	2021-2025
Participation in Pool fund on PFM TA	n/a funding only (PIMA Province to be foreseen)	Through IMF	
Participation in Pool fund on Energy TA	n/a funding only	Through ADB	

Which indicators for budget support?

Input	Process/ activities	Output	Outcome	Impact
Quantity of resources		Measurable service / physical aspect	Direct results of the actions	Changes in social / economic conditions
Increased funding for education	Improved strategic planning / budget	More schools and qualified teachers	More children at school/TVET Higher quality of education	Increased literacy /employability
Funding	Construction tenders finalized, training needs identified	NB of schools built/teachers trained	Enrolment and completion; learning outcomes	Literacy rate male/female Employment rate

Effectiveness: ratio of input/outcome OR output/outcome

Efficiency: ratio of input/output

(…) Most (variable tranche performance indicators) were focused on short-term actions rather than longer-term results, (…) Only 13 % of the 248 indicators reviewed measured outcomes or impacts in the supported sectors (…) which would enable the Commission to better measure longer-term results (..)

More than one third of the indicators were vaguely defined or had incorrect baselines, or none at all. This allowed for different interpretations as to whether targets had been achieved (..)

Particular attention should be paid to:

(a) Using performance indicators that are specific and do not allow different interpretations;

(b) Using baseline values and targets

Other ECA recommendations

- The Commission should:
- update baseline information prior to contract signature or correct the baseline values during contract implementation if necessary, by amending the budget support contract
- avoid situations in which the partner country achieves targets exclusively due to EU-funded technical assistance
- refrain from using sub-indicators in order to limit the actual number of indicators to the maximum described by the guidelines.

Practical steps in defining, verifying and using indicators

Fine-tuning the results chain in a participatory way

Elaboration, reconstruction of the intervention logic

Capturing change

Identification, selection of indicators

Ensuring reliable sources of data

Identify sources

The starting point of a given change

Identify baseline values

Setting the extent of the desired change

Establish targets

Contrasting theory and reality in a participatory way

Validate indicators

Don't forget: Establishing robust M&E arrangements is necessary to use indicators. Pay attention to the design of data collection systems and quality

Indicator Template (AD template June 2021)

Full Title Indicator	
Base line year 0	Source:
Target for year 1	Period under review; indicative date of completion; sources of verification, expected date of transmission to Commission; what would be considered partial completion; amount attached
Target for year 2 (etc)	As above
Indicator type	Process/ input/ output/ outcome (select 1)
SDG marker	No more than 3 SDGs
Purpose	5 digit purpose code (OECD-DAC Creditor Reporting System)
Relevance / reference to country's public policy	Demonstrate alignment (incl. exact reference if possible); relevance to the intervention logic and to policy dialogue priorities
Definition and calculation	Formula (numerator, denominator) or as used in government official documents; measurement unit (%, km, national currency etc.)
Disaggregation	If available by gender, geographic area, population groups
Data collection and publication	Department in charge of data collection, processing, analysis and publication; Usual publication periodicity, timeliness or delays observed in the past
Data quality	Data quality assurance (diagnostics, national strategy strengthening statistical systems); statistical weakness; confidence level; mitigation measures to overcome weaknesses
Risks or exogenous factors	Describe. Mitigating measures?

Exercise 6: Agreement on Performance Indicators

50’ in groups
20’ plenary feedback

After 18 months of intense discussions, the EUD and the Fictive Government are about to reach a final agreement on the performance indicators, to be disbursed in the form of 2 variable tranches (2026 and 2027)

Gradually the choice has been narrowed down to 12 indicators (see the list in section 8 of the background document) and negotiations now need to conclude on a final 8 indicators.

Use the criteria provided to assess and discuss which indicators are fit for purpose. Retain only 3 out of the 4 indicators proposed (in your group).

Group 1: **Grid and Solar development**: Please look at indicators 1, 4, 7 and 12

Group 2: **Grid and Governance**: Please look at indicators 1, 5, 6 and 8.

Group 3: **Grid and Social Assistance**. Please look at indicators 1, 8, 10 and 11..

Work in groups for 40 -50 minutes.

Table 6.1: Agreement on Performance Indicators

Indicator name	PI 1	PI 2	PI 3	PI 4	PI 5	PI 6	PI 7	PI 8	PI 9	PI 10	PI 11	PI 12
Type (input, output, process, outcome)												
Quantitative or qualitative?												
Target, baseline?												
Periodicity?												
Degree of annual change sufficient (Δ>5%)?												
Source (admin. Data or survey)?												
Methodological aspects clear?												
Under Government control?												
Disaggregation possible?												
Means of interpretation?												
Conclusion: keep or not?												

Traps to be avoided with Budget Support

- **Over-asking** (more than reasonably can be achieved).
- **Multiplicity of conditions** (use of sub-indicators).
- **Conditionalities beyond Government's control** (e.g. for legislative/judiciary).
- **Lack of clarity in the FA,** in particular related to the monitoring / measurement of indicators.
- **Taking over government's responsibilities** (e.g. TA delivers on a target directly).
- **Micro-management** (as opposed to government ownership).
- **Any reporting and auditing** over and above what is agreed upon.
- **Overloading the BS** because of perceived fears of risks.

Any questions?

European
Commission

Budget Support

Day 4 Monitoring and Disbursement simulation

Online Sessions

Quiz time

Let’s go to Menti!

Monitoring

Monitoring and evaluation (M&E)

What is it ?

Continuous system of routine collection of information.

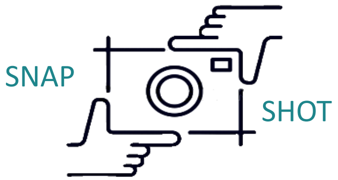
What does it do?

Determines progress in carrying out planned activities and measures progress towards achieving sector strategy objectives.

Why use it ?

To provide feedback to programme implementors, sector stakeholders, wider Government, donors, any other interested parties.

Snapshot assessment of statistical systems



- To quickly produce a concise situation of the National Statistical System in the country
- To assess the quality of official statistics and identify strengths and weaknesses of the NSS as a whole
- To inform "statistics partners" to help designing fitted/efficient support programmes and evaluate their impacts
- To help the NSS/NSO and their governing bodies to monitor the NSS development and performance
- To serve as a first level assessment to a more in-depth NSS assessment (NSDS)

Developed with Eurostat (Link)

Updated version in Spring 2023

Public good, available for all

What is subject to monitoring?

External factors, context, feedback processes

INPUTS

- Financial transfers
- Policy Dialogue
- Disbursement conditions
- Capacity development

OUTPUTS

- Improved relations between external support and national budget and policy processes

INDUCED OUTPUTS

- Strengthened public policies
- Strengthened public sector institutions
- Strengthened public spending
- Strengthened public service delivery

OUTCOME

- Positive beneficiaries' responses to government policy management and service delivery

IMPACTS

- Sustainable and inclusive growth
- Poverty & Inequality reduction
- Empowerment
- Social inclusion
- Climate resilience
- Biodiversity protected

Assumptions *Assumptions* *Assumptions* *Assumptions*

MONITORING AND DIALOGUE:

- Eligibility criteria
- Fundamental values
- Performance indicators

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Quiz time
How and when does the EU monitor?

Let’s go to Menti!

Monitoring a Budget Support programme: A continuous process

Follow up and data collection

- Reports from Min Finance, Central Bank
- IMF/WB / ECFIN Reports
- Sector reports (implementation)
- Enacted budget
- Reports on budget execution
- Assessments of PFM (PEFA, TADAT, PER, OBI)
- Implementation reports of PFM Action Plan
- Human rights reports
- M&E and disbursement indicators

Analysis

- Macroeconomic framework
- Progress in implementing policies
- Relevance/credibility of the policies
- Progress of PFM reform
- DRM (revenue) and Budget (expenditure) execution
- Availability/accessibility of budget documents
- Monitoring of performance indicators, achievement of results, specific objectives.
- Evolution of risks
- Monitoring of risk and mitigating measures

Payment file/ annual report

- Verify continued relevance/credibility of policies
- Macroeconomic assessment
- Annual progress on PFM Reform
- Assessment of progress in transparency
- Risk Management Framework (RMF+)
- M&E systems

POLICY DIALOGUE

The landscape for monitoring and performance

Demand	**Supply of information**	
Users Parliament Supreme Audit Institution Civil Society Central Statistical Office Academia	M&E structures • Mandate • Responsibilities • Tools	Adequate capacity for M&E • Specialised human resources
	Data • Integrity • Collection (administrative, surveys, evaluations) • Storage & Dissemination • Access/Use	Culture of Monitoring and performance • Internal/external demand for it • Management use and remedial actions taken • Use by external stakeholders

Policy & Strategy
Objectives, indicators, baselines & targets

Disbursement

Disbursement as expression of collaboration

Disbursement process

Partner country	Request for tranche release & engage in dialogue with EUD
EU Delegation	Engage in dialogue with national authorities, analyse tranche release request, assess tranche release and prepare a disbursement file. Submit clear recommendation
INTPA	Country Cooperation Teams (CCTs) make decisions on operations and payments, potentially involving discussion by the geographic Strategic Steering Committee (SSC) The SSC formally approves (or not) the operation and payment
EU Delegation	Geographical director provides visa for payment and issues letter – through the HOD- with key messages to be taken up in dialogue Verification of payments (incl. exchange rate verification)

Requirements for disbursement

	What is assessed by the EU	Required from Government
Public policy	Continued credibility and relevance of the strategy Satisfactory progress in implementation	Report on strategy implementation and sector progress Highlights on areas of special interest Progress on agreed performance indicators ***Challenges met & response provided***
Macro-economic stability	Stability oriented policies aimed at restoring key balances The country's vulnerability to external shocks	Report on annual macro-economic performance, incl. fiscal performance and DRM ***Challenges met & response provided***
PFM and budget transparency	Progress in implementation of Public Finance Management reforms Satisfactory access to budget information Progress in Domestic Resource Mobilisation	Report on progress of Public Finance Management reform implementation, incl. Domestic resource mobilisation Report on budget transparency ***Challenges met & response provided***

Illustration Fictiland : June 2026 assessment, Performance indicators

Indicator	Baseline	Year 2025		Weight	Maximum amount	Score
		Target	Actual			
Objective 1: Grid development						
1. PI1. Access	120500	155000	147000	10%	€1M	0.5
2. IP4: Renewable energy consumption	70000	95000	n.d.	10%	€1M	0
Objective 2: Sector governance						
3. IP6: Energy Information System	n.a.	yes	yes	20%	€2M	1
4. IP5: Recurrent Budget (%)	2.50%	2.50%	1.76%	10%	€1M	0
5. IP8: Electricity subsidy	68%	80%	68%	15%	€1.5M	0
6. IP9: Feed-in tariff	n.a.	yes	yes	10%	€1M	1
7. IP12: Solar development plan	n.a.	yes	yes	10%	€1M	1
Objective 3: Social protection						
8. IP10: Social assistance scheme	n.a.	yes	yes	15%	€1.5M	1

Calculating the Variable tranche

Standard method: Assess individual indicators:

- 0 = no progress;
- 0.5 = significant progress;
- 1 = target met

➢ Pro rata payment: aggregate the amounts for each indicator

Other methods possibles but more complex (check guidelines) –

Bottom-line: not unambiguous and fully understood by all sides

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Illustration Fictiland : Calculation of tranche

Indicator	Weight	Maximum amount	Score	Method 1
Objective 1: Grid development				
1. PI1. Access	10%	€1M	0.5	€0.5M
2. IP4: Renewable energy consumption	10%	€1M	0	€0M
Objective 2: Sector governance				
3. IP6: Energy Information System	20%	€2M	1	€2M
4. IP5: Recurrent Budget (%)	10%	€1M	0	€0M
5. IP8: Electricity subsidy	15%	€1.5M	0	€0M
6. IP9: Feed-in tariff	10%	€1M	1	€1M
7. IP12: Solar development plan	10%	€1M	1	€1M
Objectif 3: Social protection				
8. IP10: Social assistance scheme	15%	€1.5M	1	€1.5M
TOTAL DISBURSEMENT				**€ 6.0M**

TOTAL to disburse : € 6 million out of a maximum of € 10 million

European Commission

Exercise 7: Disbursement negotiation, June 2025

50’ in groups
20’ plenary feedback

A first year of budget support has passed. During 2025, you have kept close to the MoE and its various technical departments to monitor progress. You participated in the SWG with the other development partners and stakeholders. With the COVID-19 pandemic and its aftermath, policy plans could not be implemented as originally designed.

To support the Government in coping with the economic and fiscal consequences of the critical situation of Fictiland following the massive floods at end-2024, the EU already brought forward the payment of the 2025 fixed tranche. You are now sitting down with the authorities to discuss the disbursement of the 2026 variable tranche, which is based on the performance for 2025. Four out of the 8 indicators did not reach their 2025 targets, which were agreed in 2024….

For this exercise, you will be divided into two groups, one group representing the EUD, the other group representing the Fictive Government. Please nominate a speaker. Prepare your arguments for disbursement. An article has just been published in the Fictou Daily Post… see the provided documents.

European Commission

Disbursement report template

> **Introduction:** Overview table disbursements so far. Significant changes observed with respect to eligibility criteria; main developments country/sector context; follow-up on key recommendations from previous assessment; changes to Risk Management Framework (incl. reputational risk); conclusion on the proposed disbursement.

> **Review of the 4 eligibility criteria and policy dialogue**

> **Annexes**

- Government disbursement request
- Delegation's PFM (including DRM) and Transparency Report (3 years validity)
- Update PFM monitoring table (annually)
- Latest validated RMF
- Financing Agreement or latest amendment in force
- Sources of verification (general conditions and variable tranche indicators)
- In case last payment: Final Report

European Commission

Which documents to insert / Hyperlink in a disbursement file

Partner Country
Formal request from the Government

- **Cover Letter**
- **(i) Financial information form:** validity of bank account and Proof of transfer previous disbursement (exchange rate) (if not done before)
- **(ii) Analysis and evidence** of continued eligibility and targets achieved for the indicators of the variable tranche
- Calculation variable tranche and amount requested

EU Delegation

Template plus:

- Government policy framework (if new)
- Government policy implementation report and action plan
- Aide Memoire of Joint Review (if applicable)
- IMF reports; other macro-economic reports
- PFM Diagnostic reports
- Government PFM Reform progress report
- Policy dialogue framework / plan (if applicable)

EUROPEAN COURT OF AUDITORS

Finally, data need to be verified!

The Commission should:

a) review the underlying evidence supporting the performance data provided by partner countries in the disbursement request, unless it has already explicitly concluded that this data is reliable;

b) when using external reviews, require in the terms of reference the verification of the reliability of key performance data provided by partner countries. Before disbursing the variable tranche, verify that the experts have complied with this requirement.

Source: ECA, Data quality in budget support: weaknesses in some indicators and in the verification of the payment for variable tranches, 2019

European Commission

If things go wrong: Gradual and proportional response

Change in Fundamental Values	Response
Stable or positively progressing situation	• Minor adaptations for fine-tuning if required
Concerns arising	• Mitigation measures to be proposed • Roadmap for improvement
Significant deterioration	• Report from EU Delegation to Geographic Director (support by INTPA / NEAR-ENEST/MENA, EEAS). • Next to SSC / FAST. Suggestions for precautionary measures (complementary actions?); delay in disbursement; reduction of BS
Extreme cases	• Suspension and if needed termination of the financing agreement • Possible re-allocation of resources to non-governmental activities

Questions and Answers INTPA Unit E1

Rounding Up: relevant information?

- **On INTPA Internet:** https://ec.europa.eu/international-partnerships/budget-support_en
- **On INTPA Intranet:** Always refer to it (for templates, documents etc)
  - https://myintracomm.ec.europa.eu/dg/intpa/eu-development-policy/budget-support-public-finance-domestic-revenue/Pages/budget-support.aspx
  - Links to Videos:
    - What is EU budget support? – https://bit.ly/EUbudgetsupportVideo1
    - How EU budget support operates – https://bit.ly/EUbudgetsupportVideo2
    - EU budget support, a partnership for results – https://bit.ly/EUbudgetsupportVideo3
    - EU budget support at the time of crisis, the State and Resilience Building Contract – https://bit.ly/EUbudgetsupportVideo4

- **On Capacity4Dev platform:**
  - Restricted group « Budget Support Network » - https://europa.eu/capacity4dev/bsn
  - Public Group: « Economics, public finance, domestic revenue mobilisation & budget support » - https://europa.eu/capacity4dev/macro-eco_pub-fin - Training material available here

European Commission

Training Evaluation Form

Dear participants,

please refer to chat box for completion of the form before leaving the virtual training.

TEST OUT

Dear participants,

please refer to chat box for completion of the survey before leaving the virtual training.

Keep in touch

Use your **EU Login** credentials to join Capacity4dev.eu

Connect with us

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Thank you

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