



EUROPEAN UNION
DELEGATION OF THE EUROPEAN UNION FOR THE PACIFIC
Head of Cooperation

Suva,

Levan Bouadze
Resident Representative
Pacific Office in Fiji
United Nations Development Programme
Level 8, Kadavu House
414 Victoria Parade, Suva,
FIJI

Subject: Approval & signature of the NDICI ASIA/2022/ 433-294: Accountable Public Finances to serve Pacific people – Vaka Pasifika Contribution Agreement

Dear Mr. Bouadze,

I am pleased to approve the above-mentioned Contribution Agreement. Please find enclosed **three** signed originals of the contract and its annexes. Following your signature, please send two original copies to the Delegation using a reliable courier to the following address, and retain one copy for your records.

European Commission
Delegation of the European Union for the Pacific
For the attention of the Head of Cooperation
Level 6, Tappoo City Complex
Corner of Scott & Usher Streets, Suva
Fiji

We wish you all the best in the implementation of this programme.

Yours sincerely,

Michal KREJZA
Head of Cooperation



Cc: Marine Destrez, PFM Project Manager - UNDP

Encl: Vaka Pasifika (NDICI ASIA/2022/ 433-294) contractual documents

EUROPEAN UNION CONTRIBUTION AGREEMENT

NDICI ASIA/2022/ 433-294
(the "Agreement")

The European Union, represented by the European Commission (the “**Contracting Authority**”), first counterparty,

and

United Nations Development Programme (UNDP)
International Organisation
One UN Plaza
10017 – New York, USA,
hereinafter the “**Organisation**”

, second counterparty, (individually a "Party" and collectively the “Parties”) have agreed as follows:

SPECIAL CONDITIONS

Article 1 - Purpose

- 1.1 The purpose of this Agreement is to provide a financial contribution to finance the implementation of the action “**Accountable Public Finances to serve Pacific people – Vaka Pasifika**” as described in Annex I (the “Action”). This Agreement establishes the rules for the implementation and for the payment of the EU Contribution, and defines the relations between the Organisation and the Contracting Authority.
- 1.2 The Action is a Multi-Donor Action and the EU Contribution is not earmarked.
- 1.3 The Organisation declares that no substantial changes, which have not already been communicated to the Commission, affect the rules and procedures which have been subject to the Ex-ante Pillar-Assessment.

In the performance of the activities, the Organisation shall:
 - Apply its own rules and procedures for the award and management of Procurement Contracts which have been assessed in the Ex-ante Pillar Assessment, and
 - Apply its own rules and procedures for the award and management of Grants, which have been assessed in the Ex-ante Pillar Assessment.
- 1.4 The Action is financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
- 1.5 The Organisation shall provide a management declaration in accordance with Articles 3.10 of Annex II with every progress and final report.
- 1.6 This Agreement is subject to the provisions of the Financial and Administrative Framework Agreement (FAFA) between the European Union and the United Nations signed on 29 April 2003 and as amended on 31 December 2018.

Article 2 - Entry into Force and Implementation Period

Entry into Force

2.1 The Agreement shall enter into force on the date when the last Party signs.

Implementation Period

2.2 The implementation period of the Agreement (the "Implementation Period") shall commence on:
- 1st July 2022

2.3 The Implementation Period of the Agreement is 53 months.

Article 3 - Financing the Action

3.1 The total cost of the Action¹ is estimated at USD ("Currency of the Agreement") 6,759,329.10, as set out in Annex III. The Contracting Authority undertakes to provide a contribution up to a maximum of EUR 6,000,000.00, which is estimated at USD 6,458,400² (the "EU Contribution").

The final amount will be established in accordance with Articles 16 to 18 of Annex II.

Remuneration

3.2 The remuneration of the Organisation by the Contracting Authority for the activities to be implemented under this Agreement shall be 7% of the final amount of eligible direct costs of the Action to be reimbursed by the Contracting Authority.

Interest on pre-financing

3.3 Interest generated on pre-financing shall not be due.

Article 4 - Payment Arrangements and Reporting

4.1 The pre-financing rate is 100%.

4.2 Payments shall be made in accordance with Article 17 of Annex II. The following amounts are applicable, all subject to the provisions of Annex II:

First pre-financing instalment	USD 934,738
Second pre-financing instalment	USD 1,483,216
Third pre-financing instalment	USD 1,579,645
Fourth pre-financing instalment	USD 2,460,801
Forecast balance	USD 0

These amounts are indicative and subject to modification in accordance with the provisions of Article 17 of Annex II.

The sum of the payments in the accounting currency of the Organisation shall not exceed the total EU Contribution in EUR.

4.3 The Organisation acknowledges that the European Commission intends to progressively introduce an Electronic Exchange System (the "System") for the electronic management of this Agreement.

The Organisation shall submit the information referred to in Article 3.7 b) of Annex II via the System for all reports under this Agreement;

¹ This amount is introduced only for indicative purposes. It is an estimate and its evolution does not condition the EU Contribution.

² As per Inforeuro exchange rate of June 2022 (1 EUR = 1.0764 USD)
May 2022

The European Commission shall inform the Organisation at least three months prior to the date on which other documents and processes related to this Agreement (including reports, payment requests, communications and formal amendments as per Article 10.1 of Annex II) are to be processed via the System.

Article 5 – Communication language and contacts

- 5.1 All communications to the Contracting Authority in connection with the Agreement, including reports referred to in Article 3 of Annex II, shall be in English.
- 5.2 Subject to Article 4.3, any communication relating to the Agreement shall be in writing, shall state the Contracting Authority's contract number and the title of the Action, and shall be dispatched to the addresses below.
- 5.3 Subject to Article 4.3, any communication relating to the Agreement, including payment requests and attached reports, and requests for changes to bank account arrangements shall be sent to:

For the Contracting Authority

European Commission
Delegation of the European Union for the Pacific
For the attention of the Head of Finance, Contracts & Audits Sections
Level 6, Tappoo City Complex
Corner of Scott & Usher Streets, Suva
Fiji

Copies of the documents referred to above, and correspondence of any other nature, shall be sent to:

European Commission
Delegation of the European Union for the Pacific
For the attention of the Head of Cooperation
Level 6, Tappoo City Complex
Corner of Scott & Usher Streets, Suva
Fiji

For the Organisation

Levan Bouadze - UNDP Resident Representative
United Nations Development Programme Pacific Office
Kadavu House
414 Victoria Parade, Suva, Fiji

- 5.4 Ordinary mail shall be deemed to have been received on the date on which it is officially registered at the address referred to above.
- 5.5 The contact point within the Organisation, which shall have the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate the latter's operational activities shall be:

Office of Audit and Investigations, Head of Investigation Section, United Nations Development Programme, One United Nations Plaza, DCI Building 4th Floor, New York, NY 10017, USA.

- 5.6 All exchanges concerning the Early Detection and Exclusion System shall take place between the Contracting Authority and the authorised person designated by the Organisation, which is:

Levan Bouadze - UNDP Resident Representative
United Nations Development Programme Pacific Office
Kadavu House, 414 Victoria Parade, Suva, Fiji

DA
KMA

Article 6 - Annexes

6.1 The following documents are annexed to these Special Conditions and form an integral part of the Agreement:

- Annex I: Description of the Action (including the Logical Framework of the Action)
- Annex II: General Conditions for Contribution Agreements
- Annex III: Budget for the Action
- Annex IV: Financial Identification Form
- Annex V: Standard Request for Payment
- Annex VI: Management Declaration template

6.2 In the event of a conflict between these Special Conditions and any Annex thereto, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex II and those of the other Annexes, the provisions of Annex II shall take precedence.

Article 7 – Additional specific conditions applying to the Action

7.1 The following shall supplement Annex II:

7.1.1 Where the implementation of the Action requires the setting up or the use of one or more project offices, the Organisation and/or the Partner(s) may declare as eligible direct costs the capitalised and operating costs of the structure if all the following conditions are fulfilled:

- a) They comply with the cost eligibility criteria referred to in Article 16.1 of Annex II;
- b) They fall within one of the following categories:
 - i) costs of staff, including administration and management staff, directly assigned to the operations of the project office. The tasks listed in the Description of the Action (Annex I), undertaken by staff assigned to the project office will be directly attributable to the implementation of the Action.
 - ii) travel and subsistence costs for staff and other persons directly assigned to the operations of the project office;
 - iii) depreciation costs, rental costs or lease of equipment and assets composing the project office.
 - iv) costs of maintenance and repair contracts specifically awarded for the operations of the project office;
 - v) costs of consumables and supplies specifically purchased for the operations of the project office;
 - vi) costs of IT and telecommunication services specifically purchased for the operations of the project office;
 - vii) costs of energy and water specifically supplied for the operations of the project office;
 - viii) costs of facility management contracts including security fees and insurance costs specifically awarded for the operations of the project office;
- c) Where costs of the project office are declared as actual costs, the Organisation and/or the Partner(s) may declare as eligible only the portion of the capitalised and operating costs of project office that corresponds to the duration of the Action and the rate of actual use of the project office for the purposes of the Action.
- d) Costs of the project office not declared as actual costs are only eligible if they have been ex ante-assessed by the European Commission.

Done in Suva in three originals in the English language, two for the Contracting Authority and one for the Organisation.

For the Organisation

Name : Levan Bouadze

Position : UNDP Resident Representative

Signature : 

Date : 30.06.2022

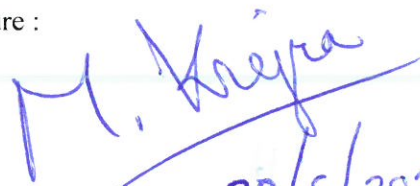
For the Contracting Authority

Name : Michal Krejza

Position : Head of Cooperation

Signature :

Date :


30/6/2022

Annex I – Description of the Action

Project Title: Accountable Public Finances to serve Pacific people – Vaka Pasifika¹
NDICI 2022/433- 294

Brief Description

Pacific Islands countries (PICs) boast “big ocean” economies, with young and mobile populations and highly resilient and adaptative societies. Past and recent investments have however fallen short of developing diverse economies offering inclusive services and opportunities, resilient to external shocks and the increasing pace of climate disasters. While the scale of Pacific economies does not allow them to respond to all these challenges alone, public investment and revenues would gain from empowered officials accountable to keep basic service delivery and development priorities in mind while driving fiscal decisions.

For this reason, the “Accountable Public Finances to serve Pacific people – Vaka Pasifika” project (hereafter Vaka Pasifika project) builds on the results of the “Strengthening Public Finance Management and Governance in the Pacific” (PFM) project implemented between 2018 and 2022. The proposed overarching goal of this project is to strengthen the governance mechanisms enabling Pacific countries to deliver public services that are better calibrated to meet specific needs of the people. Its specific focus will be to ensure scarce Pacific resources are better managed and the resource base available for achieving national development goals will be increased. To achieve this goal, PIC economies require stable and reliable institutions implementing the right mix of creativity and rigor informed by ground reality. The Project will contribute to this vision by (a) supporting oversight institutions and decision makers to define and implement their priorities through leadership and institutional capacity strengthening and (b) enhancing responsiveness of service delivery and public finance management by developing institutional mechanisms for engagement and openness and strengthening civil society capacity.

Contributing UNDP Outcome (UNDAF/CPD, RPD or GPD):

- UNDP signature solution: Governance helping countries address emerging complexities by “future-proofing” governance systems through anticipatory approaches and better management of risk
- SRPD Outcome 5: By 2022, people and communities in the Pacific will contribute to and benefit from inclusive, informed and transparent decision-making processes, accountable and responsive institutions, and improved access to justice.
- **Output 5.2.** Increased transparency and accountability in governance institutions and formal and informal decision-making processes.
- **Output 5.3.** More women and men benefit from strengthened governance systems for equitable service delivery.

Indicative Outputs

Project Output 1: Well-run oversight institutions promote accountable and transparent governance for more efficient and inclusive service delivery (GEN 2)

Project Output 2: Budget planning, implementation and oversight processes are inclusive and people-centred (GEN 2)

¹ Vaka Pasifika roughly translates to “Pacific Way” – vaka is a maritime term which refers through the Pacific to various sea vessels. Applied to PFM it captures the ambition of the project to ensure Pacific priorities inform PFM reform and accountability frameworks. The term was coined by CSO partners consulted to choose a name for the PFM project community of practice and became the name of the PFM online platform and PFM training over the course of the COVID-19 lockdown. As such, it is a reference to the community and ties created through the phases of the project.

TABLE OF CONTENT

Table of content	2
Acronyms and Abbreviations	2
I. Background and Development Challenge	4
II. Relevance of the action and Strategy	16
III. Objectives, Results and Partnerships	22
IV. Project Management and Governance Arrangements	34
V. Visibility and Communication	39
VI. Results Framework (Logical Framework)	40
VII. Monitoring And Evaluation	42
VIII. Indicative Multi-Year Work Plan	44
IX. Appendixes	48

ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
COP	Community of Practice
CPA	Commonwealth Parliamentary Association
CSO	Civil Society Organization
EITI	Extractive Industries Transparency Initiative
EU	European Union
FBO	UNDP's flagship initiative on Pacific Parliamentary support "Pacific Floating Budget Office"
FEMM	Forum Economic Ministers Meeting (Pacific Islands Forum Secretariat)
GOPAC	Global Organization of Parliamentarians Against Corruption
HACT	Harmonized Approach to Cash Transfers
IMF	International Monetary Fund
INTOSAI	International Organization of SAI's
IPSA	International Professional Service Agreement
IPU	Inter-Parliamentary Union
IRRF	Integrated Results and Resources Framework
MoF	Ministries of Economy/Finance
MoP	Ministry of Planning
MP	Member of Parliament
NIE	National Implementing Entity
OBI	Open Budget Index
PASAI	Pacific Association of Supreme Audit Institutions
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
PFM project	Strengthening Public Finance Management and Governance in the Pacific

PFTAC	Pacific Finance Technical Assistance Center
PIANGO	Pacific Islands Association of Non-Government Organizations
PICs	Pacific Islands Countries
PIFS	Pacific Islands Forum Secretariat
PILON	Pacific Islands Law Officers Network
PINA	Pacific Islands News Association
PIPSO	Pacific Islands Private Sector Organization
PAC	Public Accounts Committee
PMF	SAI Performance Management Framework
SAI	Supreme Audit Institution
SDGs	Sustainable Development Goals
SPC	South Pacific Community
UNCAC	UN Convention Against Corruption
UNDP	United Nations Development Programme
UNPS	United Nations Pacific Strategy

I. BACKGROUND AND DEVELOPMENT CHALLENGE

Development context: Limited resources not being maximized for poverty reduction

1. Pacific Islands countries (PICs) boast “big ocean” economies, with young and mobile populations and highly resilient and adaptative societies. All the Islands are ranked as low-income (Kiribati, Federated States of Micronesia (FSM), Papua New Guinea (PNG), Solomon Islands, Timor-Leste, and Vanuatu) or middle-income countries (Fiji, Marshall Islands, Tonga, and Tuvalu) except Cook Islands, Palau and Nauru that are ranked as a high-income country². Samoa and Vanuatu have graduated in the past decade from Least Developed Country (LDC) status and Solomon Islands is scheduled to graduate in 2024. In addition, seven countries are considered fragile states (Kiribati, RMI, FSM, PNG, Solomon Islands, Timor-Leste, Tuvalu) according to the World Bank³. Individual economies are relatively small scale, with only PNG and Fiji having populations closer or over 1 million people. Narrow economic bases inherited from a colonial history continue to leave most PIC’s extremely vulnerable to global price fluctuations beyond their control. PICs are heavily reliant on exports subject to shocks (tourism, natural resources exportation, fishing licenses and trust funds), to foreign aid (between 20 to 60% of GDPs in the Pacific) and remittances.

Figure 1: SPC Pacific Pocket Statistical Summary 2020

COUNTRY/TERRITORY PAYS / TERRITOIRE	GROSS DOMESTIC PRODUCT (GDP – in current prices) PRODUIT INTERIEUR BRUT (PIB – en devises locale)					INTERNATIONAL MERCHANDISE TRADE (thousands USD) COMMERCE EXTERIEUR (milliers \$US)				GOVERNMENT FINANCE (% of GDP) ^a COMPTES NATIONAUX (% du PIB) ^a		
	Currency Devises	Local currency unit (thousands) Devises locale (milliers)	USD (thousands) SUS (milliers)	Per capita (USD) Par habitant (SUS)	Year Année	Exports Exportations	Imports Importations	Trade balance Balance commerciale	Year Année	Revenue	Expenditure	Year
										Recettes	Dépenses	Année
American Samoa	USD	636,000	636,000	11,245	2018	385,152	654,764	-269,612	2016	n.a.	n.a.	-
Cook Islands	NZD	575,400	379,074	24,913	2019	17,464	134,664	-117,200	2019	38.8	30.1	2017
Federated States of Micronesia	USD	401,932	401,932	3,830	2018	46,770	197,980	-151,210	2018	79.1	64.5	2017
Fiji	FJD	11,846,000	5,483,513	6,152	2019	1,031,720	2,782,270	-1,750,551	2019	27.9	26.5	2017
Guam	USD	5,920,000	5,920,000	34,153	2018	32,234	n.a.	n.a.	2019	n.a.	n.a.	-
Kiribati	AUD	244,223	181,555	1,636	2016	12,223	131,635	-119,412	2019	104.3	87.4	2017
Marshall Islands	USD	236,932	236,932	4,337	2019	0	75,000	-75,000	2018	70.0	65.5	2017
Nauru	AUD	177,995	132,998	11,666	2018	8,796	47,160	-38,364	2018	74.7	94.5	2018
Niue	NZD	43,536	30,123	18,756	2018	1,207	11,984	-10,776	2018	n.a.	n.a.	-
Northern Mariana Islands (CNMI)	USD	1,323,000	1,323,000	23,550	2018	0	591,616	-591,616	2019	n.a.	n.a.	-
Nouvelle-Calédonie	XPF	1,028,000,000	10,177,200	37,448	2018	1,675,813	2,952,155	-1,276,341	2019	n.a.	n.a.	-
Palau	USD	280,429	280,429	15,673	2019	4,292	192,699	-188,407	2019	40.2	n.a.	2017
Papua New Guinea	KINA	84,554,000	24,960,341	2,854	2019	7,897,419	3,471,402	4,426,017	2018	17.1	19.6	2018
Pitcairn	NZD	217	153	3,056	2005	600	1,523	-922	2017	n.a.	n.a.	-
Polynésie française	XPF	623,974,000	6,177,343	22,308	2018	147,502	2,245,929	-2,098,427	2018	n.a.	n.a.	-
Samoa	SAT	2,241,334	846,104	4,284	2019	52,597	389,321	-336,723	2019	34.0	34.7	2017
Solomon Islands	SBD	13,070,000	1,598,461	2,295	2019	569,609	600,635	-31,026	2018	41.3	39.3	2018
Tokelau	NZD	15,700	10,343	6,882	2019	0	3,027	-3,027	2017	n.a.	n.a.	2017
Tonga	TOP	1,164,000	508,435	5,081	2019	20,254	267,253	-246,999	2019	29.9	26.8	2018
Tuvalu	AUD	63,746	44,316	4,223	2019	209	26,560	-26,351	2017	161.5	121.9	2016
Vanuatu	VUV	106,740,000	939,312	3,260	2019	56,392	360,364	-303,972	2019	30.9	29.1	2017
Wallis et Futuna	XPF	15,000,000	139,500	11,674	2015	0	65,000	-65,000	2018	n.a.	n.a.	-

2. The regular recurrences of natural disasters, combined with political instability in the Melanesian and Polynesian sub-regions also pose a constant economic threat and a potential disincentive to investments. Seven PICs have been classified by the IMF or ADB at high risk of debt distress, mostly due to their vulnerability to climate change. These widespread fragility factors resulted in some Pacific economies being significantly impacted by the COVID-19 pandemic between 2020 and 2021 even though swift border closure and quarantine enforcement by Pacific governments allowed the region to remain mostly free of

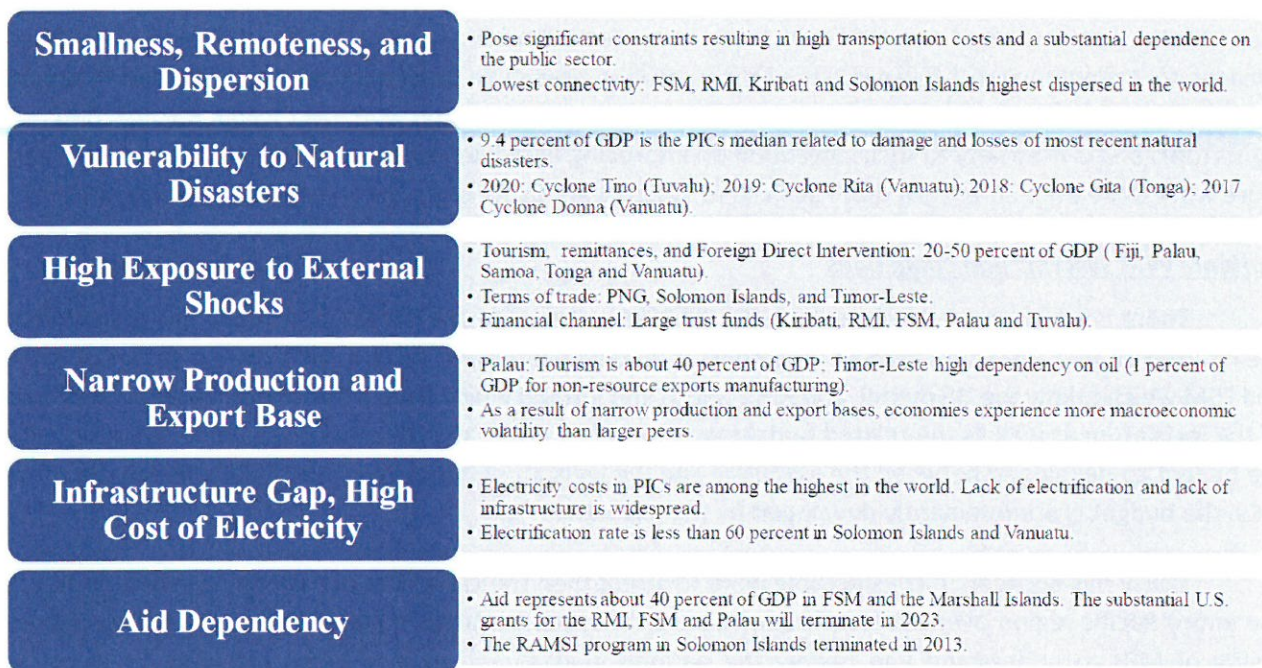
² World Bank Knowledge Database, consulted March 2022 available at: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

³ 2022 World Bank: <https://thedocs.worldbank.org/en/doc/bb52765f38156924d682486726f422d4-0090082021/original/FCSList-FY22.pdf>

community transmission until mid-2021. Forecasts predict a return to positive growth in the Pacific in the short to medium term.

3. Despite the relatively strong technical economic ratings many PICs have achieved, maximising the use of their natural and human resources to reduce poverty and ensure that no-one is left behind has been much more challenging. Most PIC economies have specific spatial characteristics – small populations, dispersal, and remoteness - that underlie significant regional inequalities in access to vital public services such as health, water, education and sanitation. Key human development indicators such as literacy and life expectancy often vary greatly between centres and outer islands, as well as between and within rural and urban areas. This common pattern of uneven development has both technical and political drivers. Technically, remoteness, combined with lack of infrastructure connecting communities, can make it disproportionately expensive, per capita, to deliver centralised services to outer islands. In Solomon Islands, for example, the cost of outreach visits by rural health clinics are up to 12 times higher in the provinces than in the capital, Honiara (Utz, 2021). Cost-benefit analyses and budgetary decision-making in the Pacific can therefore be exponentially more difficult to reconcile with the “Leave No One Behind” principle guiding the implementation of the Sustainable Development Goals (SDGs).

Figure 2: Summary of PFM challenges of PICs⁴



4. The often-personalized nature of politics also provides incentives for political leaders to produce individually-consumed goods that are targetable to constituents (e.g. food, solar panels) as opposed to public goods (e.g. roads, schools, health clinics) where the benefits are more collective but the political returns (i.e. individual voter loyalty) less dependable (Batley & Mcloughlin, 2015). In the first Transparency International Global Corruption Barometer for the Pacific (2021), 61% of Pacific respondents indicated a belief that corruption is a significant problem, while 56% think it is getting worse. Corruption – demonstrated most tangibly in the leakage of scarce financial resources from national public financial management systems – severely limits the capacity of many PICs to adequately provide for their people.

⁴ Richard Allen, Majdeline El Rayess, Laura Doherty and Priya Goel (2020) “Review of the Public Financial Management Reform Strategy for Pacific Island Countries, 2010-2020”, IMF Working Paper 20/183.

5. Although there are small pockets of very active stakeholders in most PICs, by and large, politics is captured by elites, and private sector, civil society and the broader public engages in limited and ad hoc manners. This is particularly felt by women, youth and marginalized populations, which have limited access to both formal, informal and traditional information and influence networks. This limited access is felt strongly at the representation level as few countries in the Pacific regularly have no women elected in parliament and where youth communities struggle to gain credibility. Media and academic independence is regularly put under pressure and in a number of countries journalists experience actual risks. The lack of transparency and space for public debate on major issues continues to fuel frustrations and threatens a cohesive response to environmental and socio-economic challenges. Visionary leadership, which could open a space for such sensitive dialogue, is usually crushed by vested interests and existing power networks struggling as a result to push for transformative change. Emerging narratives and reforms are therefore confronted with major regional, national and sub-national hurdles in moving forward.

Development challenge: entrenching accountable public financial management

6. Ensuring accountable and transparent public financial management (PFM) is at the heart of good governance and ensuring sustainable development. Ensuring the availability of stable funding to implement government programmes and provide government services to all requires that PIC Governments maximise the utilization and impact of scarce financial resources. Considerable attention has been given over multiple decades to strengthening the capacities of the executive branch to implement better PFM, and in recent years, efforts have also been made to strengthen the advocacy and oversight capacities of national legislatures and civil society to focus attention on improving PFM. Nonetheless, there remains considerably more work to be done to ensure that Pacific PFM systems are fit-for-purpose and serve the public interest.

National PFM systems and challenges

7. There is a high range of diversity in Pacific PFM systems. At the outset, it is important to note that the majority of PICs use some form of Westminster model government system, with the exception of Palau and FSM which follow the US model, and RMI, Nauru and Kiribati which have a mix of both systems. The role of the legislature as well as the related budget systems differ under the different governance systems, with the budget co-developed between the executive and the legislature in the Palau and FSM, while in the other PICs, the budget is predominantly developed by the executive.

8. UNDP has engaged in considerable work to strengthen the capacities of national legislatures across the entire Pacific region over the last fifteen years, with specific attention being paid to strengthening the ability of MPs to understand and review the national budget and expenditures, including by directing resources towards strengthening parliamentary finance committees which have a mandate to review budget proposals and/or budget expenditures (most commonly called Public Accounts Committees, but also sometimes called Budget Estimates Committees, Finance Committees, Appropriations Committees or other titles). UNDP's support for the innovative "Pacific Floating Budget Office" (FBO) has also been a game-changer,⁵ with the FBO providing budget analysis to MPs and parliamentary staff in smaller PICs which cannot build their own budget analysis capacities. According to a UNDP PFM evaluation report, the following challenges still face parliaments:

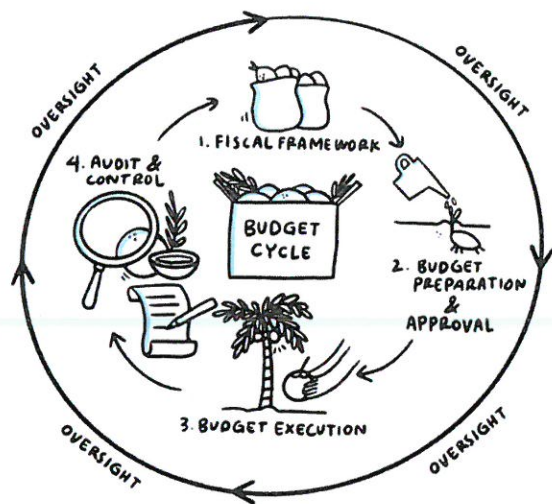
According to the globally accepted benchmarks, the Pacific Islands states PFM systems have significant gaps⁶. For example, the overall parliamentary performance has been a weak point. The

⁵ <https://oecountry-development-opsi.org/innovations/pacific-floating-parliament-budget-office/>

⁶ The PEFA- Public Expenditure and Financial Accountability and Open Budget Survey have been globally accepted benchmarks. Further, the building of effective, transparent and accountable institutions including parliaments is the focus of the Goal 16 of the 2030 Sustainable Development. The PEFA methodology addresses all phases of the budget cycle, with specific indicators focusing on

majority of countries scored very low on the scale of A to D (only three of thirteen countries scored B), the budget audit oversight indicator yields similar results.... The parliamentary administrations in most countries remain under-resourced with limited abilities to follow and implement international best practices related to budgetary scrutiny. Namely, the small parliaments' size, including lack of specialized Finance Committee, results in "committee of the whole"- the parliaments' entire membership- carrying out budget scrutiny. However, some parliaments have established public accounts or similar committees; their effectiveness is often a challenge. Furthermore, most parliamentarians' limited understanding and expertise in PFM affect their financial and budget scrutiny abilities. As a result, they have poor capacities to represent citizens views in summarising and analyzing national budgets. (p.7)

9. While some progress being made with the legislative branch to engage in more effective budget oversight, executive branch capacities to support accountable and inclusive public financial management remain extremely variable. Likewise, the independent institutions with a responsibility for supporting both branches to oversight PFM – most notably Supreme Audit Institutions – also remain relatively weak. PFM standards in the Pacific – most notably, Public Expenditure and Financial Accountability (PEFA) and SAI Performance Management Frameworks (PMF) scores – remain low. Between 2019 and 2022, UNDP facilitated self-assessment annual surveys of parliaments and Supreme Audit Institutions in 15 Pacific Islands States Countries under the EU funded Public Finance Management project. Breaking down the findings along the budget cycle phases highlighted the following critical challenges:



- Lack of institutional perspective across the budget cycle: There continue to be large gaps between the reforms happening in the Ministries of Economy/Finance (MoF) and core government functions and the rest of the agencies. The regular introductions of tools and mechanism combined with few comprehensive trainings often mean civil servants in line ministries of local government often lack a good understanding of the latest procedures or overall process. The PFM project is for instance working with the Public Service Commission of Fiji to introduce its first ever PFM induction training. Here again the least understood functions are usually the ones of oversight bodies, by their own admission only a fraction of the 50 Ministry of Economy/Finance representatives attending a budget documentation workshop jointly organized by UNDP and the IMF in 2020 understood the role of the Parliament in the budget cycle. While civil society and the media are increasingly getting engaged in budget cycle processes (see below for more), this has largely been driven by development projects and still needs to be owned and integrated by MoFs and line ministries as a critical part of budget cycle processes.
- Strategic planning and budget design: In a handful of PICs, the backlog of Financial Statement audits is so significant that strategic planning cannot rely on recommendations from recent audits to inform their future planning. Ministries of Planning (MOPs) themselves have very variable capacities, and the processes of information sharing between MOPs and MoFs also vary considerably. Legislatures are not engaged during the fiscal strategy design phase and few PICs reliably present or table mid-

aspects of the budget process for which different state bodies are responsible, as well as the transparency and efficiency of the overall budget cycle. Discrete indicators measure the performance of the legislature within the budget process. In the 2016 PEFA framework, parliamentary budget scrutiny is indicator 18; Parliament's audit function is indicator 31, and Supreme Audit Institutions' performance is measured through PEFA indicator 30. Each of these indicators is broken down into sub indicators. A number of other PEFA indicators have a cross-cutting relevance, for example in terms of process transparency and citizen engagement, the latter reflected in indicator 18.2.

term or long-term fiscal analysis to the legislature. Independent institutions and civil society often lack the technical capacity or confidence to engage during this phase. In a selection of countries, the sharp increase in debt levels during the COVID-19 crisis has raised public interest and placed fiscal policies under the scrutiny of the wider public. UNDP assessments of climate-related public finance show that there still needs to be wider engagement with strategic fiscal decisions that are needed in order to expand economic bases and respond to climate change challenges.

- Budget preparation: PICs have adopted a mix of strategies when it comes to budget preparation and consultations, with most of them delegating external stakeholder engagement to line ministries. However, these ministries often lack the technical PFM capacities themselves which are required to absorb and respond strategically to feedback on budget submissions. Civil society assessments undertaken in seven PICs (Fiji, Tonga, Solomon Islands, Vanuatu, Kiribati, Marshall Islands and Tuvalu) the findings of the Open Budget Survey in Fiji and PNG highlight the ad-hoc, last-minute and inconsistent nature of budget consultations, even when coordinated through Ministries of Finance.
- Budget adoption: During the budget adoption process, the scope of oversight in legislatures is limited by time (with virtually no countries enforcing the PEFA standard that budget documents be made available two months prior to adoption deadlines), as well as the size and technical capacity of parliamentary research teams, Committees and Members of Parliaments. The Floating Budget Office, a cross-regional collaborative instrument supported by UNDP, has been enhancing parliamentary budget analysis capacity and the openness of the budget review processes - in the south Pacific mostly. A recent evaluation proposed a streamlined methodology and scaling-up the support pre and post budget adoption to ensure MPs incorporate the gained insights through the year.
- Budget execution: The capacity of line Ministries and local governments to deliver services according to adopted budgets is often limited, with frequent re-allocation between lines and projects. Combined with the limitation of public budget documentation and lack of openness of governance systems, on-going monitoring and feedback by civil society, media and citizens is complex. The lack of experience and reluctance of government agencies to engage with stakeholders, which is not specific to the Pacific, is combined by limited appetite by civil society to confront and engage sensitive topics.
- Budget execution oversight: PFM reviews and Independence assessment conducted under the PFM project showed that constitutional budget oversight institutions, most notably Supreme Audit Institutions (SAIs), suffer from limitations to their institutional independence, their ability to develop networks of external support and outreach and their overall capacity, which impacts their audit and reporting quality. A regional assessment undertaken by the Pacific Association of SAIs (PASAI) showed that in 50% of PICs, legal frameworks remain unsatisfactory. Only 44% of PICs under PASAI's membership offer sufficient protection to the head of SAIs. The most worrying issues related to financial and administrative autonomy and follow-up of SAI recommendations where only four Pacific SAIs were deemed appropriately autonomous and empowered. The tables below provide more detailed information per country. UNDP's assessment of COVID-19 impacts for oversight agencies, including SAIs, showed widespread budget cuts and difficulties to perform functions remotely. While audit backlog was reduced under the PFM project, delays caused by the pandemic put huge pressure on timelines.

Parliamentary scrutiny of budget implementation during the execution phase is also limited. As noted earlier, while UNDP has provided support to parliamentary budget and financial committees across the region, they still require more time and resources – as well as better reporting from the executive branch – in order to discharge their mandates effectively. The relationship between parliaments and SAIs and parliaments and MOFs, deserves specific attention, and could still

be strengthened in most PICs, with SAIs and MOFs requiring support to enable them to better report to and brief MPs. Additionally, sectoral committees need technical assistance, as well as leadership, to build their capacities to use their sectoral oversight mandates to review sector budget expenditures and implementation performance.

Finally, even the most robust civil society groups have little awareness on the audit processes and roles of the auditor general, by their own admission most civil society participants which completed the UNDP Vaka Pasifika PFM modules (designed under the PFM project) had never looked at an audit report before.

10. Complementary independent oversight and accountability institutions, such as national human rights institutions (which exists in Fiji, Samoa), Independent Commissions Against Corruption (which exist in Fiji, Solomon Islands and PNG) and Leadership Code Commissions (which exist in Solomon Islands and PNG) are often small in scale and facing human resource challenges. Ombudsman institutions are commonly the only specialist integrity and oversight agency and can have combined mandates include administration of the Leadership Codes and human rights functions, facing budgets and staffing issues even more significant than SAIs. Such independent institutions have largely remained at the margins of PFM oversight but have shown interest to partner on key questions of service delivery and performance. For example, in Solomon Islands, leadership of these institutions worked hard to collaborate and benefit from mutually reinforcing support and cross-referencing of cases and inquiries. All integrity agencies are located within metres of each other and have established Memorandum of Understandings on sharing cases and information. The Auditor General additionally provide technical secretariat function to the PAC during budget review, strengthening the links between the two bodies. In a few instances, this has resulted in independent institutions successfully reviewing the implementation of on-going projects. In PICs, the absence of a coordinated approach by independent institutions further marginalizes and weakens them individually. These efforts could benefit from scaling-up across the region to have a systemic impact.

11. Pacific civil society and the media have been increasingly active in the last decade or so, in trying to focus attention on government corruption, with their advocacy calling for the more accountable and transparent use of national resources while also pushing for a more “people-centred” use of public funds in the context of the SDGs. Notably, the SDGs already have much more traction with CSOs as a useful framework for advocacy than the Millennium Development Goals, which had less take-up in the region at this same point. Pacific civil society has driven a range of anti-corruption advocacy campaigns over the last decade, as well as implementing budget transparency and social accountability activities across the region. In some PICs, parliaments used citizen budget guides and budget brief presentations, facilitated by UNDP, to engage with citizens and stakeholders while audit institutions have invited the public and civil society to share information and propose performance audit topics. Some CSOs, such as Dialogue Fiji and the Fiji Council of Social Services have provided quite specific commentary on national budgets. The Pacific Disability Forum also attempted to produce disability policy budget analysis across the Pacific which resulted in a widely acclaimed paper on budget expenditures in 2017.

12. However, across the region there still remains comparatively limited social monitoring of public finances at this time and almost all such activities are underpinned by development funding and/or projects. Public Finance remains a topic perceived as technical and sensitive across the Pacific as highlighted by the PIANGO regional network in 2019 and 2021 consultations. A recent UNDP PFM evaluation found that:

Another challenge has been the engagement of citizens in decision and policy-making processes, including the budgeting cycle, either directly or through civil society organizations (CSOs). However, the CSOs capacities showed significant differences across the Pacific Island Countries (PICs), and the

need remains to enhance their abilities to articulate citizens views and skills to engage in national budgetary processes competently. (p.7)

13. Civil society in this context includes not just formal non-government organisations (NGOs), but also faith-based organisations and community groups. Many of these groups have sectoral missions – for example, addressing gender inequality, climate change or youth issues – but have started taking up the issues of public accountability and transparency because they have recognized the connection between good government and the accountable use of funds to achieving inclusive and sustainable development in the Pacific. Most recently, CSOs coordinated an annual statement to the Pacific Islands Forum Economic Minister Meeting (FEMM), and in August 2021, the FEMM Declaration emphasized the need for a “transition to Citizen Budgeting, in particular robust engagement in the budgetary processes and anticorruption mechanisms to ensure due diligence, especially with multinational corporations and extractive industries”.

14. Pacific media have also been increasingly active in calling for greater public accountability and transparency, though critical analytical skills still remain currently limited to only a handful of journalists and publications in the region. The Pacific media consists mainly of newspapers and radio, with some PICs also having national TV stations, though these usually only broadcast to main city centres. With support from UNDP projects, many PICs’ leading newspapers have now run articles on the budget during the budget review session of Parliament, but these are still often relatively basic (e.g. reporting on the breakdown of the key budget line items), without necessarily analysing the budget choices that were made and their impact on public services and/or their contribution to achieving the national development objectives. Outside of the budget review process, some articles have been published which discuss audit reports and major reports from international financial organisations. Issues surrounding debt level focus the public attention and media coverage while specific topics, such as tax governance international listing, correspondent banking challenges and graduation from least developed and low-income status usually only available on specialized regional platforms. In Tonga, during the 2021 election campaign, public finance management gained prominence with the national UNDP PFM Project partner invited on weekly talk show to discuss the Tonga Citizen Budget Guides and results of their research on local public finance management.

Regional PFM approaches

15. Public financial management in the Pacific has long warranted attention from the highest levels. At the global level, the importance of PFM has been recognized in a number of key instruments:

- All PICs have signed up to the Sustainable Development Goals. While ensuring accountable and efficient PFM underpins the ability of all countries to fund the achievement of all of the SDGs, it is notable that SDG Target 16.6 calls on countries to “Develop effective, accountable and transparent institutions at all levels and SDG Target 16.7c calls on countries to “Ensure responsive, inclusive, participatory and representative decision-making at all levels”. When read together, these targets call for effective, accountable, transparent, responsive, inclusive, participatory PFM.
- All PICs have now ratified the UN Convention Against Corruption (UNCAC), most with UNDP support. UNCAC includes specific provisions related to PFM: Article 9 specifically calling for more accountable public procurement and public financial management and Article 13 specifically recognized the importance of engaging civil society and the public in efforts to strengthen public accountability and transparency.
- The IMF Pacific Finance Technical Assistance Center has a membership of sixteen PICS (Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tokelau, Tonga, Tuvalu and Vanuatu) and ADB is active in fourteen PICS, their Pacific Subregional Office covers Cook Islands, Fiji, Kiribati, Niue, Samoa, Tonga

and Tuvalu. Eleven Pacific Islands countries are members of the World Bank (Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu).

- Through the Pacific Association of Supreme Audit Institutions (PASAI), all Pacific SAIs are members of the International Organisation of SAIs (INTOSAI). By way of that membership, they aim to progress the INTOSAI Principles which consist of founding principles and core principles, and the Lima Declaration on the Independence of SAIs. INTOSAI has also produced the International Standards of Supreme Audit Institutions (ISSAI), which operate as the authoritative international standards on public sector auditing.

16. While PICs have signed up to a range of relevant international PFM guiding frameworks, there has been less engagement by PIC Governments with platforms that aim to explicitly promote openness and accountability in the context of public finance. At the time of writing, only Papua New Guinea has signed up to the Open Government Partnership; none of the other PICs have signed up which means that they do not have an Open Government Plan or Open Parliament Action Plan yet – noting that UNDP is aiding interested Pacific parliaments in developing such documents through its regional parliamentary development portfolio. Likewise, only Papua New Guinea has signed up to the Extractive Industries Transparency Initiative (EITI), which aims to improve transparency in relation to the critical revenue raised by countries from the exploitation of their resources. Solomon Islands withdrew from the initiative in 2019, citing capacity issues. Only PNG and Fiji have been assessed as part of the Open Budget Survey, which assesses budget transparency against a rating scale of 100 (where 100 is the worst): PNG was scored 50 and Fiji was scored 39 in the latest survey from 2019.⁷

17. At the regional level, the Forum Economic Ministers Meeting (FEMM) is one of the longest-standing groups meeting regularly at the highest political level. The FEMM annually brings together finance and economic ministers from across the region to address the key economic and socio-economic issues facing the Pacific, and the development and endorsement of regional responses to support and complement each country's domestic policies. In recent years the FEMM has discussed climate change financing, gender-based budgeting, remittances, tourism, labour mobility and recovering from the economic and socio-economic impact of COVID-19.⁸ From February 2019 to early 2021, the Asian Development Bank provide a consultant to the Pacific Islands Forum Secretariat to support the development, implementation, and advocacy of the 2019, 2020 and 2021 FEMM agendas and to “contribute to key FEMM mandates intended to benefit Forum member decision making, specifically public financial management, the Pacific Resilience Facility, and coronavirus disease (COVID-19) economic recovery efforts. The technical advisor was unable to develop a standard operating procedure for the FEMM cycle given the competing work demands, strategic directive of PIFS management, and lengthy period when the PIFS economic policy team was understaffed.”⁹

18. External technical assistance on PFM has been provided by bilateral and multilateral partners, notably with the aim to facilitate and enhance the impact of bilateral budget support and loans. PFM is a key policy action for actors providing direct budget support and bilateral partners, including the European Union, Australia and New Zealand, also stressing the important of Public Finance accountability. The European Union, Australia and New Zealand, as well as in selected countries Japan, have deployed complementary support in the way of short and medium term technical advisors within national institutions. The Asian Development Bank and the World Bank have implemented numerous PFM projects in the region for decades. In addition, the International Monetary Fund through the Pacific Financial Technical Assistance Centre

⁷ <https://survey.internationalbudget.org/#profile/PG>.

⁸ <https://www.dfat.gov.au/international-relations/regional-architecture/pacific-islands/pacific-islands-forum-ministers-meeting>

⁹ <https://www.adb.org/sites/default/files/project-documents/50303/50303-001-tcr-en.pdf>

(PFTAC) be it short term, have provided considerable technical assistance to strengthen public financial management across the Pacific for decades. PFTAC was established in 1993 to promote macro-financial stability in PICs through a focused program of technical assistance and training. The goal of PFTAC is to strengthen the institutional capacity of Pacific MoFs and Central Banks to design and implement sound macroeconomic and financial policies through short term technical assistance. Macroeconomic and financial stability, in turn, are essential underpinnings for sustainable economic growth and the achievement of Sustainable Development Goals. PFTAC, the Asian Development Bank and the World Bank have primarily focused on working with Ministries of Finance and other core financial bodies (such as procurement and tender boards and national planning bodies) to strengthen core government financial management processes (revenue and expenditure), macro-economic forecasting and fiscal strategies as well as debt management.

19. In the area of budget oversight specifically, the Pacific Supreme Audit Association has been operating for more than a decade as the official association of SAIs in the Pacific region. PASAI is one of the seven regional organisations belonging to the International Organization of Supreme Audit Institutions (INTOSAI). It is committed to promoting “transparent, accountable, effective, and efficient use of public sector resources in the Pacific [and] contributes to that goal by helping its member SAIs improve the quality of public sector auditing in the Pacific to recognised high standards”.¹⁰

20. Over the last five years, PASAI worked collaboratively with UNDP as a partner to UNDP “Strengthening Public Financial Management and Governance in the Pacific” Project, which was funded by the European Union and implemented between 2018 and 2022. Under the UNDP PFM Project, support across a range of areas for provided by PASAI to Pacific SAIs, and facilitated by UNDP. The PASAI-led activities targeted areas which had been prioritized in Performance Management Frameworks completed for five countries, namely: (i) reducing financial audit backlog which was done through direct technical assistance; (ii) improving audit quality standards; and (iii) strengthening independence frameworks through legal assessments and legal drafting technical assistance. UNDP and PASAI also joined hands to create platforms for Parliament and SAI exchanges and relationship-building during the regional 2019 Auckland Parliamentary Oversight Conference and through joint national activities such as UNDP-led parliamentary inductions and Public Accounts Committee trainings.

21. In addition to working with PASAI to support institutional capacity development of SAIs in an effort to strengthen so-called “supply side” good governance – the UNDP PFM Project also contributed to significant improvements in how Pacific legislatures, civil society civil society and the media advocated for better PFM and used their oversight efforts to draw attention to PFM deficiencies in order to encourage governments to address them – so-called “demand side” good governance. The UNDP PFM Project worked with Pacific legislatures through the Pacific Floating Budget Office (an innovation initially driven by UNDP and now entrenched within the region), provided structured analyses of budgets to MPs, which they were able to use to ask more informed questions when reviewing the proposed National Budget, and which parliamentary committees were able to draw on to inform their committee oversight work. The FBO with support from the UNDP PFM Project also produced specific analyses examining the budget’s impact on climate change, gender, SDGs and the Blue Economy. Such budget briefings were produced for Fiji, Tonga, the Solomon Islands and Vanuatu. At a more institutional level, the Project also supported capacity development trainings for Public Accounts Committee, MPs and staff across the region.

22. The UNDP PFM Project also worked with civil society through a strong partnership with the Pacific Islands Association of NGOs (PIANGO), which is a well-recognized civil society peak body and has a

¹⁰ <https://www.pasai.org/>

membership in the 25 countries and territories of the Pacific Islands. PIANGO was provided with funds and technical assistance to then engage their national members in 7 PICs to undertake citizen budget and/or citizen budget oversight activities which aimed to more proactively engage citizens in policy and decision-making processes. The Project also enabled participating CSOs to prepare citizen budget guides with a map of public finance processes and simplified budget information at the country level. Partners recognized that such guides could serve to connect civil society with the national-level budget planning, implementation and reporting. The first phase of the CSO grant scheme which ran from 2019-2020 produced 5 citizen budgets, with an additional citizen budget produced directly by the government in Kiribati; an additional three citizen budgets were produced in 2021. The UNDP PFM Project also worked with artists – including illustrators, graphics designers, theater groups and embroidery artists - to build their capacities to simplify and support communication on public finance management. Both areas of work have begun to emulate changes in the relationship of CSO with governments and the perception of the role and legitimacy of civil society in the budget cycle. There is however considerably more support that could be provided to civil society in the next phase of work.

Lessons Learnt

23. A major PFM Report published by the IMF in 2020 reviewed the last 10 years of PFM support provided to the Pacific region to identify lessons learned that could inform PFTAC's ongoing support to PICs. While the lessons were directly primarily at the IMF and PFTAC, they have relevance for UNDP's work as well. The lessons learned below have been drawn from the Report and have been used to inform the development of this Project:

- **In retrospect it seems that the PFM reform strategy approved by FEMM in 2010 was over-ambitious.** By focusing on the preparation of PEFA assessments and roadmaps, it broadened substantially the scope of [capacity development] country development support and thinned resources on areas that were weakest. The breadth of the strategy may have contributed to the mixed performance in improving PFM across the region over the past decade. Indeed, there may be an upper bound to the scope and scale of reforms that can viably be undertaken by small island states given the constraints of sheer size and accompanying capacity limitations.
- **For the most part, PFM Reform Roadmaps have not fully delivered on their promises, because they have been too broad and have not fully considered capacity limitations.** Some countries (e.g., Samoa) have developed good roadmaps linked closely to PEFA assessments, focused on a few key deliverables, and including an assessment of the costs of implementing the reforms and the areas where support from PFTAC or development partners has been pledged. The roadmaps of other countries have been less successful, many containing unrealistic "wish lists" of country development activities, which are rolled forward mechanically from one roadmap to the next and have been insufficiently linked to the JPAMs.
- **The ten years 2010-2019 have seen 31 PEFA assessments carried out across the region, with several PICs undertaking three or more assessments.** This extensive program of diagnostic work has broadly achieved what it set out to do, namely provide a good general assessment of PFM systems across the region. It has also imposed a significant burden not only on some of the region's overstretched finance ministries but on PFTAC which has been responsible for coordinating many of the assessments. Diagnostic work should now become more granular and be targeted on specific areas identified by the PEFA assessments. Implementation should be given more emphasis than diagnosis. Periodic evaluations of PFM performance in PICs will continue to be needed. Self-assessments will not replace expert evaluations, supported by long-term engagement with the countries.
- **There have been improvements in some elements of PFM across the region over the last ten years, but progress has been uneven across countries.** The areas of improvement include budget

execution, accounting and fiscal reporting, but other basic areas of PFM including budget credibility, internal and external audit, and public procurement show little change or worsening of performance. In no country has the rate of improvement been greater than 20 percent. Leadership by the finance ministry is a critical ingredient of success. In some of the larger and more advanced PICs (e.g., Samoa), a PFM reform unit has been established to manage the reform process. This is a good model but may be hard to replicate in PICs with small finance ministries and weak capacity in line ministries.

- **In planning in-country activities, more account could be taken of the widely differing capacity levels across the region.** A few countries (e.g., Samoa, Tonga) have relatively advanced PFM systems and are ready to introduce “second-generation” PFM reforms such as accrual accounting, whole of government reporting, and fiscal risk analysis. But this pattern is not typical of the region. Some PICs—examples are the Solomon Islands, Nauru, and the RMI—remain heavy users of capacity supplementation provided by development partner, notably officials and advisors from Australia and New Zealand, some of whom hold very senior line management positions in the government. Developing human capacity and skills in basic areas of PFM such as revenue forecasting, budget preparation and accounting remains a priority for reform in these very small island economies.
 - **Political support for PFM reform varies across the region.** In a few countries (examples are the Solomon Islands and Nauru), patronage systems and widespread use of Constituency Development Funds (CDFs) and similar arrangements dominate decision making on the budget and fiscal policy, limiting the scope for measures to improve PFM performance and fiscal transparency, and providing plentiful opportunities for potential rent seeking. Organizational fragmentation in some PICs—examples include separate systems for capital and recurrent budgeting (“dual budgeting”) and the separation of ministries of planning and finance—may also contribute to inefficiencies in PFM and possible governance vulnerabilities.
 - **The Pacific region is particularly vulnerable to the impacts of climate change, through rising sea levels, stronger and more frequent cyclones and other weather-related incidents.** The countries face increased costs of adaptation and climate-resilient infrastructure investments. Various sources and channels of climate financing may be available to them. The conditions to access climate finance vary, including meeting certain fiduciary criteria and demonstrating relatively robust PFM systems, particularly when a country seeks to become an accredited National Implementing Entity (NIE). Efforts to strengthen PFM and access to climate financing is a laudable objective. However, the mixed and incremental improvements in PFM observed in the region over the past decade highlight the challenges that will likely be faced by many countries in meeting the conditions sought by climate financiers that are not necessarily clearly defined. Diagnostic tools developed (or under development) by the IMF and other development partners can help address these issues.
 - **The COVID-19 crisis will have a decisive impact on future requirements for PFM-related country development support in the region,** both in the form of short-term crisis relief measures and, over the medium-term, efforts to kick start economic growth. By bypassing and/or streamlining existing control systems to deliver emergency measures rapidly, the crisis may enhance risks of financial irregularities and the need for measures to mitigate such risks. Strong internal and external audit systems will have a key role to play in mitigating these risks. The crisis may also help accelerate improvements in fiscal transparency and the deployment of new digital solutions to manage public resources. A series of special notes by the IMF’s Fiscal Affairs Department on the COVID-19 crisis highlights some of these issues and the useful tools that countries can apply in public investment management, cash management, cash transfers to vulnerable groups, management of fiscal risks, and opportunities for digitalization.
24. Specifically from the UNDP implemented PFM project, here are a sample of lessons learnt identified during an evaluation workshop with the PFM team and main partners:

- SAIs welcome and seek engagement on multiple level including audit quality, performance audit and outreach to media, citizens and government institutions. Independence questions however and topics related to legal reforms are seen as more sensitive and while legal advice was welcome and taken onboard, SAIs are unlikely to be powerful enough or in a position to lobby for change without a strong advocacy and partnership strategy over the medium to long term. We have also seen over the course of the project how SAI visibility and outreach can raise sensitivities from government, reinforcing the need for strong and politically smart support in this area.
- The structured parliamentary support approach taken by the UNDP portfolio has been a success: gradually expanding the scope of the focus for technical assistance starting with internal procedures before moving on to content and thematic. This approach has enabled better absorption by Parliament staff and MPs alike. Similar observations were made through the FBO evaluation which balanced the need to expand the scope of the budget oversight with the capacity of MPs and research teams to produce and absorb the amount of data and analysis produced during budget review. Another lesson learnt which is continually highlighted by UNDP experience relates to the frequent turnover of both MPs and staff which requires on-going capacity building and repeated engagement for changes to be sustained.
- On civil society, a major learning workshop using foresight methodologies took place in December 2021. The main conclusions highlighted that: activities with CSOs need to adapt to their priorities and focus and not divert attention and resources to new area of work. CSOs are reluctant to engage on monitoring and public advocacy but likely to engage on activities shaped as partnership and feedback to government. There is a general perception of threat across the region coming from governments announcing legislative reforms on the status of CSOs or tightening of public space ahead of elections or political tension. Working at the regional level and the ability to navigate and jump from local to national to regional was a great asset in Phase I to circumvent sensitivities and fear. Capacity of CSO differs widely in the region and at the local level, with some sectors (such as disaster and climate response) having seen more investment and capacity strengthening than others. There is also an intergenerational dynamic which renders difficult access to information and network for youth groups and emerging networks. Across the board, there is an interest in gaining new tools and entry points and developing non-confrontational mechanisms to access government.
- The above general observations on civil society is reinforced by the often observed lack of awareness of the potential role of civil society in PFM by CSO leaders themselves. Except for those who have had experience through the government (which in some country can represent about half of the CSO directors) few have had direct experience of the budget cycle, its institutional framework and the functions of the different authorities. This affects both the perception of CSOs as not being technical enough and the confidence of civil society actors to speak up. There is generally a reluctance to engage in advocacy and campaigns (except in Melanesia) which could be confrontational. Financial literacy is generally low and proving an additional barrier. Engagement with vulnerable and underrepresented communities, directly or through civil society organizations representing them is limited, which affects the inclusion of priorities of this group in budget decisions.
- Another major learning from the project relates to the relevance of PFM oversight for service delivery and the achievement of the SDGs. The needs to align PFM technical assistance with priorities identified by the National Development Plans aligns with the observations made by the IMF in its “Pacific Islands: PFM design under capacity constraint” (2013) publication and the ADB “Pacific Approach” strategy (2021-2027). This generic observation is relevant for oversight processes who can support prioritization of key policy issues (such as gender, climate change, human rights) through audit workplans in SAIs, budget review and commission work in parliaments, work with a larger set of independent institutions (such as anti-corruption commission, human rights bodies and ombudsman ...) as well as developing specific tools for sector-focused civil society (sector budget submissions, climate and gender citizen budgets, participatory budget for line ministries and local government...). These specific activities have been proven to enable accountability of complex

questions such as the effective impact of public finance investments on gender empowerment and climate readiness.

- Despite significant advances in recent years in the development and adoption of laws and policies to promote women’s rights and gender equality, many challenges persist, and lack of resources is a key one. The ongoing COVID-19 pandemic increased the risk of more people falling into poverty and worsened existing gender inequalities. With their reliance on public spending, the governments have the potential for building-back better and engage in a more inclusive and gender-responsive targeted expenditure to help reduce poverty. Gender responsive budgeting has been promoted through the region as an instrument which could both build internal capacity on gender empowerment, improve gender disaggregated data collection and enhance allocation of funds to gender positive initiatives. Governments of the region however are finding it difficult to conciliate the parallel work on climate tagging, gender responsive budgeting and programme budgeting which are offering different approach and being pushed simultaneously. UNDP has worked with various government on utilizing these different tools and is now facilitating a reflection on the best fitted approach in the Pacific through the development of cross-cutting budget analysis modules.

II. RELEVANCE OF THE ACTION AND STRATEGY

EU strategic frameworks

25. The European Union has indicated that intends to support a multi-pronged initiative to strengthened PFM across the Pacific region, working with different partners in a coordinated manner. Accordingly, this project elaborates directly on the EU Action Document for "Strengthening Public Finance Management and Governance in the Region", Priority Area 1. Regional integration and cooperation, where UNDP and the IMF’s PFTAC have been identified as implementers. This Pacific Project contributes to the achievement of the EU’s regional objectives as outlined in the “Regional Multi-annual Indicative Programme for Asia and the Pacific 2021-2027” Regional Programme Document, under Outcome 3.1 Inclusive and Accountable Governance. It also aligns with the *Green-Blue Alliance* between the EU and the Pacific region, based on the shared priorities of the European Green Deal, including ocean governance, the *2050 Strategy for the Blue Pacific Continent*, and the new post-Cotonou *Pacific Regional Protocol*. At the global level, the Project also fits under the “People and Peace” priorities of the New European Consensus on Development "Our World, Our Dignity, Our Future".

UNDP strategic frameworks

26. In the context of UNDP’s own policy framework, UNDP Strategic Plan, 2022-2025, describes the future direction of UNDP, continuing from the Strategic Plan for 2018-2021. The accompanying Integrated Results and Resources Framework (IRRF) summarizes the development and organizational results to be achieved by UNDP with its partners. The project contributes directly to the Signature Solution two on Governance, with particular reference to 2.1 Open, agile, accountable and future-ready governance systems in place to co-create and deliver solutions to accelerate SDG achievement, 2.3 Responsive governance systems and local governance strengthened for socio economic opportunity, inclusive basic service delivery, community security, and peacebuilding and 2.4 Democratic institutions and processes strengthened for an inclusive and open public sphere with expanded public engagement. The project also directly contributes to signature solution 4 on environment and most specifically 4.2 Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions. The project also contributes to most signature solutions thanks to a strong alignment with enabler 3. ‘Public and private financing for the achievement of the SDGs expanded at global, regional, and national levels’ through activities on public financing mechanisms and engagement with stakeholders. Finally, activities promoting digital solution will align with enabler 1.

27. The Project is aligned with Outcome 5: Effective Governance for Service Delivery of the UNDP *Sub Regional Program Document for the Pacific Island Countries and Territories (2022-2027)*. The Project aligns closely with Outcome 5 which focuses on providing support to “inclusive, informed and transparent decision-making processes, [and] accountable and responsive institutions”, including strengthening parliament and state institutions, CSO and citizen engagement, women’s empowerment, and assuring effective management of climate change finance. UNDP’s strategic positioning and comparative advantages in the Pacific stem from its long-standing presence and experience at the intersection of governance, economic development and resilience. A strength of the project will be its alignment and interlinkages with the Parliamentary support portfolio, the Anti-Corruption and Governance for Resilience projects implemented by UNDP within a similar timeframe.

Harnessing synergies with other UNDP activities

28. The Project build on the successes of UNDP’s PFM Project which ran from December 2018 to June 2022. As discussed earlier, that Project worked with Pacific Parliaments, SAIs, civil society and the private sector to entrench oversight of PFM, through institutional development for more effective PFM oversight, as well as by building support for participatory and inclusive public engagement in key budget processes. Yet recent reviews have pointed to an overcrowded technical assistance space resulting in often donor-driven and inapplicable reform agendas,¹¹ as discussed in the lessons learned section above. On the other hand, one area that has received comparatively little attention is the oversight and accountability frameworks that complement core PFM budget processes. Similarly the demands and specificities of sector public finance and financing of cross cutting policy issues such as gender empowerment has received comparatively little attention.

29. This Project will learn the lessons of the previous phase by focusing more explicitly on working with key independent oversight institutions, most notably SAIs, to ensure high quality PFM oversight which can provide a solid foundation for the oversight efforts of Pacific legislatures, other independent oversight bodies, civil society and the media. While PASAI operates effectively as a regional network for SAIs, nonetheless, UNDP can usefully draw on its global expertise as a leader in good governance and institutional development to work with SAI’s to more proactively support sustainable capacity development. Discussions with SAIs during the preparation of this Project indicates that they keen to engage on multiple levels including audit quality, performance audit and outreach to media, citizens and government institutions. Issues related to law reforms are seen as more sensitive, but while legal advice is welcome, SAIs are unlikely to be powerful enough or in a position to lobby for change on their own; UNDP’s existing activities with Pacific legislatures could provide a useful avenue for connecting up SAI law reform activities with the interests of Pacific law-makers. The project also focuses on delivering PFM for a purpose by giving greater importance to the sector and cross-cutting policy issues funded through public finance.

30. This Project will also engage with existing UNDP Pacific projects to leverage their work to promote accountability and transparency for the benefit of this project. Specifically:

- The UNDP Pacific Anti-Corruption Project works on a range of activities which complement this Project, including: framework issues such as promoting public access to information, including budget information; institutional capacity development with bodies such as Independent Commissions Against Corruption; and activities aimed at building the capacities of civil society and the media to demand great public accountability and a rejection of corruption by PIC governments;

¹¹ IMF, 2020, Public Financial Management Review Strategy for Pacific Island Countries 2010-2020 and ADB Pacific Approach 2021-2025.

- The UNDP Pacific Parliamentary Portfolio, which comprises a number of projects which work at the regional and national levels to strengthen the capacities of national legislatures discharge their mandates more effectively, including through budget/finance oversight, which in many countries is facilitated by the Floating Budget Office and a dedicated support to parliamentary committees, including Public Account Committees, among other activities;
- The UNDP Governance for Resilience project additionally works with line Ministries and local governments across the region to support risk-informed governance and public finance management in the face of climate change.

Theory of change

31. UNDP’s Vaka Pasifika Project’s theory of change posits that a resilient, inclusive and attractive Blue Pacific continent requires PFM processes which are more accountable and responsive to population needs in order to maximise the effective collection and management of limited financial resources for the benefit of Pacific peoples. This theory of change rests on some critical assumptions:

- Politically, the Project assumes that PIC Government officials, including ministers, departmental heads, leaders of independent bodies and MPs, are supportive of efforts to strengthen PFM processes in order to provide a more reliable and robust economic base on which to pursue national development goals. While the UNDP Project will primarily work with oversight bodies and civil society, nonetheless, the Project will also be seeking to use strengthen leadership for accountable and inclusive PFM, which requires buy-in at senior levels.
- Politically, the project assumes that interests can be leveraged to improve service delivery in the Pacific as well as address the inequal access to public services by women, people with disability and other marginalized groups. It assumes as well that countries have an incentive to effectively finance major policy priorities such as climate change adaptation, prevention of NCD or socio-economic redistribution.
- Programatically, PFTAC will be working with core government institutions, in particular Ministries of Finance and Planning, to strengthen their capacities to effectively collect, allocate, disburse and report on public finances. UNDP will therefore not be working in this space but will implement complementary activities which focus on providing independent oversight of these PFM ministries and processes, through SAIs, parliaments, independent institutions, civil society and the media. Figure 3 provides a very simple summary of how the PFTAC and UNDP projects will interact to contribute to produce more accountable and transparent PFM outcomes. Notably, UNDP will focus on improving oversight and responsiveness of PFM to public needs, two areas which are rarely

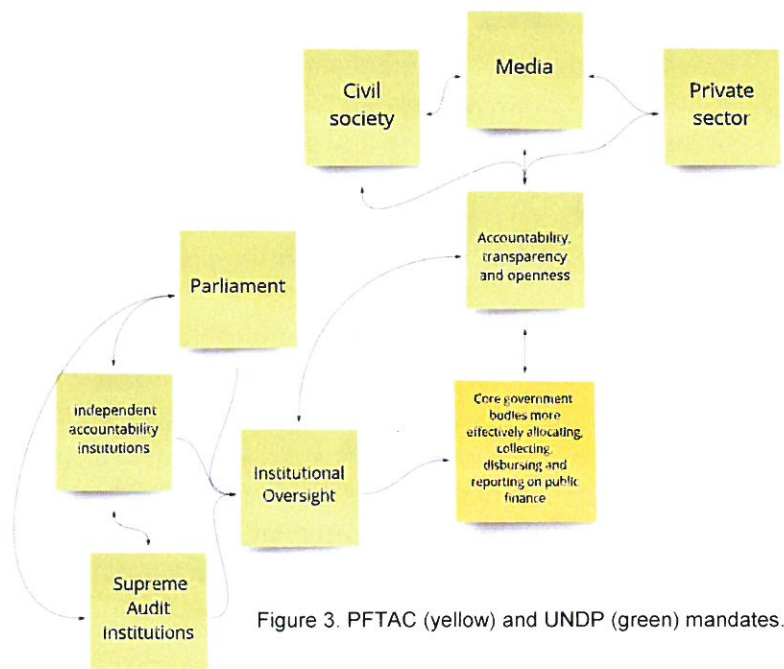
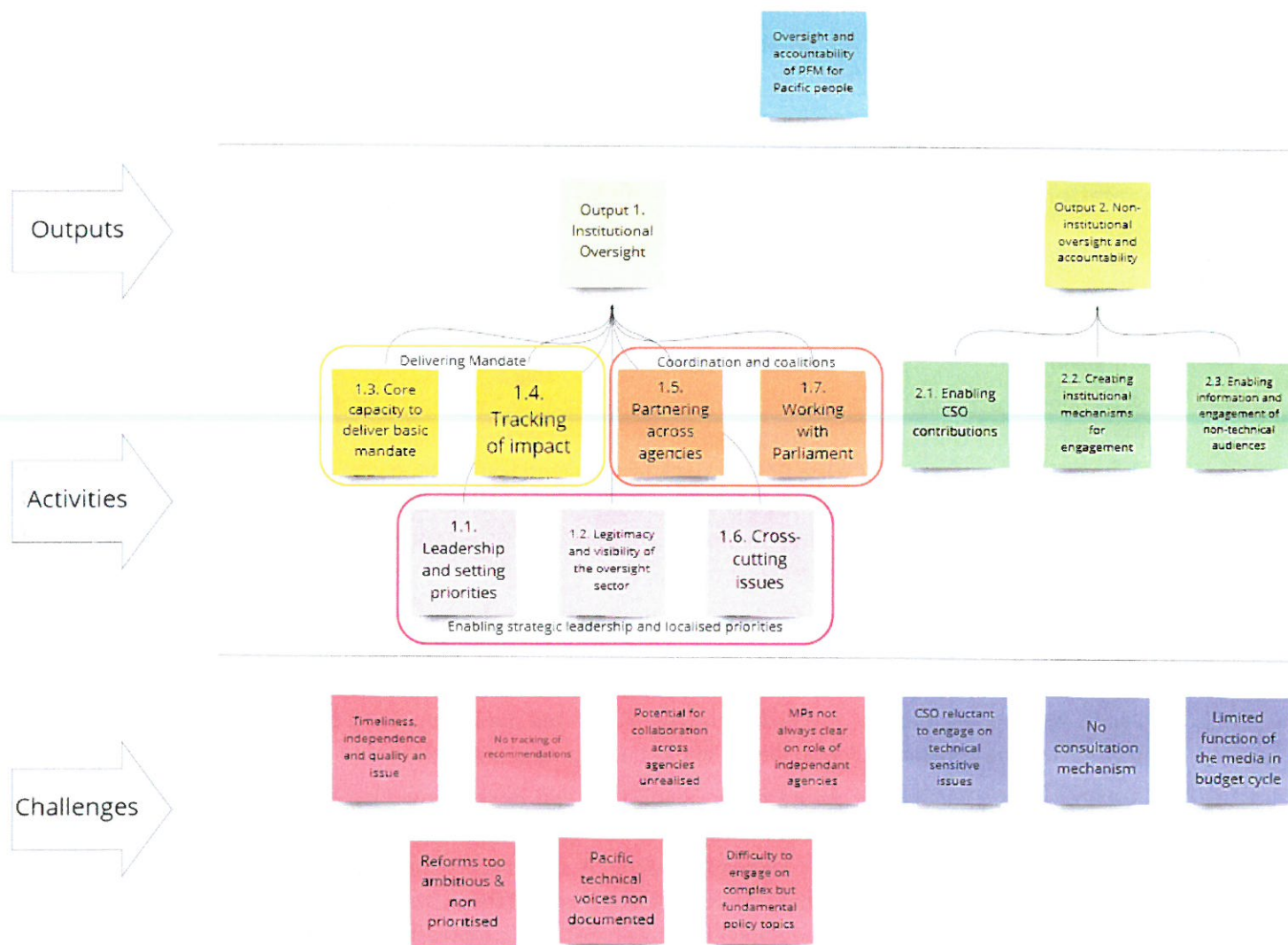


Figure 3. PFTAC (yellow) and UNDP (green) mandates.

gnv RMA

at the core of PFM technical assistance in the Pacific.

- Programatically, this Project also assumes that key development partners which also work to strengthen PFM or climate finance – notably, Pacific partners such as the Pacific Islands Forum Secretariat and the Pacific Association of SAIs, the University of the South Pacific, bilateral partners such as Australia, New Zealand, Japan, the US and China, and multilateral partners such as the International Monetary Fund, World Bank and Asian Development Bank – will work cooperatively with the Project to minimise duplication and reduce the burden on Project partners.



32. Assuming that a conducive political and programmatic environment is in place throughout life of the Project, the Project’s theory of change argues that:

- IF Pacific officials and experts, both male and female, working on PFM are empowered to strengthen their leadership, policy-making and technical capacities;
- IF independent oversight institutions are capacitated to undertake proper oversight of PFM processes and outputs including of cross-cutting policy issues; and
- IF civil society, the public and the media are capacitated in an inclusive way to more effectively engage with budget development and oversight processes; and

- IF coordination, capacity and leadership across the entire PFM system is improved, with a particular focus on oversight as a currently underdeveloped PFM function and connecting government officials with non-state actors in order to ensure people-centred PFM processes taking into account current inequalities which prioritise resilient public service delivery;
- THEN Pacific officials will be empowered to drive fiscal policies and regional and national PFM reforms agendas which are more appropriate to the Pacific context and prioritise accountable, transparency and inclusive people-centred engagement; and
- THEN scarce Pacific resources will be better managed and the resource base available for achieving national development goals will be increased; and
- THEN government bodies will be able to more effectively deliver public services that are better calibrated to meet specific needs of all people and resilient to shocks;
- WHICH will result in better development outcomes through better governance.

Implementation approach

33. The Project has been designed to integrate the following implementation approaches across all outcomes and activities. These implementation approaches are based on lessons learned from many years of working in the Pacific and have been proven to be effective in the region in the context of promoting democratic governance:

- Accompany Pacific partners at their pace: In recognition of the limited human resources in many PICs, the Project will build on the strong governance foundations already in place, including the work done by the first phase of UNDP’s PFM Project, to avoid “reinventing the wheel” and to align support with the specific needs and priorities of Pacific partners. The Project team will work side-by-side with Pacific counterparts to ensure that the impacts of the Project are genuinely owned and will be more likely to be sustained beyond the Project.
- Implement PFM reforms that are locally appropriate: The Project will emphasise the need to “prioritise” reforms and objectives which focus less on the (unrealistic) attainment of international PFM standards and instead are calibrated to respond to the specific capacity constraints of many Pacific PFM bodies (namely, the high turnover of a limited pool of qualified technical staff in public service and the constant vulnerability to market and natural disaster related shocks).
- Promote Pacific leadership: Research on leadership and development support suggests projects either focus too much on individual and ignore the group dynamic and context or strive to build “coalitions” without investing in individuals within it. This Project has been designed to explicitly provide space for Pacific thinkers, decision-makers and activists to shape the priorities of PFM reforms and accountability frameworks to better meet public interest needs. Resources will also be directed at developing more systematic approaches to identifying and showcasing Pacific expertise and institutions.
- Facilitate inclusion and participation: The project’s focus on PFM accountability for service delivery puts Pacific populations and economic actors at the core of the project’s goals. The activities will build on the foundations of the PFM project, which initiated the development of tools to engage with a wide variety of non-technical stakeholders and enhance the capacity of oversight institutions to analyse cross-cutting impacts of PFM. Working on public finance, accountability and human rights issues can be sensitive for both government officials and non-State actors in the Pacific. The Project will be very careful not to put partners at risk through this entire work programme, but in particular in relation to anti-corruption, rule of law and human rights activities.

- *Ensure linkages with other UNDP programmes:* UNDP’s comparative advantage in working across independent oversight institutions, parliaments and civil society is that UNDP already has a range of programming with these partners that can be leveraged for the benefit of PFM improvements. As noted earlier, UNDP has been implementing parliamentary support programming for more than 15 years and has strong networks with all Pacific legislatures. UNDP has also engaged with independent oversight institutions for more than a decade as part of the work to implement the UN Convention Against Corruption and promote transparency and accountability, including through freedom of information legislation. Virtually all of UNDP’s governance programming also include civil society partners, with a view to facilitating stronger demand-supply governance relationships in the region.
- *Future-fit:* Anticipatory within the context of anticipatory governance refers to the ability “to act in preparation of what could happen,” which is a learned skill. It should not be confused with definitions of anticipation that are associated with the ability to predict or forecast the future. Rather, anticipation here entails the creation of knowledge about possible futures – derived from rigorous analysis of many factors including quantitative data, lived experiences, emergent trends, values and worldviews – as a basis for decisions and action. Anticipatory governance and foresight tools are one of the approach being scaled-up by UNDP in the Pacific and which has been piloted during the consultation of this project with success. The project, notably through activity 1.2. and 2.1., will support Pacific leaders and decision-makers to shape priorities according to a conscious vision of the future will participate to making PFM and accountability systems more resilient and more likely to contribute to a diversified and inclusive economic future. Data from foresight and anticipatory tools can inform policy development and implementation as well as reporting and learning processes.

Geographic coverage

34. Activities will be implemented in five to six focus countries each year and invite regular participation of representatives from the remaining PICs. Focus countries are expected to be aligned with the previous UNDP PFM project so that activities will build on existing foundations; those countries were the Cook Islands, Federated States of Micronesia (FSM), Fiji, Solomon Islands, Tonga and Vanuatu with the possibility to cover 15 PICs through regional activities and attention given to creating opportunities to engage with smaller remaining PICs, namely Palau, Nauru, Niue, Tuvalu. The proposal is additionally to give more attention to countries having actively participated to regional activities in the first phase. As a result a list of 8 potential focus countries has been established: Federated States of Micronesia (FSM), Fiji, Kiribati, Republic of the Marshall Islands, Solomon Islands, Tonga, Tuvalu and Vanuatu. Focus countries will be confirmed based on initial consultations and assessments conducted during the first year of implementation to confirm political commitment, institutional interest and other conducive environmental issues. The final list of focus countries will be submitted to the first or second Project Board meeting for endorsement.

35. A regular review of focus countries will be conducted during Board meetings and during the mid-term evaluation. Regional activities and events will give priority to focus countries, but will also welcome the participation of PICs from all countries covered by the UNDP across the Pacific, as well as Timor-Leste. The Project Manager will be responsible for establishing strong collaboration with UNDP focal points implementing relevant PFM oversight and accountability activities in Timor-Leste (through the EU-funded PALOP project), Papua New Guinea (through the EU funded Anti-Corruption Project) and the UNDP Multi-Country Office covering Samoa, Niue and Tokelau.

III. OBJECTIVES, RESULTS AND PARTNERSHIPS

36. PICs – many of which have small populations and budgets but big development challenges, including the impacts of climate change – have strong incentives to strengthen PFM in order to ensure that limited resources are utilized for maximum benefit. Not only does efficient PFM ensure that limited fiscal resources are best used to address development needs, many states within the region receive substantial development funds from donors through budget support mechanisms that also require strong national PFM systems to justify resource transfer. Looking forward, as climate change funds are established and PICs seek to directly access such resources, they will be required to demonstrate strong fiscal management capacities. A more accountable and transparent PFM environment will also indirectly encourage foreign investment, with international partners more likely to invest in stable countries with clean PFM environments.

37. Supporting more participatory and responsive PFM processes also enables the interests of vulnerable groups within the population to be represented and reflected, ensure that the voices, needs and concerns of both men and women are taken into consideration thus contributing to gender equality, focus attention to anti-corruption, and effectively budget and implement responses to climate change that is an existential threat to many within the region. Leadership and human resources are key to ensure that large bureaucracies shape the future of the region rather than impede it.

Output 1: Well-run oversight institutions promote accountable and transparent governance for more efficient and inclusive service delivery

38. While PFTAC will provide support to core government bodies to strengthen government PFM processes, under this output, UNDP will focus on capacity development of key independent oversight institutions, with a focus on (i) strengthening individual capacities and (ii) strengthening institutional capacities, including the ability to coordinate better with other relevant bodies and to engage with civil society and the media to improve oversight outcomes.

Activity result 1.1: Cohort of visionary and empowered Pacific PFM officials and academics have capacities to lead efforts to improve public accountability

39. The 2020 IMF working paper on Pacific PFM support from 2010-2020 noted that Pacific PFM efforts to date had tended to be donor-driven and over-ambitious, resulting in dispersed reform and agendas incapable of meeting their targets. Through the implementation of the PFM project, analysis of the gender and climate related budgets revealed a similar pattern, with multiple tagging and fiscal planning reforms being pushed without fully integrating in the national priority plans. To respond to that challenge and ensure that PFM reforms, including in relation to improved PFM oversight, are Pacific-owned and led, the Project will work directly with officials across the Pacific working on PFM to strengthen their capacities and opportunities to articulate and drive clear priorities for national and regional PFM reform. The Project will prioritise ensuring gender-balance of participants in these activities, who will be engaged with as two complementary cohorts:

- *Existing thought leaders* (up to 15 per year): Pacific senior civil servants (national but also possibly regional) already working in the PFM space, as well as academics and other Pacific specialists working on PFM. Priority will be given to senior decision makers from oversight and accountability institutions as well as core and line ministries, but as appropriate and responding to interest, participants could also include local government representatives, civil society and media representatives.

- *Future leaders* (up to 10 every other year): Young leaders – within government, academic and potentially even within civil society – will be identified who have an interest in gaining experience and skills on leadership, public administration, public finance oversight and civic engagement.

40. In partnership with existing Pacific training institutions such as the University of the South Pacific, the Project will develop a “PFM Fellowship Programme” which is tentatively envisaged as being delivered in three modules of 1-2 weeks each. This approach will be tested in early consultations with partners, to identify what is the most appropriate training delivery approach, taking into account their existing professional responsibilities. It will also draw on lessons learned from similar in-line training approaches. A mix of in-person and online options will be explored. The training will be a mix of technical content but also content related to good leadership in a Pacific context, including responding to complex political PFM issues and shepherding reforms in fluid political environments. The PFM Fellowship Programme will be facilitated by a pool of international and regional experts who will propose a theme and programme annually.

41. At the conclusion of the fellowship, participants will be required to produce a written document – whether a policy proposal, analytical essay or strategic paper – which will contribute to Pacific knowledge on PFM, accountability and/or oversight. Participants could also develop institutional development or innovation proposals to be implemented under Activity 1.3. As appropriate, the papers will be published through regional platforms, grey literature or as academic papers. This focus on concrete knowledge creation is a response to the importance of producing Pacific-owned research, rather than constantly relying on research produced by IFIs or international consultants.

42. Following the training, the Project team will continue to engage with training participants, to provide them with ongoing mentoring, accompaniment and encouragement. The Project will support the development of a Community of Practice (COP) which will include all officials involved in the training, as well as other interested officials from PFM bodies, including oversight bodies, across the region. The COP will operate as a forum for knowledge sharing, as well as knowledge creation where officials themselves share good practice, reflect on lessons learner or request advice from their peers. The Project will also proactively create knowledge content for the COP as appropriate disseminated through the platforms identified in the communication strategy (appendix 4). The Project will also proactively collect and showcase interesting Pacific reforms and initiatives that others might learn from. A selection of 3-4 technical assistance activities implemented by the Project itself will also be identified over the course of the project for in-depth case study and results documentation, and these products will also be shared with the COP.

43. The Project will host an annual regional Community of Practice Meeting which will bring partners together around a topical theme, but which will also be used to showcase some of the knowledge created as a result of the training activities described above. This regional meeting will be organized in collaboration with international and regional PFM partners such as PFTAC and PASAI and result in the publication of a compendium aimed to disseminate findings and Pacific expertise widely. Depending on the regional and global context of borders opening and travel, events might be organized sub-regionally or in hybrid format. Regular participation to global and regional events by fellowship network representatives will additionally be facilitated.

Activity result 1.2: Systematised data collected and shared to help inform quality PFM decision-making and monitor progress

44. Under UNDP’s previous PFM Project, UNDP has conducted Annual PFM Oversight Self-Assessment Surveys with Parliaments and SAIs of the region since 2019. The survey mixes Public Expenditure and Financial Accountability (PEFA) and Open Budget Index (OBI) indicators related to transparency, oversight

and accountability. It was not intended as an independent assessment but as an insight into the perception of institutions on their current strengths, weaknesses and progress. Although COVID19 impacted the utility of the surveys as a monitoring tool (because the pandemic so completely disrupted progress), the annual exercise has still proved a powerful tool to document the impact of the related economic crisis and allowed the project to propose tailored workplans to partners annually.

45. Building on the successes of the Annual PFM Oversight Self-Assessment Surveys as a useful way to track progress and identify very specific needs which can be addressed in other parts of the Project, the Project will continue to refine and simplify the tool and to support annual self-assessments, both as part of the Project monitoring framework and for the benefit of Project partners. The Project will review the existing questionnaire to simplify questions and ensure that non-specialists feel comfortable providing the answers. The survey process will also integrate follow-up interviews, where surveys suggest more interesting lessons to be identified. The Project will also strengthen efforts to document good practices identified during the surveys and to produce longer case studies based on feedback, as appropriate.

46. Drawing on the survey results and additional analysis produced by UNDP (for instance budget briefs, cross-cutting audit reports analysis, budget submissions by CSOs, papers produced under 1.1.), the Project will also produce an annual analysis of PFM oversight trends. In addition to being a useful knowledge product for the region, the analysis can also inform the UNDP's governance portfolio of activities related to public finance – including parliamentary budget review, anti-corruption reports and civil society budget submissions. Topics and focus will be selected on an annual basis and be a stand-alone complement to the annual survey. At least two reports will focus on trends in integrating and budgeting for key policy issues and cross-cutting themes, such as gender or climate change.

47. The Project will seek opportunities to strengthen data transparency and availability on PFM standards in the region, by seeking partnerships with major international initiatives such as the Open Budget Initiative (OBI) and the Open Government Initiative. As noted earlier, only Fiji and PNG are members of either initiative, despite the valuable data they provide. The Project will explore options for partnerships with both initiatives and/or will foster membership of similar regional and global initiatives. The Project will also work jointly with other UNDP projects, in particular the Anti-Corruption Project and Parliamentary Strengthening Projects to connect up with their own activities in support of these global initiatives.

Activity result 1.3: Oversight and accountability institutions produce timely outputs which empower other government and non-government partners to drive accountability

48. One of the most critical links in the PFM oversight chain is the work of Supreme Audit Institutions. PASAI has done a remarkable job of building a strong and well-connected network of SAIs across the region who have become much more visible actors in the PFM space as a result of their advocacy and engagement efforts. Nonetheless, many SAIs still have significant capacity constraints and huge audit backlogs, which are a major concern in the context of ensuring accountable PFM. To address this, the Project will work with at least three SAIs every year – though potentially more as the number of partners grows over time – to identify their institutional and personnel capacity development needs and to provide short-term technical advice and/or long-term support as required. This support will be delivered through agreed action plans, informed by SAI Performance Management Frameworks and which will include performance indicators to track the impact of the Project's support. Such action plans may include law reform technical support where SAIs prioritize such work; in such cases, the Project will also engage with UNDP's parliament team to identify opportunities for law reform awareness-raising with MPs. As appropriate, the Project may also support 1-2 week-long staff peer exchanges with other SAIs to build individual SAI staff capacities. Any such exchanges

will require participants to produce short papers upon their return to indicate how knowledge gained will be applied in their home context. The Project will prioritise using technical experts who are from the Pacific and/or have long Pacific experience; where this is not possible, experts will be inducted to ensure that they are properly briefed by the Project on the special needs and challenges of PICs.

49. In addition to working with SAIs to strengthen their audit capacities, the Project will also invest substantial resources in strengthening SAI engagement and outreach activities. Under the last UNDP PFM Project, efforts were made to assist SAIs to engage with civil society and the media, through products such as “Citizen Audit Briefs” and media press conferences and information sheets. This work will be built upon and extended, to support partner SAIs to more systematically develop SAI Stakeholder Engagement Strategies that identify how they will work with (1) parliaments (2) other independent institutions (3) the media and (4) civil society and the public. Activities can include the development of specific simplified audit products for the public, the media and parliaments, as well as regular press conferences, and even the production of short videos which can be used by the media and/or viewed by the public online. SAIs can also be supported to organise public engagement activities, noting that SAIs can benefit from the feedback of people and groups who receive public services, to gain insights into the quality of budget execution and the design of audit programmes.

50. Priority will be given to the core work of improving the capacities of SAIs to perform audits and clearing the backlog of audits that some SAIs are facing, as well as to engage with external stakeholders. As the Project starts to achieve progress in these areas however, the Project will build on the relationships of trust and initiate more strategic discussions regarding how SAIs can more effectively prioritise audit work that impacts *service delivery*, in line with national development priorities across the region. The Project may initiate discussions with SAI counterparts and other key line ministries – both informally and through formal workshops and seminars - which seek to showcase the role of audits in identifying weaknesses in PFM systems which undermine service delivery. Any such discussions regarding PFM oversight and service delivery will also integrate issues relating to human rights and gender equality, to raise the awareness of SAIs and PFM counterparts of how these issues can be mainstreamed into their work. Depending on counterpart interest, the Project may also run seminars and other engagement activities with counterparts which showcase the role of performance audits in addressing service delivery. While many PICs SAIs are currently too under-resourced to have sufficient staff to undertake such audits, nonetheless, some countries have already invested in sector-specific audits and can share those experiences.¹²

Activity result 1.4: Oversight and accountability institutions develop and implement tracking tools to assess implementation of recommendations by Government

51. The biggest output produced by SAIs are their audit reports, but across the Pacific there remain considerable challenges regarding how such audit reports are actually actioned. The parliamentary recommendations emerging from the audits reviews as well as recommendations formulated by SAIs in their reports demand a response by the concerned department, ideally with an action plan and solving of the highlighted issue. Government Follow-up on audit reports recommendations is one of the most poorly rated PEFA indicator throughout the region (PI28 sub-indicator). Similar observation can be made of the other oversight and accountability institutions, some have mandate to impose fines or sanction, or even refer matter to the judiciary yet beyond these actions they often struggle to follow-up on report’s recommendations. In some Pacific countries, Anti-Corruption Agencies, Ombudsman institutions and Leadership Commissions have been proactive in enhancing their outreach and prevention activities within

¹² The RMI Auditor famously identified leakages in the health sector which resulted in corruption prosecutions and saved the country hundreds of thousands in lost resources. These stories can be shared across the region, to empower SAIs to recognize their role in supporting people-centred development through improved services.

government bodies, in order to prevent or resolve the issues identified over the course of their report. For others, this possibility might not be available or might risk raise questions on independence. For SAIs for instance, prevention activities would risk blurring the line between oversight and execution. For this reason, there is a need to carefully align technical support to the context, mandate and capacity of the institution when looking at follow-up on recommendations.

52. Once complete, SAIs reports and most independent agencies report to Parliament are supposed to be published often both by Parliament and the institutions. Yet not all Pacific SAIs and accountability institutions have websites that are regularly maintained. Additionally, while government bodies are meant to submit a management response, this is not always forthcoming and even where it is, there is often limited information provided regarding how recommendations are actioned over time. Under this Project, work will be done with a selection of SAIs and where relevant PACs and other accountability institutions, whose mandate encourage such work, to develop recommendations tracking tool or other impact monitoring solutions which can track how government agencies have responded to recommendations. The Project will draw on UNDP's Accelerator Labs and Innovation Hubs and expertise in e-governance to harness digital approaches to developing computerized and/or online monitoring tools. As appropriate, the Project may run hackathons and other such activities to innovate locally appropriate tracking tools. The tracking tools might integrate with wider systems supporting transparency and accountability functions of the institutions.

53. Complementary to this work, the Project will work with oversight and accountability agencies to help them engage with Parliament, governmental counterparts and civil society specifically on follow-up and recommendations. This could include training on report presentations and communication tools, as well as design and delivery training to government agencies on how they are required to respond to SAI audit reports. The Project team will explore options for working with the UNDP Anti-Corruption Project in this context. That Project is also working with line ministries to support the development of risk mitigation plans, which often use audit reports as a starting point for their risk identification and analysis.

Activity result 1.5: “Eco-system” of accountability institutions strengthened to maximise impact of efforts to reduce corruption and promote accountability and transparency

54. This Project recognizes that across the region there is an increasing web of independent accountability institutions which have some role to play in ensuring that PFM processes are accountable, transparent and people-centred. A number of PICs have Ombudsman, and a growing number have set up Independent Commissions Against Corruption. Fiji and Samoa have stand-alone national human rights institution, Palau has a Special Prosecutor with a specific anti-corruption mandate and Solomon Islands, PNG and Tuvalu have Leadership Code Commissions. All of these institutions can play a role in promoting accountability for public money, to different extents.

55. Building on the surveys undertaken under Activity 1.2 above, the Project will commission rapid country-level assessments or political economy analyses to understand the “national PFM accountability eco-system”, namely, which national institutions are involved in promoting PFM accountability, how well they currently coordinate their efforts and what can be done to support them to more effectively collaborate to promote accountability, and as appropriate, to address corruption in a politically savvy manner. The assessments will include recommendations for consideration. The reports will be used as a starting point for national discussions with counterparts to identify practical, concrete steps that can be taken to support them to work together (e.g law reform, Memorandums of Understanding, revised rules, joint taskforces, process improvements). Once agreement is reached amongst national partners, the Project will provide technical assistance and other support to implement recommendations.

Activity result 1.6: Accountability institutions develop specific tools to proactively promote accountability for climate-related finance, gender budgets, human rights and other cross-cutting themes

56. The Project will initially prioritise rolling out the core institutional strengthening activities identified above. This activity will serve to earmark funding to examine the tools and concepts which can help mainstream cross-cutting topics into this core institutional mandates. Recent years saw numerous publications and narratives emerge from the Pacific on issues such as climate finance standards, SDG financing and gender budgeting readiness. However, there has been less work focused on how Pacific institutions can practically engage on these complex cross-cutting themes without diverting resources from core functions. Tools are often siloed and sector-specific and climate tagging initiatives are often taking place at a different place and through different donor-driven project than gender-budgeting initiatives. To address these challenges, the Project will continue to invest in research and pilots initiated under the UNDP PFM Project looking at SDGs implementation and public finance, public finance oversight and recovery finance, and debt management oversight, as well exploring the development of cross-cutting budget analysis methodologies for climate, the Blue Economy, gender and SDGs.

57. Building on the space created through activities 1.1. and 1.2., the Project will bring together the Community of Practice members to discuss the research and with a view to drilling down into how multiple and complex policy issues create different risks and pressure on public finance and public finance oversight. Outputs will focus on risks that will need to be proactively managed and initial ideas for how they could be managed. Depending on interest identified at the regional meeting, follow up national meetings will be organized which bring together a wider group of national stakeholders to identify their own specific issues and actions. As appropriate taking into the account the mandate of this Project, support will be provided to implement actions relevant to oversight of climate finance and other key cross-cutting policy issues. The Project team will involve the UNDP Resilience Unit and the UNDP SDG Financing focal points in this work, to ensure this work connects back to the broader regional climate financing and SDG financing agenda; recommendations not within the Project's mandate may still be picked up through other UNDP programming.

Activity result 1.7: Accountability institutions supported to more effectively support Parliaments to discharge their oversight duties

58. Parliaments play a critical role in overseeing government spending. The UNDP Parliamentary Team is currently working with Pacific legislatures in almost every jurisdiction to support their efforts to strengthen budget oversight, including by supporting the work of key parliamentary committees and through the work of the Pacific Floating Budget Office. This Project will complement that work by strengthening the reporting and advisory relationships between parliaments and key independent oversight agencies, in particular SAIs, but also other bodies, taking into account the analysis and coordination recommendations produced under Activity 1.5 above.

59. The Project will work with SAIs and other independent oversight agencies as relevant to produce and present relevant and timely reports to Parliaments on key issues, including simpler briefing notes and “explainers” to enable MPs to more quickly engage with key recommendations and action points. The Project will also offer technical advice to SAIs and other agencies at timely points to support them to prepare for committee hearings and to more effectively engage with Committee oversight processes to advocate for key recommendations and PFM reforms. As needed, the Project will also continue to provide technical advice on PFM issues to build sustainable capacities within the Floating Budget Office to produce thematic budget briefs for MPs and CSOs.

60. The Project will also engage with the UNDP Parliamentary Team when needed to offer technical advice on complex economic issues such as inflation, debt levels, revenue lines, role of Central Bank, monetary policy, national fiscal strategy. The Project will work closely with UNDP Parliamentary Team to opportunistically integrate PFM information-sharing activities into trainings offer to various stakeholders using the PFM modules developed under the UNDP PFM Project. Taking into account specific national contexts, the Project will offer to contribute to seminars on issues such as post-COVID19 economic recovery issues, PFM for SDG implementation, debt management and the like.

Output 2: Budget planning, implementation and oversight processes are inclusive and people-centred

61. This output focuses on strengthening the “demand side” of PFM public accountability by supporting civil society build their understanding and expertise on budget analysis and oversight and to leverage their connections with communities to produce advocacy and information products which can be used by the public, but which can also be used by government stakeholders to inform their own budget planning and oversight activities. Under this output, the Project will also develop and/or strengthen institutional mechanisms and capacities to better utilize insights, data and analysis generated outside government to contribute to a more agile and citizen-centered public finance management and service delivery in the Pacific.

Activity result 2.1: Civil society organisations empowered to engage in more effective budget planning and oversight

62. While Output 1 focuses on strengthen supply side good governance by improving institutional PFM oversight capacities, this Activity will apply substantial resources to strengthen the capacities of CSOs to demand better PFM from government bodies. This work will build on successes achieved under the UNDP PFM Project. The second phase of funding and activities will allow to build on evolving and strengthening relationships sustaining a portfolio of CSO engagement through close to a decade. This long-term engagement and relationship has proven extremely beneficial through the first part of the project and enabled CSOs to have greater ownership and influence over the design of activities and strategic direction of their action. The project for instance conducted quarterly learning spaces for CSO to reflect on the impact of their activities notably with relationship to their engagement with government, understanding of technical budgetary questions and place of civil society itself in governance structures of PICs and the regional architecture.

63. Citizen budgets and consultations were undertaken in seven PICs between 2020 and 2021, conducted through a very successful collaboration with PIANGO, who managed the disbursement of accountable grants to national CSO members across the region. Several models, including two iterations of the “almost expert mentorship” in 2021 and 2022 also piloted ways to engage grassroots and smaller community organisations. A major learning workshop with CSOs organized by PIANGO for its network in December 2021 highlighted that civil society partners have an appetite to continue with locally-driven activities, but that there is a clear preference that they remain supported by a strong regional South-South component, not only for technical purposes but because the regional platform is a mechanism for addressing national concerns about engaging in politically sensitive governance topics.

64. The Project will again work with PIANGO as a focal point for providing grant funding and technical support to CSOs in at least five PICs to implement budget planning and/or oversight activities at the national level. The first six months of the project will be dedicated to the co-design of the next phase of CSO support activities, including the selection of focus countries and the division of tasks between PIANGO and UNDP

which will be reviewed at least annually and based on the results of UNDP’s Harmonized Approach to Cash Transfers (HACT) assessment. Support will be provided to PIANGO to organise capacity development activities for CSOs and share resources and knowledge products. PIANGO will also be supported to develop reporting on regional trends in the context of financing by governments of key policy priorities relating to CSOs themselves.

65. Support will also be provided through PIANGO to national CSOs, to develop their activity plans and strengthen their own PFM capacities. Experience under the UNDP PFM Project highlighted the need to create space for each country to evolve its portfolio of activities depending on the national priorities and the specific capacities of the CSO partner or network. The Project will ensure that activities implemented under this output provide space for women, young people and people with disability groups to effectively engage. Implementation approaches will also support CSOs to implement participatory budget activities which integrate analyses related to the SDGs, human rights, gender equality and/or climate change. Activities will where possible contribute to regional debates on emerging narratives such as Blue Economy, climate finance, SDGs localisation, the accountable use of Constituency Development Funds and gender-based budgeting.

66. The Project will work with PIANGO and CSO partners to develop and deliver trainings and capacity building on PFM, budget literacy and accountability principles and processes, advocacy and related tools and skills. These trainings and the development of related tools will experiment with the latest innovations in the field of accountability and citizen engagement, both digital and analogue. It will respond to the strong demand from civil society to benefit from technical support on public finance topics. The Project will also develop tailored participatory budgeting and oversight tools for specific sectors (such as climate change, natural resource management, integrating gender into financial analysis, and analysing the human rights impacts of budget allocations), as well as other resources to help CSOs to engage with the budget cycle. Technical advice will also be provided to CSOs on how to develop citizen budgets and/or undertake citizen audits. Regional knowledge sharing and peer-to-peer exchanges will be organized, as appropriate. In the eventuality the partnership with PIANGO ceases or does not deliver results after two years, the project will revert to delivering direct support on all of the above through national counterparts.

Activity result 2.2: Government bodies more effectively include civil society and the public in processes throughout the budget cycle

67. Stakeholder engagement by government bodies is often seen as a one-way exercise, for example, through outreach activities and awareness campaigns, with limited capacity for government institutions and independent agencies to collect, process and act upon external sources of data and information. This seriously limits the capacity of institution to respond in real-time to adapt government programmes and service delivery processes to respond to citizens’ demands. Notably, during the CSO consultations held in December 2021 to identify lessons learned from previous work under the PFM Project, CSOs also noted that they wanted to prioritise more proactive collaboration and open engagement with institutional partners rather than compliance-based monitoring and confrontation.

68. To facilitate more responsive, people-centred budget processes, the Project will work with CSO partners identified under Activity 2.1 to proactively connect them to relevant regional organisations, national and local government partners and oversight agencies to enable them to more effectively share their analysis, findings and feedback with those government counterparts and to collaboratively work with them to progress related changes, as possible. Building on the work done under Activity 2.1, a maximum of two initiatives identified under that activity per year will be selected for support to develop these “feedback loops” which will enable government agencies (national or local) to tailor their budget to better meet the

identified needs of the public. The selection of project will be made based on: (a) the existing partnerships the Project and/or UNDP already has with relevant government line ministries, local government bodies or other relevant institutional partners; (b) the potential for the work to impact on the quality and effectiveness of service delivery; and (c) the contribution the work will make to addressing issues related to climate change resilience, gender empowerment or inclusive service delivery. The Project will then work with both the relevant government agencies and the CSO and their members to facilitate sustainable information sharing mechanisms between the two.

69. The Project will support both sides to prepare for such interactions, by training them on relevant issues that may need to be addressed and to provide a comfort level that the interaction will be productive and useful. CSOs for example, may be supported to develop specific budget submission, monitoring reports, power point presentations and to even conduct additional research where that would be useful. Line agencies will be supported to break down their existing budget and any other relevant policy or programme documents into simple briefings that can be used to support CSOs to better understand how they work and how they deliver government services or programmes.

70. In addition to these specific pilots, the Project will also work with key government partners to identify whether and how they might harness digital tools harnesses to more systematically support public participation and feedback on budget processes. This might take the form of openness portals, digital solutions for real time publication of budget data and documents and specifically developed online participatory budgeting solutions. This could include the publication of budget information, citizen budgets or briefs by MoFs, local or line ministries. The Project will also explore options for linking this work to UNDP's ongoing support in some PICs for rolling out e-governance solutions as well as risk-informed budgeting and project planning through cost-sharing of activities and implementation capacity.

Activity result 2.3: Media and artists capacitated to use their skills to promote public engagement with PFM and the budget cycle

71. Complementing the work with CSOs, the Project will also engage with communications experts and the creative community to strengthen their interest and ability to facilitate greater public interest and engagement throughout the budget cycle. Trainings will be run with the media, including in collaboration with national and regional media peak bodies, to strengthen the capacity of Pacific journalists to understand the budget process and to provide more sophisticated analysis of the content of proposed national budgets. Hands-on approaches will be utilized, with peer-based training by media practitioners based on actual national budgets. An ongoing series of training will be organized, with additional mentorship offered to editors and journalists willing to engage on investigative pieces as an option for consideration. The recurrent nature of the training will enable the Project to track skills development and assess the impact of training in terms of both an increase in the number of budget articles published and their quality, including the rise in in-depth reporting about financing of key policy priorities.

72. This work will also be complemented by more innovative work started under the UNDP PFM Project with Pacific artists and illustrators. The last Project identified an impressive cohort of Pacific artists who have the capacities to take complex budget concepts and simply them for the public. Under this Project, an annual PFM course will be organized for artists and civil society activists interested in alternative communication approaches to provide them with technical information on PFM and to explore ideas for how such concepts can be more innovatively conveyed to the public and how their feedback and inputs can be collected and shared through such processes. As appropriate, small grants will be provided to support partners to implement promising activities.

Partnerships

73. This Project builds on the legacy of UNDP’s “Strengthening Public Finance and Governance in the Pacific” Project (PFM Project), which was part of a collaborative initiative of the EU involving PIFS, IMF/PFTAC, and the University of the South Pacific, as well as UNDP and PASAI. UNDP under this action will maintain close collaboration with all of those regional actors, as part of the implementation process for this Project. UNDP will seek close collaboration and complementarity with all these partners addressing different aspects of the overall PFM challenge.

74. In a similar logic, the project will continue to strengthen the emerging or confirmed partnerships with the wide portfolio of UNDP projects, including but not limited to the Governance for Resilience project, the Anti-Corruption project, the Development for Mineral project and the country-specific governance projects implemented across the region.

75. UNDP will also rely on a partnership forged under the previous PFM Project with PIANGO to implement several activities. PIANGO as an umbrella CSO organization for the Pacific that has chapters in each PIC, referred to as National Liaison Units. Each National Liaison Unit in turn act as a national umbrella organisation at the national level, which means that through PIANGO UNDP can access nearly all formally registered CSO in the Pacific. Since 2019, with UNDP support PIANGO has been facilitating citizen budget guides and opening spaces at the regional and national level to inform fiscal decision and engage citizens on public finance accountability. UNDP’s collaboration with PIANGO and its members recognizes that the national budget process is a cycle that includes different institutional actors and opportunities for citizen and CSO inputs at different stages of the budget cycle.

76. The Project will work closely with UNDP’s global and regional innovation networks and will draw on UNDP’s anticipatory and foresight expertise in order to enable forward-thinking and visionary solutions for public finance and governance in the Pacific as well as adaptive governance initiatives. The Project will also work closely with climate change finance experts from UNDP and other Pacific and global bodies to develop a cutting-edge programme of support to assure transparency and national ownership in delivery of climate change mitigation funding. Beyond UNDP, the Project will also cooperate with a range of partners that have relevant mandates. UNODC will be engaged with as a partner on accountability in PFM and corruption prevention. The Project will also collaborate with regional organisations such as the Pacific Islands Law Officers Network (PILON), the South Pacific Community, and regional networks of human rights and ombudsman institutions.

77. At the global and regional level, the project will built through the UNDP Parliamentary Development portfolio on existing relationships with parliaments internationally, including through the Inter-Parliamentary Union (IPU) and Commonwealth Parliamentary Association (CPA) and with the Global Organization of Parliamentarians Against Corruption (GOPAC), and it will build on the successful work UNDP has already carried out in enabling parliamentary expert staff from parliaments in Australasia and Europe to share their expertise with sister parliaments in the Pacific Islands. UNESCAP and UNCDF relevant counterparts will also be engaged as well as specialized sector agencies on selected topics.

Risks and Assumptions

78. A risk log is attached at Appendix 3.

79. A number of fundamental assumptions were discussed in the context of the Theory of Change earlier. In addition, the following assumptions also informed the design of the Project:

- There is a continuing interest amongst oversight institutions to work with UNDP, including supreme audit institutions, accountability institutions and parliaments. These partners would welcome efforts to strengthen their capacities and performance in accountability and oversight, particularly in the areas of public finance.
- There will be a continued partnership with PIANGO, and there is an openness and availability of CSOs to engage with institutions and vice versa with no severe reduction of public space in the Pacific;
- There is a willingness to work with UNDP amongst relevant executive institutions (Ministry of Finance and Line Ministries, as well as local governments bodies);
- There is an interest amongst relevant decision makers, thought leaders and young leaders to engage in the project's activities and capacity building schemes.
- There will be continuing engagement by multilateral, regional and bilateral actors working on PFM to provide technical assistance and capacity building and a continued alignment of efforts amongst development partners to provide non-contradictory messaging to partners.

Stakeholder Engagement

80. As noted elsewhere, this Project builds on previous work to engage with PFM partners in the Pacific, which has enabled UNDP to develop strong relationships of trust with Project partners. Key stakeholders have been engaged in the development of this Project through numerous discussions. Their feedback was also collected as part of the Evaluation of the PFM Project which was undertaken in 2021; that feedback also informed the Project. Key target groups have been engaged on a continuous basis including:

- PFM institutions with a focus on oversight institutions: The oversight target group includes supreme audit institutions, parliaments, ombudsman, human rights commissions or equivalent, anti-corruption agencies, leadership commissions and other independent agencies contributing to public finance oversight or accountability.
- Civil society, media and private sector: UNDP has established contact with PIANGO at the regional level and multiple CSO and community groups including women and youth groups in a majority of Pacific Countries. UNDP's activities also include partnership with media organisations such as PINA and private sector groups such as PIPSO and Chambers of Commerce across the region. This base will be built upon, focusing particularly on fostering CSO partnerships in the focus countries. Engagement of CSOs working on gender issues will be a priority, as will building links with groups active on climate change issues.
- National Gender Machinery (women ministries or women's departments, and women's rights organisations) as well as regional gender empowerment and rights stakeholders will be entry points for the project to ensure their work is promoted with PFM actors as well as for their analysis and knowledge to inform the project activities. A key focus of the project is to tailor public finance management to the realities of service delivery including unequal access to services.
- Similarly, climate change machinery and other key policy issues such as NCDs will be engaged, especially where climate units exist within Ministries of Finance or at the regional level.

81. The Project will engage with the broader ecosystem of public finance notably core government, local government and line ministries in direct activities and through initiatives with other institutions and stakeholders. The Project will ensure continuous updates to Finance Ministries directly and through partnerships with the IMF PFTAC and other regional and international agencies.

82. The Project will engage with citizens primarily through civil society organizations. The project will ensure that equitable opportunities are provided to participate in project activities, particularly considering

gender, and representation of minority and disadvantaged groups. Gender disaggregated data will be collected on participation in project activities and a mitigation strategy implemented if there is disproportionate participation from one gender.

South-South and Triangular Cooperation (SSC/TrC)

83. Both UNDP's global Strategic Plan and Sub-Regional Programme Document for the Pacific Island Countries and Territories call for using SSC/TrC to facilitate knowledge exchange on policy reforms and innovations that have been applied in other contexts and to support peer-to-peer learning. Under the sub-regional program UNDP undertakes regional programming to help countries take collective action or seek shared solutions to common challenges through South-South cooperation and knowledge sharing. A peer review of country systems in Samoa was recognized as an example of how countries in the Pacific could learn through regional peer-to-peer mechanisms and adopt and replicate proven solutions.¹³ UNDP's flagship methodology on parliamentary support in the Pacific has also harnessed innovative approach to South-South cooperation with cross-parliamentary analysis of budgets through the Floating Budget Office and structured staff exchanges across Pacific legislatures.

84. This Project will harness UNDP's long experience facilitating South-South exchanges in the Pacific for the benefit of Pacific PFM counterparts and civil society partners. Both outputs will integrate South-South exchanges as a core part of their implementation approaches, for example, by sharing knowledge across generations of Pacific experts with the creation of the Pacific Community of Practice and less structured peer groups of thought leaders on public finance oversight and innovation. The civil society component led by PIANGO also incorporates strong elements of South-South cooperation with secondments and exchanges planned between national chapters in order to build capacity and exposure.

Knowledge

85. The Project will produce several knowledge products including annual self-assessment baselines, inception political economy analysis briefs. Additionally, under Output 1, the Project will work with a cohort of thought leaders to support them to create a body of literature published by Pacific public finance and oversight experts, which captures insights into Pacific-tailored PFM approaches, proposals and solutions for inclusive and sustainable public services and public finances. The Project will also develop a Community of Practice which will both create and share knowledge with Pacific counterparts. The Project will also focus on developing knowledge products that will examine issues such as (i) the gendered impact of budgets and public finance decisions, (ii) implementing risk-informed and sustainable financing for climate-change resilient services and infrastructure and (iii) implementation anticipatory and future-proof public finance strategies and frameworks.

Sustainability and Scaling Up

86. The Project's sustainability strategy is strongly grounded in the Project's commitment to people-centred development. The Project's fundamental methodology recognises that it is people that make systems work – and hence sustainable systems development is built on successful personnel capacity development. With this in mind, each of the Project's outputs are designed to: (a) nurture leadership and capacity building of networks and groups of individuals rather than single individuals; (b) strengthen and utilise as much as possible Pacific expertise and constantly reinforce the legitimacy of Pacific institutions expertise through the project's activities; (c) document and publish lessons learned to ensure that Pacific-

¹³ Pacific countries are innovators of peer to peer learning, 3 December 2016, <https://pasifik.news/pacific-countries-innovators-peer-peer-learning/>

specific experiences are not lost and can continue to be of benefit to PFM officials after the Project completes.

87. The sustainability of the Project's outcomes also rest on the design which seeks to ensure that the Project aligns with partners' needs and does not divert partners from their existing set of priorities. For instance, the project will work with civil society specialised in climate adaption or gender equality and support their ability to engage on accountability and public finance oversight in their respective fields, rather than expecting them to work on other issues not related to their own mandates.

88. Finally, the Project's integration within the broader UNDP's portfolio of initiatives and partnerships, including parliamentary support, anti-corruption, core government support and risk-informed governance. This will ensure not only that the project benefits from the existing relationships and initiatives but that Project's gains are integrated in UNDP's programming moving forward.

IV. PROJECT MANAGEMENT AND GOVERNANCE ARRANGEMENTS

Resources Required to Achieve the Expected Results

89. The required project resources can be categorised into financial, technical, and managerial. The financial resources needed for the implementation of the project have been indicated in the budget for the action (Annex 3). These resources will be used to procure the required technical and managerial services, as mapped out in the Multi-year Work Plan of the Project Document.

90. Human resources will include Project staff, national counterparts from independent oversight institutions, government bodies, parliaments and civil society, UNDP Country Office staff and networks, consultants and implementing partners. Corporate support will be provided by the UNDP Pacific Office in Suva in areas such as strategic guidance and project management, financial management, human resources and procurement. These resources are embedded within the project activities and will be defined further in the Annual Work Plans during the project implementation. In addition to project staff, the Project will utilise short-term technical consultants and advisers as required to provide detailed, demand-driven advice and support to partners. Such support will be defined in the Multi-Year Work Plan of this document and for each consultancy there will be the issuing of a ToR as to the expected outcomes and outputs of the planned work.

Cost Efficiency and Effectiveness

91. UNDP has established a solid reputation for being able to establish and effectively deliver large projects in challenging, complex, and politically sensitive environments. UNDP develops and implements 'signature solutions', programming developed based on global evidence for effective democratic governance programming, tailored appropriately to the context.

92. Cost efficiency and effectiveness in the project management will be achieved through adherence to the UNDP Programme and Operations Policies and Procedures (POPP) and reviewed regularly through the governance mechanism of the United Nations Pacific strategy (UNPS) Annual Review, and by the regular meetings of the Project Board. In addition, there are specific measures for ensuring cost-efficient use of resources through using a portfolio management approach. This approach by the UNDP Pacific Office leverages activities and partnerships among several initiatives across the Pacific.

93. UNDP provides operations support for other UN agencies, and operates a regional Joint-Operations Centre in Suva, ensuring full administrative, logistical, procurement, and programming support to UNDP and

many other UN agencies operating in the Pacific region. UNDP offers value for money through cooperation and cost-sharing with other UNDP projects and UN agencies, for example cost-sharing of staff, overhead, expenses, and implementation of activities. This not only decreases project implementation costs, but also amplifies the reach and effects of project activities. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.

94. The project has a very wide geographic spread which means that it will be crucial to implement strategies that maximise how resources are spread across countries and activities to achieve maximum results. To that end:

- The project will harness existing relationships and build on activities initiated under the UNDP PFM Project in the last phase, as well as leveraging relevant work being implemented in the mature portfolio of parliamentary support and anti-corruption projects that have been implemented since 2012 in the Pacific by UNDP. Where possible, activities will be cost-shared or mutually reinforcing across the UNDP governance portfolio, providing an ideal environment to ensure and multiply impact.
- The project will build on the existing relationships that have been developed by UNDP with partner PFM and oversight agencies outside of the region, to implement exchanges whereby staff costs are covered by the home agency/institution and the Project covers mission-specific costs (travel, per diem). This enables the project to leverage maximum value from the project resources.
- The project will make maximum use of within-region capacity development, including through the development of a regional consultant pool trained to deliver locally-appropriate, sustainable technical assistance.
- The project will work more intensively in a smaller cohort of core target countries (to be identified during the inception phase) to provide more substantive institutional support. By targeting assistance, gains are more likely to be impactful and sustainable. Knowledge gained through these more intensive engagements with core countries will be shared at regional events with participation of all PICs, to extend the impact of lessons learned and good practice across the region.

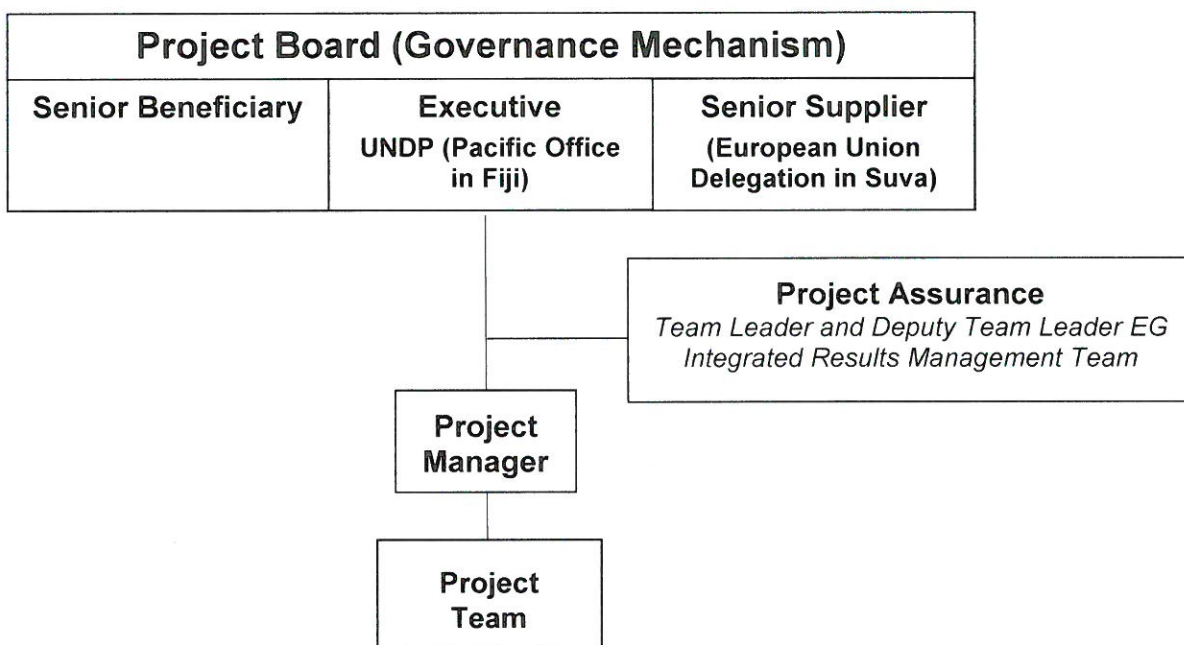
Project Management and Governance

95. The project will be based in the UNDP Pacific Office in Fiji and implemented through its Effective Governance Unit. The project will benefit from the institutional structure of the UNDP office as well as UNDP financial, operations, and procurement systems. The Project will be delivered through a Direct Implementation Modality (DIM). Under DIM, UNDP will bear full responsibility and accountability to manage the project, achieve project outputs and ensure the efficient use of funds. UNDP will be accountable to the funding partners for the disbursement of funds and the achievement of the project objective and outcomes, according to the approved work plan. UNDP will be responsible for the following functions: (i) coordinating activities to ensure the delivery of agreed outcomes; (ii) certifying expenditures in line with approved budgets and work-plans; (iii) facilitating, monitoring and reporting on the procurement of inputs and delivery of outputs; (iv) approval of Terms of Reference for consultants and tender documents for sub-contracted inputs; and (vi) reporting to the Project Board on project delivery and impact.

Project Board

96. Governance of the project is undertaken through the Project Board which convenes minimum once a year. The Project Board is the group responsible for making by consensus, management decisions for a project when guidance is required by the Project Manager, including recommendation for approval of project plans and revisions. To ensure accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value money, fairness, integrity,

transparency and effective international competition. In case a consensus cannot be reached within the Board, final decision shall rest with UNDP. In addition, the Project Board plays a critical role in UNDP commissioned project evaluations by quality assuring the evaluation process and products, and using evaluations for performance improvement, accountability, and learning.



97. Within the Project Board, the “Beneficiary” represents the interests of those who will benefit from this action. The Executive, represented by the UNDP Resident Representative or their delegate, ensures that the Project is focused on achieving its objectives and delivering outputs that will contribute to higher level outcomes. The “Senior Supplier” represents the interests of the parties concerned which provide funding, in this case the European Union. The “Senior Beneficiary” represents the interest of the national and regional partners benefiting from the implementation of the project, in this case a representative from the SAI institutions (Auditor General of Solomon Islands, with the possibility to nominate another SAI head if unavailable), ombudsman Institutions (Kiribati Ombudsman, with the possibility to nominate another SAI head if unavailable) and civil society (Fiji Council of Social Services Executive Director, with the possibility to nominate another Executive Director of a PIANGO National Liaison Unit if unavailable). Observers might be included as necessary. Additionally, representatives of other stakeholders, such as PIANGO as a representative of CSO partners and/or representatives from a sample of independent oversight institutions, can be invited to the Project Board Meetings.

98. The Terms of Reference for the Project Board is attached at Appendix 2. In addition to general providing strategic guidance to the Project, the Project Board is also responsible for Project Assurance, which is the responsibility of each Project Board member. The Integrated Results Management Team within the UNDP Pacific Office will also be responsible for project assurance at an operational level, and will feed its insights into the Project Board’s own activities through UNDP’s representatives on the Project board.

Project Manager

99. The Project Manager is responsible for running the project on a day-to-day basis on behalf of UNDP within the constraints laid down by the Board and in accordance with the UNDP Programme and Operations Policies and Procedures. The Project Manager is responsible for day-to-day management and decision-

EN JWA

making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results (outputs) specified in the project document to the required standard of quality and within the specified constraints of time and cost. UNDP recruits the Project Manager, who is different from the UNDP representative on the Project Board.

Project Team

100. The Project team will be made up of the following core staff who will be based in the UNDP Pacific Office in Suva, Fiji. Given the current context of uncertainty at the time of the project drafting and the evolving nature of the work, it is anticipated that the mid-term evaluation or the Board might recommend adjustment to the team structure which will be submitted by amendment as required.

- Project Manager (P3 -100%): The Manager will be responsible for the overall delivery and management of the project. The Project Manager will establish workplans, delegate responsibilities and activities and manage activities directly.
- Project Activity Officer (100%, NPSA NB5): the Activity Officer will support the project manager in the delivery of activities. The project officer is anticipated to deliver activities across the portfolio, including development of partnerships at the national level, take over a large share of output 2 activities, implementing trainings for media and artists, supervising the implementation of partnerships on accountability and feedback and working with the Grants Officer on execution of the grants and CSO partnerships. The Activity Officer will effectively act as a deputy to the Project Manager.
- Project Grants and Finance Officer (100% NPSA NB4): the Grants and Finance Officer will dedicate substantive amount of time in contributing towards managing the partnerships with PIANGO and other grantees, developing capacity building activities on finance and management of grants for project partners. The Officer will be providing daily guidance and support and perform oversight and quality assurance for the activities performed by PIANGO and other grantees, along the project manager as the ultimately responsible team member. The officer will also be in charge of the day to day financial operations and financial reports.
- Project Community & Communication Officer (100%, NPSA NB5) will support the implementation of outputs related to the project multiple community of practice, including the organisation of the Community of Practice meetings and ensure that the online platforms for the projects are updated and maintained as well as new opportunities presented to the community regularly. The officer will oversee activities across the project and representing the project at key community of practice event at the national and regional level. The officer will perform monitoring and evaluation activities as well as oversee the implementation of the communication strategy under the guidance of a long-term advisor
- Project Assistant (100%, NPSA NB3) will provide the operational and logistical support to project activities.

101. UNDP will provide quality assurance and strategic guidance through the Effective Governance Unit Team Leader and Deputy Team Leader, who will spend an estimated average of 1.5 days per month each in supporting the Project. The Project will also benefit from the knowledge and inputs of UNDP's international Parliamentary Development and Anti-Corruption Advisors, whose costs are paid under other Projects. Their technical advice will be very useful, considering the cross-cutting nature of many Project activities and the symbiosis with the work done under those two Projects. By sitting within the Effective Governance Unit of the UNDP Pacific Office in Fiji, the Project will also benefit from a more extensive network and the inputs of support staff that are engaged throughout the Unit. The project will additionally allocate costs equivalent to

20% of an NPSA NB5 to cost-sharing project officer positions with UNDP project (s) with align objectives (Governance for Resilience project, Core Institution and Inclusive political processes portfolio) to allow for joint activities implementation notably under activities 2.2

102. Other project office costs: in order to support the implementation of all project activities, this action includes expenses related to services provided by the UNDP Pacific office in Fiji such as: (1) 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 IT and telecommunication services specifically purchased for operation of the project office; (5) Shipment, custom clearance (6) depreciation costs, rental costs or lease of equipment, maintenance and assets (7) office space rental cost including costs of energy and water specifically supplied for the operations of the project office (8) costs of facility management contracts including security fees (9) costs related to the provision of communication services (10) and travel and subsistence cost for staff and other persons directly assigned to the operations of the project office.

103. The amount of direct costs also includes UNDP staff necessary for the implementation of the Project activities and their costs will be charged to the project's budget for the time spent directly attributable to the implementation of the Action. The following staff costs will be charged to the Project as Direct Costs:

- Finance Assistant – Operations (G5): Responsible for the processing of payments and advising on the documentation requirements on each type of payments. Finance processes all disbursement for payments, on-site support and cash disbursement with the bank. It is estimated that 8% of the Finance Assistant's time will be charged to the project's budget.
- Procurement Associate- Operations (G6): Responsible for providing support in identification of procurement modalities, facilitating quality, transparent, effective and fast procurement processes; supporting the project in the launch and publicity of procurement processes; advising in project procurement evaluation processes; supporting in negotiations with potential contractors (as needed); assisting in the process of contracting, monitoring of contracts. It is estimated that 15% of the Procurement Associate- Operation's time will be charged to the project's budget.
- Human Resource Associate- Operations (G6): Responsible for Recruitment of staff, project personnel, and consultants and contracts. Human Resource Associate will provide advice conditions of services and carry labour relations activities as appropriate. It is estimated that 3% of the Human Resource Associate's time will be charged to the project's budget.
- Finance Team Leader Support (NOB): provides advisory support to the project and approval for all payment requests. Trainings for staff on finance policies, procedures and audits. It is estimated that 3% of the Finance Team Leader's time will be charged to the project's budget.
- Programme Finance Associate, Integrated Results management Unit (G6): Provides support in ensuring budget revisions are reviewed and processes, provide regular monitoring of the project delivery and project revenue, provide support in the preparation of financial reports for donor reporting, provide support to the project for disbursement of financial resources to responsible parties in line with financing agreements and templates and assist the project with project closures at the end of the project. It is estimated that 7% of the Programme Finance Associate time will be charged to the project's budget.
- M&E Analyst, Integrated Results management Unit (NOB): Provides guidance to the project on partner agreements ensuring compliance with partner and UNDP corporate requirements including the provision of guidance to the project on M&E activities, analysis and synthesis of findings from M&E activities and to assess implementation of M & E recommendations. It is estimated that 5% of the M&E Analyst's time will be charged to the project's budget.

- Communication Associate, Effective Governance, (SC SB3): Supporting the Project in technical aspects of communication and visibility activities, including production of leaflets/infographics, reports and audio-visual products. The associate will ensure that all awareness-raising activities adhere to and are fully aligned with the visibility needs and interests of the EU. It is estimated that 10% of the Communication Associate’s time will be charged to the project’s budget.

104. Computers, desks, and other necessary equipment for the operation of the project team will be purchased through this project, as reflected in the budget of the action (Annex 3). Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and Directives of the UNDP.

V. VISIBILITY AND COMMUNICATION

105. The Project will take all appropriate measures to publicize the fact that the Project has received funding from the European Union and to promote the objectives and results achieved. Information given to the press, the beneficiaries of the Project, all related publicity material, reports, and publications, will acknowledge that the Action was carried out "with funding by the European Union" and will display in an appropriate way the European logo (twelve yellow stars on a blue background).

106. The Project’s specific communication and visibility strategy has been developed in line with the “Joint Visibility Guidelines for EC-UN actions in the field” and it is detailed in the Appendix 4.

VI. RESULTS FRAMEWORK (LOGICAL FRAMEWORK)

107. This logical framework of this project will serve as a basis for measuring progress.

Expected Outputs	Output Indicators	Data Source	Baseline					Data Collection Methods & Risks	
			Value	Y1	Y2	Y3	Y4		FINAL
<p>Intended impact. Government bodies able to more effectively deliver public services that are better calibrated to meet specific needs of all people and resilient to shocks</p> <p>Intended outcome. PFM processes are more accountable and responsive to population needs in order to maximise the effective collection and management of limited financial resources for the benefit of Pacific peoples</p>	<p>Impact indicator. Number of countries engaging on sector-specific or whole of government PFM reforms with stated objective to deliver resilient and inclusive services.</p> <p>Baselines, Targets and Means of Verification: Project report and media coverage.</p> <p>Outcome indicator. Number of countries where SAIs and civil society report having a documented impact on the budget cycle notably on inclusivity of the budget.</p> <p>Baselines, Targets and Means of Verification: The data sources will include the project's annual baseline, budget analysis, SAI tracking mechanisms and CSO monitoring reports.</p>	<p>Project team and advisory working group monitoring</p> <p>Project team and advisory working group monitoring</p>							
<p>Output 1. Well-run oversight institutions promote accountable and transparent governance for more efficient and inclusive service delivery</p>	<p>1.1 Number of Emerging Leaders engaged on oversight and policy utilizing the skills, capacity and networks provided by the project</p>	<p>Independent report and media publications.</p> <p>Publications by participating Pacific experts.</p>	0	15	15	15	15	60	<p>Project team and advisory working group monitoring</p> <p>Assessment and stakeholders' consultations</p>
	<p>1.2. Number of selected oversight institutions in countries documenting increased effectiveness thanks to received technical assistance.</p>	<p>Parliaments , SAIs- and/or independent reports (PEFA, OBS, other international publications)</p>	1	3	4	5	13	<p>Project reports, reports, media coverage, meeting minutes</p>	
	<p>1.3. Number of recommendation tracking</p>	<p>Parliaments , SAIs- and/or independent reports (PEFA, OBS,</p>		2	3	3	8	<p>Project reports, reports, media coverage, meeting minutes</p>	

Vaka Pasifika Project - Annex I – Description of the action

	mechanisms including gender relevant indicators supported	other international publications)							
	1.4. Number of knowledge products providing tailored guidance and data on Pacific PFM oversight – with a minimum of 50% contributing specifically to increased oversight of cross-cutting policy issues (climate change, gender, human rights).	Project publication, media coverage.	1	1	1	1	4		Project reports, reports, media coverage
Output 2. Budget planning, implementation and oversight processes are inclusive and people-centred	2.1 Number of mechanisms and initiatives developed to enhance accountability, sustainability and gender inclusiveness in public finance management processes (central and subnational level)	Parliaments -, SAls- and/or independent reports (PEFA, OBS, other international publications)	0	2	3	3	8		Project reports, reports, media coverage, meeting minutes
	2.2. Number of countries where citizen budgets (and/or equivalent civil society tool to simplify and enhance understanding and access to budget information) are widely available to public	Government and or CSO publication in country	5	5	5	5	20		Project reports and reports from partners
	2.3. Number of articles expanding the scope of budget-related media coverage including disaggregated data on articles focusing specifically on cross-cutting issues such as climate and gender-related	Independent media articles	0	10	10	10	40		Project team and advisory working group monitoring

CBW
RMA

VII. MONITORING AND EVALUATION

In accordance with UNDP’s programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)
Track results progress	Progress data against the results indicators in the Results Framework will be collected through field visits and consultations and reviews with stakeholders and then analyzed to assess the progress of the project in achieving the agreed outputs. All data will be disaggregated, and gender analysis of data undertaken.	Quarterly	Slower than expected progress will be addressed by project management.	Establish joint monitoring mechanism - include UNDP Project & Report to Project Board
Monitor and Manage Risk	Through field visits and consultations and reviews with stakeholders identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using the Risk Log at Appendix 3. Audits will be conducted in accordance with UNDP’s audit policy and timelines to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The Risk Log will be actively maintained to keep track of identified risks and actions taken.	UNDP Project & Report to Project Board
Learn	Knowledge, good practices, and lessons will be captured continuously, as well as actively sourced from other projects and partners and integrated back into the project. Lessons learned workshops and after-action reviews after pilots will be undertaken.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.	UNDP Project & Report to Project Board
Bi- Annual Project Quality Assurance	The quality of the project will be assessed against UNDP’s quality standards (seven quality criteria) to identify project strengths and weaknesses and to inform management decision making to improve the project.	Every two years	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	UNDP Integrated Results Management Team & Report to Project Board
Review and Make Course Corrections	Internal project review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board	UNDP Project & Report to Project Board

RWA

RU

Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	At least annually and at the end of the project	and used to make course corrections. Any quality concerns or slower than expected progress will be discussed and addressed. Based on progress made, Theory of Change will be adjusted as required to increase chances of achieving change.	UNDP Project, UNDP Integrated Results Management Team & Report to Project Board
Project Review (Project Board)	The Project Board will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress should be discussed by the Project Board and management actions agreed to address the issues identified.	UNDP Project, UNDP Integrated Results Management Team & Project Board

Evaluation Plan

108. As described below, two evaluations will take place. The first one will be a mid-term evaluation, which will be conducted at the end of the second year and a half (30 months) of the project, to identify progress made and challenged face and assess results and develop recommendations for the next 2.5 years remaining life the project. The board might consider recommending for the evaluation to take place earlier to inform adaptive management. A second/ final evaluation to be conducted at the end of the project to assess key results and generate learning for future work.

109. The two evaluations will be conducted in accordance with UNDP rules and regulations and apply the UNDP guidance articulated in the Handbook on Planning, Monitoring and Evaluating for Development Results (<http://web.undp.org/evaluation/guidance.shtml#handbook>)

Evaluation Title	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders
Mid Term Evaluation		Outcome 5	Early in Year 3	Parliaments, SAIs Independent Agencies Civil Society European Union PIFS, MoF and Line Ministries
End of project Evaluation	Development Setting B: Accelerate structural transformations for sustainable development. Signature Solution 2: Strengthen effective, accountable and inclusive governance	Outcome 5	Early in Year 5	

VIII. INDICATIVE MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS	Activity Results	PLANNED ACTIVITIES	Timeline				Responsible Party
			Y1	Y2	Y3	Y4	
Output 1: Well-run oversight institutions promote	1.1 Cohort of visionary and empowered Pacific PFM officials and stakeholders have capacities to lead efforts to improve public accountability	Develop content and implement the PFM fellowship programme (technical + leadership) for: - existing thought leaders (up to 15 per year, 50% female participants) - future leaders (up to 10 every other year) Annual publication of knowledge products produced for or through the fellowship. Annual meeting of Community of Practice and regular participation at technical events (regional/global).					UNDP

Am21

Vaka Pasifika Project - Annex I – Description of the action

<p>accountable and transparent governance for more efficient and inclusive service delivery</p>	<p>1. 2. Systematised data collected and shared to help inform quality PFM decision-making and monitor progress</p>	<p>Annual PFM Oversight Self-Assessment Surveys (refining notably through additional gender responsiveness and climate related indicators + annual implementation)</p> <p>Knowledge products on Pacific PFM oversight trends.</p> <p>Strengthening data transparency and availability on PFM standards in the region, by seeking partnerships with major international initiatives</p>	<p>UNDP</p>
<p>Gender marker: GEN 2</p>	<p>1. 3: Oversight and accountability institutions produce timely outputs which empower other government and non-government partners to drive accountability</p>	<p>Technical support to SAIs based on institutional and personnel capacity development needs and to:</p> <ul style="list-style-type: none"> - strengthen their audit capacities (financial, performance where appropriate, compliance if identified as a priority); - strengthen their independence in line with the independence assessment conducted – including legislative reforms where appropriate and stakeholder engagement where needed - Enhancing the capacities of SAIs to effectively priorities audit work that impacts <i>service delivery</i>, in line with national development priorities across the region as well as gender empowerment and climate change. 	<p>UNDP</p>
	<p>1. 4: Oversight and accountability institutions develop and implement tracking tools to assess implementation of recommendations by Government</p>	<p>Develop recommendations tracking tool that track how government agencies have responded to recommendations of oversight and accountability agencies.</p> <p>A least 50% of supported tracking mechanisms will include specific tools to identify and disaggregate tracking data on recommendations with a high impact on gender responsiveness, climate and human rights-related issues.</p> <p>Support outreach activities of oversight and accountability institutions on follow-up and recommendations.</p>	<p>UNDP</p>
	<p>1. 5: "Eco-system" of accountability institutions strengthened to maximise impact of efforts to reduce corruption and promote accountability and transparency</p>	<p>Commission rapid country-level assessments to map national PFM accountability eco-system.</p> <p>Foster collaboration across accountability agencies based on the mapping.</p>	<p>UNDP</p>
	<p>1. 6: Accountability institutions develop specific tools to proactively promote accountability for climate-related finance, gender budgets, human rights and other cross-cutting themes</p>	<p>Invest in research and pilots initiated under the UNDP PFM Project and through the action's Community of Practice looking at SDGs implementation and public finance, public finance oversight and recovery finance, and debt management oversight</p>	<p>UNDP</p>

AD
RWN

Vaka Pasifika Project - Annex 1 – Description of the action

	<p>1.7: Accountability institutions supported to more effectively support Parliaments to discharge their oversight duties</p>	<p>Strengthening the reporting and advisory relationships between key independent oversight agencies, in particular SAs, and parliaments through:</p> <ul style="list-style-type: none"> - relevant and timely reports to Parliaments on key issues, including simpler briefing notes and "explainers" which clearly articulate the impact on gender, climate and human right responsiveness dimensions of PFM. - Strengthening the capacities of PFM stakeholders to understand complex economic issues such as inflation, debt levels, revenue lines, role of Central Bank, monetary policy, national fiscal strategy, linkages between PFM and cross-cutting policy issues. - Integrate PFM information-sharing activities into trainings offer to PFM stakeholders, for example, induction programs and trainings using amongst other tools the PFM modules developed under the UNDP PFM Project including gender responsiveness and climate-related budget analysis. 		UNDP
<p>Output 2: Budget planning, implementation and oversight processes are inclusive and people-centred <i>Gender marker: GEN 2</i></p>	<p>2.1 Civil society organisations empowered to engage in more effective budget planning and oversight</p>	<p>Responsible partnership with civil society regional organization (PIANGO), direct grants and technical assistance to civil society to:</p> <ul style="list-style-type: none"> - strengthen the capacities of CSOs to demand better PFM from government bodies, - support to CSOs in at least five PICs to implement budget planning and/or oversight activities at the national level, including citizen budget and citizen audits. - develop and deliver trainings and capacity building on PFM and accountability principles and citizen engagement, develop related tools both digital and analogue; - develop tailored participatory budgeting and oversight tools for specific sectors (such as climate change, natural resource management, integrating gender into financial analysis, and analyzing the human rights impacts of budget allocations - contribute to regional debates on emerging narrative and development financing through public finance. 		UNDP & PIANGO
	<p>2.2 Government bodies more effectively include civil society and the public in processes throughout the budget cycle</p>	<p>Develop and/or strengthen institutional mechanisms and capacities to better utilize insights, data and analysis generated outside government and facilitate information sharing between CSO and government to inform budget cycle.</p> <p>Develop digital or analog tool for feedback mechanisms between government and CSO on budget allocation and the budget process.</p>		UNDP

AN RMA

Vaka Pasifika Project - Annex I – Description of the action

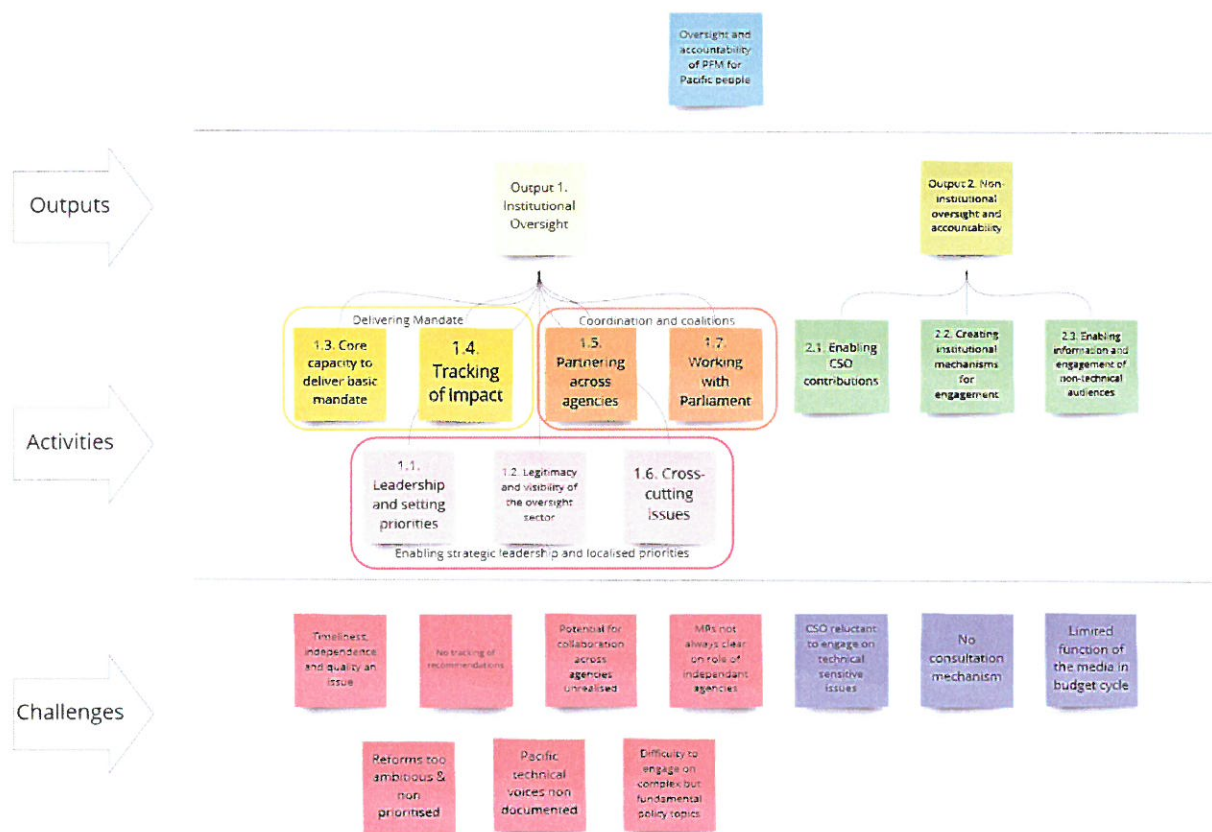
	<p>2.3 Media and artists capacitated to use their skills to promote public engagement with PFM and the budget cycle</p>	<p>Annual training for media representative on budget process and coverage including on linkage between budget, SDG achievements and cross-cutting policy issues (gender, climate, human rights). On-going engagement and support of promising journalists, editors and investigative journalists through mentorship. Programme for artists to developing skills and producing attractive visualization of PFM.</p>			UNDP
<p>Effective technical advisory services and project implementation</p>					UNDP
<p>Implementation of the communication and visibility activities as detailed in Appendix 4</p>					UNDP
<p>Independent project Evaluation (mid-term)</p>					UNDP
<p>Independent project Evaluation (Final)</p>					UNDP

GN
RMA

IX. APPENDIXES

1. Problem Tree and Theory of Change
2. Project Board Terms of Reference
3. Risk Log

APPENDIX 1. Problem Tree and Theory of Change



AN RMA

APPENDIX 2. Project Board Terms of Reference and TORs of key management positions

1. Overall Objective of the Project Board

The overall objective of the Project Board is to provide guidance and support to the Project management team in order to reach the Project's overall objective, as well as be aligned to EU funded and other public financial management and governance in the Pacific.

2. Specific Objectives of the Project Board

The specific objectives of the Project Board are as follows:

- To discuss and find solutions to challenges to the timely and high-quality implementation of the Project in an agile manner.
- To approve annual work plans and annual progress reports;
- To ensure that synergies are maintained and enhanced between the this and other EU funded PFM projects;
- To ensure that global and regional resources are used in an optimal and mutually reinforcing manner
- To ensure that the Project is progressing in a manner which is satisfactory to all the stakeholders;
- To ensure that the Project continuously adopts an integrated approach with other similar support being provided by other multi-lateral or bilateral development partners at the global level;
- To improve coordination and information sharing among the Project stakeholders and ensure that any internal or external risks to the successful implementation of the Project are brought to light in a timely manner and ensure that potential solutions are forthcoming;
- To ensure that any potential change of approach, strategy or mechanism for the implementation of any part of the Project's components is shared and approved by the stakeholders;
- To ensure that there is a sufficient information flow among the partners engaged in this project.

3. Composition of the Project Board

The Project Board will consist of relevant representatives of UNDP and EU and potentially other relevant partners as described under the governance section of Annex I. Moreover, IMF/PFTAC and representatives from beneficiary countries and international organizations, civil society, the private sector and the academia relevant to the implementation of the Project may also be invited on an ad hoc basis by the Project Board.

The level of the participants will be at a management and senior technical level. The names of the representatives of each organization will be submitted to UNDP two weeks before the first Project Board meeting. Any subsequent changes of a representative should be sent in writing to UNDP that functions as the Secretariat to the Project Board and chairs the meetings.

4. Organization of Project Board Meetings

The meetings will be organized annually. The venue will be usually in UNDP, unless otherwise agreed for specific occasions.

The following documentation will be submitted to the Project Board Members one week before the meeting:

- Agenda;
- Minutes from previous meetings;
- Summary documents for review, such as annual work plans and progress reports;
- Other documentation deemed relevant.

For urgent matters, such as unforeseen difficulties in any of the components of the Project, an ad hoc Project Board meeting may be convened, upon the request, of any of its members.

5. Outputs of the Project Board

The minutes of each Project Board meeting will be produced by the Project management team and a draft circulated to Project Board members within one week after the meeting, requesting for comments. Any comments should be sent back to UNDP within the following week. Thereafter, the final minutes will be produced within five days of receipt of comments and re-circulated.

Aside from these minutes, it is anticipated that the Project Board will have a positive effect on the dissemination of information among the stakeholders to the Project and reinforce cooperation and coordination.

APPENDIX 3. Risk Log

The following risks and mitigation strategies are identified:

Risk	Mitigation
<p>On-going impact of the COVID-19 pandemic, other epidemics and punctual or larger impact on operations of cyclones and natural disasters.</p>	<p>Given the high likelihood of this risk, the following measures will be put in place:</p> <p>Regular review by the Project Board of the COVID-19 and natural disaster risks with probable approval on an annual basis of workplans inclusive of alternative plan (for instance pre-approval of workplan with and without possibility of travel), possibility for the Project Board to review changes to the workplan on a quarterly basis if required, through circulation of e-mail;</p> <p>Workplans will take into account cyclone seasons and limit activities and short deadlines between December and April each year while ensuring that a maximum of travel dependent and time constraint activities are conducted in the rest of the year;</p> <p>In the eventuality the above is not possible (budget timelines, availability of institutions...) the project will ensure that project partners are equipped with access to data and it equipment and that technical support and activities are as much as possible available online;</p> <p>Finally the project will focus in the first two years in building regional and local capacity which will allow for limited reliance on travel and more flexible availability of local experts to support implementation in each focus country.</p>
<p>Limited capacity of core government, line ministries, local government, oversight institutions and/or civil society to effectively engage in responsive and forward-looking national budget processes.</p>	<p>Conduct political economy analysis of Pacific Countries and identification of countries where support can generate enhanced institutional or civil society involvement in budget process, as well as development of detailed strategies to improve their accountability. Political economy analysis will be regularly updated and discussed with the Project Board in order to reassess at least once and potentially annually the focus countries for the project.</p>
<p>Some core governments, line ministries, local government, oversight institutions and/or civil society may not be ready to engage in an intensive strengthening process.</p>	<p>In the startup of the project will discuss with and assess readiness of different institutions within the region and will select institutions that show commitment to participate in the project and allocate staff resources. The main strength of the project in that regard is to allow for piloting and testing of partners through short term activities and capacity building before engaging with institutions on the longer term.</p>
<p>Limited willingness of governmental institutions to share information and data with oversight institutions and civil society organization.</p>	<p>The project will ensure the development of a methodology which allows time to develop trust and relationships with target government institutions and include alternative options and partners for each activities.</p>
<p>Weak or absent Right to Information (RTI) / Freedom of Information</p>	<p>Support to CSO-led initiatives to strengthen RTI/FOI frameworks in partnership with UNDP Anti-Corruption project.</p>

(FOI) legislation making external scrutiny difficult	Targeted partnerships with institutions under activity 2.2. in order to encourage and incentivize openness.
Civil society organizations that are capacitated to work on PFM public engagement issues may not be present in all countries.	PIANGO, as UNDP partner, will assess CSO capacities in potential focus countries. Existence of citizen organizations enabled to foster citizen engagement in budget processes and to support executive accountability will be one of the factors considered in selection of the focus countries. In the absence of such organisations PIANGO will enhance capacity building and support activities in identified countries.
Pacific experts having retired, currently working as consultants or in the diaspora may not be willing or able to participate in creation of an expert network linked to the project or contribute to capacity building and technical assistance activities.	UNDP globally has already developed and successfully managed similar programs in other countries, Arab States Regional Office for example, built strong working relationships outside the region, and has mobilized expats staff from different countries in Europe, USA, New Zealand, and Australasia. Providing long lead time is important in securing external expertise and discussions have already begun on availability to support this project.
Difficulty engaging women and disadvantaged groups within the project activities, including training opportunities as well as civil society engagement.	Maintenance of gender disaggregated records of participation in project activities, thus identifying areas where greater attention is required to assure equitable participation. Gender focus mainstreamed through project activities including in budget analysis and in oversight, including through targeted outreach to CSO's representing women and youth, people with disabilities, remote communities. Targeted outreach to CSOs representing women, youth, and people with disabilities. Gender to be focus of at least one-two grants within the initiative supporting civil society budget execution scrutiny.
The micro assessment ¹⁴ review could assess that there are some key risks and areas of concerns in relation to PIANGO's management capacity to manage partnership contract and achieve agreed upon the results on time by the deadline.	The UNDP HACT policy and implementation guidelines will apply. Therefore, the overall risk assessment rating will determine the cash transfer modalities to be adopted for PIANGO. There are four transfer of cash modalities: Direct Cash Transfer, Reimbursements, Direct Payments and Direct Agencies Implementation. The overall risk assessment rating will also determine the frequency of spot checks, programmatic monitoring, and special audits to ensure that PIANGO is able to deliver in accordance with the Contract Agreement.
High turnover of staff in core government, line ministries, local government, oversight institutions and/or civil society will hamper	Our technical assistance will pilot two alternative ways of ensuring climate of technical assistance. The learning by doing scheme will ensure proper mentoring and capacity building of larger pool of individuals is included in the delivery of technical assistance. The oversight report implementation will increase the credibility and legitimacy of the oversight institutions by demonstrating their recommendations can lead to substantive results.

¹⁴ The micro assessment is part of the requirements under the Harmonized Approach to Cash Transfers (HACT) Framework. The HACT framework represents a common operational framework for UN agencies' transfer of cash to government and non-governmental implementing partners. The micro-assessment provides an overall assessment of the Implementing Partner's programme, financial and operations management policies, procedures, systems and internal controls.

capacity building efforts and provide limited effectiveness in the medium- to long-term, unless repeated at regular intervals	
---	--

EN

RWA

Appendix 4. Communication and Visibility Activities

1. Overall Communication Objectives

The Communication and Visibility strategy for the “Accountable Public Finances to serve Pacific people – Vaka Pasifika” Project, hereafter Vaka Pasifika project aims at:

- Ensuring project ownership by all stakeholders.
- Promoting and advocating the project results among project beneficiaries, stakeholders, and development partners
- Getting a wider audience, thereby increasing impact and visibility for the project itself, the EU as the donor agency, Pacific Islands Countries (PIC) focal points of the project, and UNDP as the implementing agency.

2. Responsibilities for Project Communication

UNDP, as the project lead implementing agency, manages the overall project communication and visibility strategy.

- Production and release of all communications and visibility materials and media appearances and press conferences as described here below will be closely coordinated with the Press and Information Officer of the Delegation of the European Union for the Pacific (hereafter referred to as EU Delegation).
- Communications on specific project activities and events, as well as project reporting, are managed by UNDP according to its responsibilities for project implementation, the conditions defined in the EU Contribution Agreement and this Appendix 4.
- The role of EU will be highlighted in all project communications.

3. Communication Principles

The following principles will apply:

- Tailor communications to audiences according to the specific objectives for each target group.

- Ensure communication contains consistent core messages: i.e. the key cross-cutting messages which should consistently be used to present and introduce the project to any audience, in line with appendix 4.
- Ensure partner visibility of EU, PIC counterparts, and UNDP; and manage project visibility in accordance with article 7 of the General Conditions (Annex 2 to the EU-UNDP Agreement).
- All training and communication materials developed under the project will appropriately display the names and logos of EU, PIC Counterparts, and UNDP.
- Materials used for events will follow project guidelines to ensure full visibility for project partners. This includes event programmes, invitation letters, brochures, banners, badges, nameplates, PowerPoint presentations, certificates, any other as relevant.
- Project partners shall publicize the fact that activities take place within the context of the Vaka Pasifika project.
- Information given to the media, beneficiaries and wider audience, all related publicity material, official notices, reports, and publications, shall acknowledge that the activity was carried out within the context of the project.

4. Target Groups

Target Group	Description
Project partners	<ul style="list-style-type: none"> - EU – Donor agency - PIC counterparts (Governmental and Non-Governmental institutions) - UNDP – implementing Agency
The core group of Pacific decision makers and engaged through the fellowship program and network	<ul style="list-style-type: none"> - High level technical and decision makers, --- representatives from oversight and accountability institutions as well as core and line ministries where relevant - Local government representatives, civil society, academia and media representatives.
Institutions contributing to the independent oversight and/or accountability of public finance management	<ul style="list-style-type: none"> - Parliaments, Supreme Audit Institutions, Ombudsman, Anti-Corruption, Human Rights, leadership and other independent agencies.
Direct project beneficiaries	<ul style="list-style-type: none"> - Government officials and policy makers from main Government Ministries, Departments and public institutions as indicated in the project document - Civil Society organizations and other potential sector associations as indicated in the project document
Stakeholders engaged on PFM work in the Pacific and relatable contexts	<ul style="list-style-type: none"> - Pacific region (South South) in the PFM sector. ie PIFS, ADB, IMF, the EU - Multilateral and regional organizations, governmental and non-governmental representatives. - Private Sector

Wider audience and general public	<ul style="list-style-type: none"> - The final beneficiaries will be PIC populations - Development partners in PIC - Civil society in the region
--	---

4. Communication Tools Proposed/Chosen¹⁵

Tool	Advantage	Responsibility
Project flyer	<ul style="list-style-type: none"> • Short document (max. 4 pager) summarizing the main project features and expected results, updated regularly with success stories • Can be used to share information to all target audiences • Both paper and online 	UNDP In cooperation with project partners
Project PowerPoint presentation	<ul style="list-style-type: none"> • Common standard presentation for use by all project partners to introduce and present the project to all target audiences at any event • Ensure common communication messages are delivered by all project partners • Can be customized according to the needs of each event 	UNDP In cooperation with project partners
Press releases/Media advisories	<ul style="list-style-type: none"> • Create awareness on the project progress, results and on major project activities/events • Promote media coverage of the project in PIC, the region and beyond 	UNDP for project-wide activities/events and for the activities/events under its responsibility Other project partners if selected
UNDP website/project website	<ul style="list-style-type: none"> • Provide an information package on the project, accessible online by all target audiences • Share experiences and success stories, show progress, inform on project activities and events, build credibility with beneficiaries and with a wider audience 	UNDP In cooperation with project partners
Learning platform	<ul style="list-style-type: none"> • The project will continue to develop learning tools and build on the e-learning Vaka Pasifika platform • The project will continue to foster communities created around the activities and learning event, such as the PFM artists facebook group and the solevaka PFM community. The project will not directly manage these communities but regularly use them to disseminate products and information. 	UNDP in collaboration with project partners for content and delivery of the course.
Social media (Facebook, LinkedIn, Twitter account)	<ul style="list-style-type: none"> • Constant and up-to-date flow of information to project beneficiaries and stakeholders • Share practical information on project activities, events, experiences in real time • Attract interest towards the project from a larger audience in PIC and beyond including the media 	UNDP for posting information on the activities/events Project partners

¹⁵ Note: the above is a non-exhaustive tentative list which will be refined by the Communication Officer in the first year of the project

Project video	<ul style="list-style-type: none"> • Provide statements and testimonials from project partners and beneficiaries. • Show the project in live and through images. • Can be disseminated during events and online on You Tube. • Can be updated during the project lifespan with new evidences of results. 	UNDP in cooperation with project partners
Press book	<ul style="list-style-type: none"> • Regroups all press articles published on the project and its activities • Can be used for reporting purposes and for media packages • Paper and online 	UNDP in cooperation with project partners

6. Completion of the Communication Objectives/ Method of Verification

Tool	Indicators
Project flyer	Number of project flyers distributed (email and paper copies)
Project PowerPoint presentation	Number of times when the presentation is delivered/sent by email
Press releases/Media advisories	Number of press releases/media advisories produced Media coverage: Attendance of the media in key selected project events Media coverage: Number of press articles/releases published, TV and radio reports produced about the project
UNDP website; project website	Number of visits/hits to the project website Number of downloads of project materials
Social media (Facebook group, Twitter account)	Number of members Number of active members Frequency of updates
Project video	Number of times when the video is displayed Number of times when the video is uploaded
Press Reports	Number of press articles/releases published on the project

7. Human Resources

Input	Estimated Effort
UNDP Project Manager based at UNDP/Fiji to input, review and validate all communication materials	Estimated 1 work/month per year
UNDP Communication and Community Officer based in Fiji to produce inputs for communication materials	50 % of his/her time
Experts and consultants to produce inputs for communication materials related to specific project activities	Varies according to the need.
A retainer of consultants to support the development and strategic guidance on communication, drafting and editing of communication products, as well as the design and illustration of key products notably outreach material	Number of days TBC, per the ToR



8. Financial resources

Budget allocated to communication is detailed in annex 3. The project does not have the budget at this stage to recruit a full-time communication staff but 50% of the time of the Communication and Community officer will be allocated to the management of all activities' communication. The rest of their time will be allocated to the management of the Vaka Pasifika community and offer opportunities to further expand and

disseminate the communication products.

9- Visual identity, use of logos and disclaimers

All communication, information and press-statements will be in line with the Joint Visibility Guidelines for EC-UN actions in the field. Templates will be developed for all communications materials, such as press release and media advisory.

Logo/Visual identity	Explanation and disclaimers
 <p>EUROPEAN UNION</p>	<p>The EU flag will be prominently displayed on all materials, events and products produced within the Project.</p>
	<p>In addition, the logo of the UNDP will also be displayed on all materials, events and products produced within the Action.</p>
<p>PIANGO</p>	<p>PIANGO Logo will be displayed for the activities implemented by them as a responsible party. PIANGO will be obliged to follow the visibility rules outlined in this document</p>
<p>Logos of participating government institutions and NGOs</p>	<p>Logos of participating parliaments, audit institutions, and other government institutions and NGOs can also be displayed on relevant locality-related activity, press-information, publication, banner, information boards, etc., so as to underline their engagement and ensure visibility.</p>

ANNEX II - General Conditions for Contribution Agreements

Article 1: Definitions.....	2
Article 2: General obligations	4
Article 3: Obligations regarding information and reporting	6
Article 4: Liability towards third parties	8
Article 5: Conflict of interests	8
Article 6: Confidentiality	8
Article 7: Communication and visibility	9
Article 8: Right to use results and transfer of equipment.....	10
Article 9: Monitoring and evaluation of the Action	11
Article 10: Amendment to the Agreement	11
Article 11: Suspension	12
Article 12: Termination	14
Article 13: Applicable law and settlement of disputes.....	15
Article 14: Recovery	15
Article 15: Archiving, access and financial checks.....	16
Article 16: Eligibility of costs	17
Article 17: Payments	19
Article 18: Final amount of the EU Contribution	21
Article 19: Performance-based financing.....	21
Article 20: Contracting and Early Detection and Exclusion System	21

Article 1: Definitions

- Action:** the cooperation programme or project partly or wholly financed by the EU, which is carried out by the Organisation as described in Annex I. Where reference is made to the Action or part of the Action financed by the EU Contribution, this refers both (i) to activities exclusively financed by the EU Contribution and (ii) to activities jointly co-financed by the EU.
- Contractor:** a natural or legal person with whom a Procurement Contract has been signed.
- Days:** calendar days.
- Early Detection and Exclusion System:** a system set up by Regulation (EU, Euratom) No 2015/1929 of 28 October 2015 on the financial rules applicable to the general budget of the Union (OJ L 286/1, 30.10.2015), which includes information on the early detection of risks threatening the EU financial interests, on the cases of exclusion from EU funding of legal and natural persons and on the cases of imposition of financial penalties.
- End Date:** the date by which the Agreement ends, i.e. the moment of the payment of the balance by the Contracting Authority in accordance with Article 17 or when the Organisation repays any amounts paid in excess of the final amount due pursuant to Article 18. If any of the Parties invokes a dispute settlement procedure in accordance with Article 13, the End Date shall be postponed until the completion of such procedure.
- EU Financial Regulation** Regulation (EU, Euratom) No. 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Council Regulation (EC, Euratom) No 996/2012 (OJ L 193, 30.7.2018, p. 1).
- Ex ante Pillar-Assessment:** an assessment of the systems, rules and procedures carried out in order to check whether such entity demonstrates a level of protection of the EU financial interests equivalent to that existing when the European Commission implements the budget itself.
- Final Beneficiary:** a natural or legal person ultimately benefitting from the Action.
- Force Majeure:** any unforeseeable and exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their obligations under the Agreement, which may not be attributed to error or negligence on either part (or on the part of the Grant Beneficiaries, Partners, Contractors, agents or staff), and which could not have been avoided by the exercise of due diligence. Defects in equipment or material or delays in making them available cannot be invoked as force majeure, unless they stem directly from a relevant case of force majeure. Labour disputes, strikes or financial problems of the Organisation cannot be invoked as force majeure by the defaulting Party.

Grant:	a direct financial contribution by way of donation given by the Organisation or a Partner to finance third parties activities, including sub-granting and procurement for the implementation of these activities.
Grant Beneficiary:	a natural or legal person to whom a Grant has been awarded.
Grave Professional Misconduct:	any of: <ul style="list-style-type: none"> a violation of applicable laws or regulations, in particular the Organisation's Regulations and Rules, or ethical standards of the profession to which a person or entity belongs, including any conduct leading to sexual or other exploitation or abuse, or any wrongful conduct of a person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.
Impact:	the overall objective of the Action entailing positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator:	the quantitative and/or qualitative factor or variable that provides a simple and reliable means to measure progress in the achievement of the relevant Results of the Action. An indicator must have an agreed baseline, target and source of data.
Internal Control System:	a process applicable at all levels of management designed to provide reasonable assurance of achieving the following objectives: <ul style="list-style-type: none"> a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; e) adequate management of the risks relating to the legality and regularity of the financial operations, taking into account the multiannual character of programmes as well as the nature of the payments concerned.
International Organisation:	an international public-sector organisation set up by international agreement (including specialised agencies set up by such organisations), or an organisation assimilated to international organisations in accordance with the EU Financial Regulation.
Member State Organisation:	an entity established in a Member State of the European Union as a public law body or as a body governed by private law entrusted with a public service mission and provided with adequate financial guarantees from the Member State.
Multi-Donor Action:	an Action co-financed by the EU Contribution (whether or not earmarked) and other donor(s).
Outcome:	the specific objective of the Action entailing the likely or achieved short-term and medium-term effects of an Action's Outputs. For non-EU external actions "Outcomes" are synonymous of Results.
Output:	the products, capital goods and services which result from an Action's activities.
Partner:	an entity implementing part of the Action and being a party to the relevant Contribution Agreement together with the Organisation.

Procurement Contract: a contract signed between the Contractor and either the Organisation or a Partner under which the Contractor provides services, supplies or works.

Regulations and Rules: regulations, rules, organisational directives, instructions and other parts of the regulatory framework of the Organisation.

Result: the Output, Outcome or Impact of an Action.

Sound Financial

Management:

a principle overarching the implementation of this Agreement, namely economy, effectiveness and efficiency (including all aspects of internal control). The principle of economy requires that resources used in the pursuit of the implementation of the Action shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of effectiveness concerns the attainment of the specific objectives and the achievement of the intended results. The principle of efficiency concerns the best relationship between resources employed and results achieved.

Article 2: General obligations

Implementation of the Action

2.1 The Organisation is responsible for the implementation of the Action described in Annex I, regardless of whether the activities are performed by the Organisation itself, a Contractor or a Grant Beneficiary. Both Parties will endeavour to strengthen their mutual contacts with a view to foster the exchange of information throughout the implementation of the Action. To this end, the Organisation and the Contracting Authority shall participate in coordination meetings and other jointly organised common activities, and the Organisation shall invite the European Commission to join any donor committee which may be set up in relation to the Action.

2.2 In the performance of the activities and subject to ad-hoc provisions stipulated in the Special Conditions, if any, the Organisation shall apply its own rules and procedures, which have been subject to the Ex-ante Pillar-Assessment, as regards:

- a) internal control;
- b) accounting system;
- c) independent external audit;
- d) exclusion from access to funding;
- e) publication of information on recipients;
- f) protection of personal data.

The Organisation may apply its own rules and procedures as regards the award and management of Grants and/or Procurement Contracts only if and to the extent provided for by the Special Conditions, including any ad hoc measures.

As regards the publication of information on recipients, the Organisation shall authorise the publication of the internet site where it publishes the information referred to in Article 3.8 d) on the European Commission's internet site.

2.3 Where the Organisation has been fully or partially exempted, by the European Commission, from undergoing the Ex-ante Pillar Assessment, it may apply its own rules and procedures in the areas provided for under Article 2.2, subject to ad-hoc provisions stipulated in the Special Conditions, if any.

2.4 The Organisation may use any Regulations and Rules which have not been subject to an Ex-ante Pillar Assessment to the extent that these Regulations and Rules are not in conflict with the provisions of this Agreement and with the rules and procedures which have been subject to the Ex-ante Pillar-Assessment.

Responsibility

- 2.5 The Organisation shall be responsible for the performance of the obligations under this Agreement with a due degree of professional care and diligence, which means that it shall apply the same level of duty and care which it applies in managing its own funds. The Organisation shall respect the principles of Sound Financial Management, transparency, non-discrimination and visibility of the European Union in the implementation of the Action.
- 2.6 The Organisation shall have full financial responsibility towards the Contracting Authority for all funds, including those unduly paid to or incorrectly used by Contractors or Grant Beneficiaries. The Organisation shall take measures to prevent, detect and correct irregularities and fraud when implementing the Action. To this end, the Organisation shall carry out, in accordance with the principle of proportionality and its positively assessed Regulations and Rules, ex-ante and/or ex-post controls including, where appropriate, on-the-spot checks on representative and/or risk-based samples of transactions, to ensure that the Action financed by the EU Contribution is effectively carried out and implemented correctly. The Organisation shall inform the European Commission and the Contracting Authority of irregularities and fraud detected in the management of the EU Contribution and the measures taken. Where funds have been unduly paid to or incorrectly used by Contractors or Grant Beneficiaries, the Organisation shall take all applicable measures in accordance with its own Regulations and Rules to recover those funds, including, where appropriate, by bringing legal proceedings and by endeavouring to assign claims against its Contractors or Grant Beneficiaries to the Contracting Authority or the European Commission. Where the Organisation has exhausted such measures and the non-recovery is not the result of error or negligence on the part of the Organisation, the Contracting Authority will consider the amounts that could not be recovered from Contractors and/or Grant Beneficiaries as eligible costs.

Other obligations

- 2.7 The Organisation undertakes to ensure that the obligations stated in this Agreement under Articles 2.9-Other obligations, 5-Conflict of interests, 7- Visibility, and Article 15-Archiving, access and financial checks apply, where applicable, to all Contractors and Grant Beneficiaries.

In addition, the Organisation also undertakes to require Contractors and Grant Beneficiaries to: (i) comply with the relevant national laws and regulations as regards protection of personal data and (ii) ensure accurate and regular records and accounts.

- 2.8 The Organisation shall notify the Contracting Authority and the European Commission without delay of any substantial change in the rules, procedures and systems applied in the implementation of the Action. This obligation concerns in particular (i) substantial changes affecting the Ex-ante Pillar Assessment undergone by the Organisation or affecting the rules and procedures which have been assessed by the European Commission for the purpose of granting an exemption from the obligation to undergo an Ex-ante Pillar Assessment, or (ii) those that may affect the conditions for eligibility provided for in the applicable legal instruments of the EU. The Parties shall use their best efforts to resolve amicably any issues resulting from such changes. The Contracting Authority reserves the right to adopt or require additional measures in response to such changes. In the event an agreement on such measures or other solutions cannot be reached between the Parties, either Party may terminate the Agreement in accordance with Article 12.3.
- 2.9 The Organisation shall promote the respect of human rights and respect applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards. The Organisation shall not support activities that contribute to money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion.

- 2.10 Where the European Commission is not the Contracting Authority, it shall not be a party to this Agreement, with the consequence that rights and obligations are conferred upon it only where explicitly stated. This is without prejudice to the European Commission's role in promoting a consistent interpretation of the terms of this Agreement.

Article 3: Obligations regarding information and reporting

General issues

- 3.1 The Organisation shall provide the Contracting Authority with full information on the implementation of the Action. To that end, the Organisation shall include in Annex I a work plan at least for the first year of the Implementation Period (or the whole Implementation Period where it is less than one (1) year). The Organisation shall submit to the Contracting Authority progress report(s) and a final report in accordance with the provisions below. These reports shall consist of a narrative part and a financial part.
- 3.2 Every report, whether progress or final, shall provide a complete account of all relevant aspects of the implementation of the Action for the period covered. The report shall describe the implementation of the Action according to the activities envisaged in Annex I as well as the degree of progress towards the achievement of its Results (Outputs, Outcomes and if possible Impact) as measured by corresponding Indicators. The report shall be drafted in such a way as to allow monitoring of the Results, the means envisaged and employed. The level of detail in any report shall match that of Annexes I and III.
- 3.3 Where the overall action of the Organisation lasts longer than the Implementation Period of this Agreement, the Contracting Authority may request – in addition to the final reports to be submitted pursuant to Article 3.8 - the final reports of the overall action, once available. The Special Conditions shall lay down the rules concerning any remaining funds.
- 3.4 Any alternative or additional reporting requirement shall be set out in the Special Conditions.
- 3.5 The Contracting Authority may request additional information at any time, providing the reasons for that request. Subject to the Organisation's Regulations and Rules, such information shall be supplied within thirty (30) Days of receipt of the request. The Organisation may submit a duly motivated request to extend the 30-Day deadline.
- 3.6 The Organisation shall notify the Contracting Authority without delay of any circumstances likely to adversely affect the implementation and management of the Action, or to delay or jeopardise the performance of the activities.

Content of the reports

- 3.7 The progress report(s) shall relate directly to this Agreement and shall at least include:
- a) summary and context of the Action;
 - b) actual Results: an updated table based on a logical framework matrix (as included in Annex I) including reporting of Results achieved by the Action (Outputs, Outcomes s, and if possible, Impact) as measured by their corresponding Indicators, against agreed baselines and targets, and relevant data sources;
 - c) information on the activities directly related to the Action as described in Annex I and carried out during the reporting period;
 - d) information on the difficulties encountered and measures taken to overcome problems and eventual changes introduced;
 - e) information on measures taken to identify the EU as source of financing, in accordance with Article 7;

- f) a breakdown of the total costs, following the structure set out in Annex III, incurred from the beginning of the Action as well as the legal commitments entered into by the Organisation during the reporting period;
 - g) a summary of controls carried out and available final audit reports in line with the Organisation's policy on disclosure of such controls and audit reports. Where errors and weaknesses in systems were identified, an analysis of their nature and extent, as well as information on corrective measures taken or planned, shall also be provided;
 - h) where applicable, a request for payment;
 - i) work plan and budget forecast for the next reporting period.
- 3.8 The final report shall cover the entire Implementation Period and include:
- a) all the information requested in Article 3.7 a) to h);
 - b) a summary of the Action's receipts, payments received and of the eligible costs incurred;
 - c) where applicable, an overview of any funds unduly paid or incorrectly used which the Organisation could or could not recover itself;
 - d) the exact link to the webpage referred to in last subparagraph of Article 2.2;
 - e) if relevant, details of transfers of equipment, vehicles and remaining major supplies mentioned in Article 8;
 - f) where the Action is a Multi-Donor Action and the EU Contribution is not earmarked, a confirmation from the Organisation that an amount corresponding to that paid by the Contracting Authority has been used in accordance with the obligations laid down in this Agreement and that costs that were not eligible for the EU Contribution have been covered by other donors' contributions;
 - g) where applicable, a request for payment.
- 3.9 The Organisation shall submit a report for every reporting period as specified in the Special Conditions starting from the commencement of the Implementation Period, unless otherwise specified in the Special Conditions¹. Reporting, narrative as well as financial, shall cover the whole Action, regardless of whether this Action is entirely or partly financed by the EU Contribution. Progress reports shall be submitted within sixty (60) Days after the period covered by such report. The final report shall be submitted, at the latest, six (6) months after the end of the Implementation Period.

Management declaration

- 3.10 Every progress and final report shall be accompanied by a management declaration in accordance with the template included in Annex VI, unless Article 1.5 of the Special Conditions states that a global management declaration shall be sent annually to the European Commission headquarters, separately from the reports provided under this Agreement.

Audit or control opinion for organisations other than International Organisations/Member State Organisations

- 3.11 In case the Organisation is neither an International Organisation, nor a Member State Organisation, the Organisation shall provide an audit or control opinion in accordance with internationally accepted audit standards, establishing whether the accounts give a true and fair view, whether the control systems in place function properly, and whether the underlying transactions are managed in accordance with the provisions of this Agreement. The opinion shall also state whether the audit work puts in doubt the assertions made in the management declaration mentioned above.

¹ By default, the reporting period is every twelve (12) months as from the commencement of the Implementation Period.

- 3.12 Such audit or control opinion shall be provided up to one (1) month following the management declaration sent with every progress or final report, unless Article 1.5 of the Special Conditions states that the global management declaration and the global audit or control opinion shall be sent annually to the European Commission headquarters separately from the reports provided under this Agreement.

Currency for reporting

- 3.13 The reports shall be submitted in the Currency of the Agreement as specified in Article 3 of the Special Conditions.
- 3.14 The Organisation shall convert legal commitments, the Action's receipts and costs incurred in currencies other than the accounting currency of the Organisation according to its usual accounting practices.

Failure to comply with reporting obligations

- 3.15 If the Organisation is unable to present a progress or final report, together with the accompanying documents, by the deadline set out in Article 3.9, the Organisation shall inform the Contracting Authority in writing of the reasons. The Organisation shall also provide a summary of the state of progress of the Action and, where applicable, a provisional work plan for the next period. If the Organisation fails to comply with this obligation for two (2) months, following the deadline set out in Article 3.9, the Contracting Authority may terminate the Agreement in accordance with Article 12, refuse to pay any outstanding amount and recover any amount unduly paid.

Article 4: Liability towards third parties

- 4.1 The European Commission shall not, under any circumstances or for any reason whatsoever, be held liable for damage or injury sustained by the staff or property of the Organisation while the Action is being carried out, or as a consequence of the Action. The European Commission shall not therefore accept any claim for compensation or increase in payment in connection with such damage or injury.
- 4.2 The European Commission shall not, under any circumstances or for any reason whatsoever, be held liable towards third parties, including liability for damage or injury of any kind sustained by them in respect of or arising out of the implementation of the Action.
- 4.3 The Organisation shall discharge the European Commission of all liability associated with any claim or action brought as a result of an infringement of the Organisation's Regulations and Rules committed by the Organisation or Organisation's employees or individuals for whom those employees are responsible, or as a result of a violation of a third party's rights in the context of the implementation of the Action.

Article 5: Conflict of interests

- 5.1 The Organisation shall refrain, in accordance with its Regulations and Rules, from any action which may give rise to a conflict of interests.
- 5.2 A conflict of interest shall be deemed to arise where the impartial and objective exercise of the functions of any person implementing the Agreement is compromised.

Article 6: Confidentiality

- 6.1 The Contracting Authority and the Organisation shall both preserve the confidentiality of any document, information or other material directly related to the implementation of the Action that is communicated as confidential. The confidential nature of a document shall not prevent it from being communicated to a third party on a confidential basis when the rules binding

the Parties, or the European Commission when it is not the Contracting Authority, so require. In no case can disclosure put in jeopardy the Parties' privileges and immunities or the safety and security of the Parties' staff, Contractors, Grant Beneficiaries or the Final Beneficiaries of the Action.

- 6.2 The Parties shall obtain each other's prior written consent before publicly disclosing such confidential information unless:
- a) the communicating Party agrees in writing to release the other Party from the earlier confidentiality obligations; or
 - b) the confidential information becomes public through other means than in breach of the confidentiality obligation by the Party bound by that obligation; or
 - c) the disclosure of confidential information is required by law or by Regulations and Rules established in accordance with the basic constitutive document of any of the Parties.
- 6.3 The Parties shall remain bound by confidentiality for five (5) years after the End Date of the Agreement, or longer as specified by the communicating Party at the time of communication.
- 6.4 Where the European Commission is not the Contracting Authority, it shall nonetheless have access to all documents communicated to the Contracting Authority, and shall maintain the same level of confidentiality.

Article 7: Visibility

Visibility

- 7.1 Unless the European Commission requests or agrees otherwise, the Organisation shall take all appropriate measures to publicise the fact that the Action has received funding from the EU. Such measures shall be carried out in accordance with the Visibility Requirements for EU External Action², as in effect at the time of entry into force of this Agreement or with any other guidelines agreed between the European Commission and the Organisation.
- 7.2 If, during the implementation of the Action, equipment, vehicles or major supplies are purchased using the EU Contribution, the Organisation shall display appropriate acknowledgement on such vehicles, equipment or major supplies, including the display of the EU emblem (twelve yellow stars on a blue background). Where such display could jeopardise the Organisation's privileges and immunities or the safety of the Organisation's staff or of the Final Beneficiaries, the Organisation shall propose appropriate alternative arrangements. The acknowledgement and the EU emblem shall be of such a size and prominence as to be clearly visible in a manner that shall not create any confusion regarding the identification of the Action as an activity of the Organisation, nor the ownership of the equipment, vehicles or major supplies by the Organisation.
- 7.3 If, pursuant to Article 8.5, the equipment, vehicles or remaining major supplies purchased with the EU Contribution have not been transferred to the local authorities, local Grant Beneficiaries or Final Beneficiaries when submitting the final report, the visibility requirements as regards this equipment, vehicles or major supplies (in particular display of the EU emblem) shall continue to apply between submission of the final report and the end of the overall action, if the latter is longer. Where the Organisation retains ownership in accordance with Article 8.6, the visibility requirements shall continue to apply as long as the relevant equipment, vehicles or remaining major supplies are used by the Organisation.
- 7.4 Unless otherwise provided in the Special Conditions, if disclosure risks threatening the Organisation's safety or harming its interests, the European Commission and the Contracting Authority (if other than the European Commission) may publish in any form and medium,

² Visibility in EU-financed external actions – Requirements for implementing partners (Projects), available at: https://ec.europa.eu/intpa/comm-visibility-requirements_en

- including on its internet sites, the name and address of the Organisation, the purpose and amount of the EU Contribution.
- 7.5 The Organisation shall ensure that reports, publications, press releases and updates relevant to the Action are communicated to the addresses stated in the Special Conditions upon their issuance.
- 7.6 The Parties will consult immediately and endeavour to remedy any detected shortcomings in implementing the visibility requirements set out in this Article. This is without prejudice to measures the Contracting Authority may take in case of substantial breach of an obligation.

Communication

- 7.7 In addition to the obligations stipulated under Article 7.1 to 7.6, the Organisation shall implement, if applicable, communication activities as described in Annex I.

Article 8: Right to use results and transfer of equipment

Right to use

- 8.1 Ownership of the results of the Action shall not vest in the Contracting Authority. Subject to Article 6, the Organisation shall grant, and shall act to ensure that any third party concerned grants the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use free of charge the results of the Action, including the reports and other documents relating to it, which are subject to industrial or intellectual property rights.
- 8.2 Where the results mentioned in Article 8.1 include pre-existing rights and the Organisation cannot warrant the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use such results, the Organisation shall inform in writing the Contracting Authority (and the European Commission, where it is not the Contracting Authority) accordingly.

Transfer

- 8.3 The equipment, vehicles and remaining major supplies purchased with the EU Contribution shall be transferred to or remain with local authorities, local Grant Beneficiaries or Final Beneficiaries, at the latest when submitting the final report.
- 8.4 The documentary proof of those transfers shall not be presented with the final reports, but shall be kept for verification for the duration and along with the documents mentioned in Article 15.1.
- 8.5 By way of derogation from Article 8.3, the equipment, vehicles and remaining major supplies purchased with the EU Contribution in the framework of actions which continue after the end of the Implementation Period may be transferred at the end of the overall action. The Organisation shall use the equipment, vehicles and remaining major supplies for the benefit of the Final Beneficiaries. The Organisation shall inform the Contracting Authority on the end use of the equipment, vehicles and remaining major supplies in the final report.
- 8.6 In the event that there are no local authorities, local Grant Beneficiaries or Final Beneficiaries to whom the equipment, vehicles and remaining major supplies could be transferred, the Organisation may transfer them to another action funded by the EU or - exceptionally - retain ownership of the equipment, vehicles and remaining major supplies at the end of the Action or the overall action. In such cases, it shall submit a justified written request with an inventory listing of the items concerned and a proposal concerning their use in due course and - at the latest – together with the submission of the final report. In no event may the end use jeopardize the sustainability of the Action.

Article 9: Monitoring and evaluation of the Action

- 9.1 Keeping in mind the commitment of the Parties to the effective and efficient operation of the Agreement, the Organisation shall invite representatives of the European Commission and the Contracting Authority (if other than 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 and the Contracting Authority 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). The Organisation shall send all monitoring and evaluation reports relating to the Action to the European Commission and the Contracting Authority once issued, subject to confidentiality.
- 9.2 Article 9.1 is without prejudice to any monitoring mission or evaluation exercise, which the European Commission as a donor, or the Contracting Authority, at their own costs, may wish to perform. Monitoring and evaluation missions by representatives of the European Commission or the Contracting Authority shall be planned ahead and completed in a collaborative manner between the staff of the Organisation and the European Commission's (or Contracting Authority's) representatives, keeping in mind the commitment of the Parties to the effective and efficient operation of the Agreement. The European Commission (or the Contracting Authority) and the Organisation shall agree on procedural matters in advance. The European Commission (or the Contracting Authority) shall make available to the Organisation the terms of reference of the evaluation exercise before it takes place, as well as the different deliverables (as a minimum, the draft final report) for comments prior to final issuance. The European Commission (or the Contracting Authority) shall send the final monitoring and evaluation report to the Organisation once issued.
- 9.3 In line with the spirit of partnership, the Organisation and the European Commission (and the Contracting Authority, if applicable), may also carry out joint monitoring and/or evaluation. Such arrangements will be discussed and agreed in due time, planned ahead and completed in a collaborative manner.
- 9.4 Representatives of the relevant partner country may, whenever possible, be invited to participate at their own costs in the main monitoring missions and evaluation exercises, unless such participation would be detrimental to the objectives of the Action or threaten the safety or harm the interests of Partners, Grant Beneficiaries or Final Beneficiaries.

Article 10: Amendment to the Agreement

- 10.1 Without prejudice to Articles 10.3 to 10.6, any amendment to this Agreement, including its annexes, shall be set out in writing in an addendum signed by both Parties. This Agreement can only be amended before the End Date.
- 10.2 The requesting Party shall request in writing any amendment thirty (30) Days before the amendment is intended to enter into force and no later than thirty (30) Days before the End Date, unless there are special circumstances, duly demonstrated by it, and accepted by the other Party. The other Party shall notify its decision regarding the amendment proposed in due time and in any case no later than thirty (30) Days after the date when the amendment request was received.
- 10.3 By way of derogation from Articles 10.1 and 10.2, where an amendment to Annex I and/or Annex III does not affect the main purpose of the Action and the financial impact is limited to a transfer within a single budget heading, including cancellation or introduction of an item, or a transfer between budget headings involving a variation (as the case may be in cumulative terms) of 25 % or less of the amount originally entered (or as amended by a written addendum) in relation to each concerned heading, the Organisation may unilaterally amend Annex I and/or Annex III and shall inform the Contracting Authority accordingly in writing, at the latest in the next report.

- 10.4 The method described in Article 10.3 shall be used neither to amend the contingency reserve referred to under Article 16.2, the rate for remuneration, nor the agreed methodology or fixed amounts/rates of simplified cost options.
- 10.5 The Organisation may, in agreement with the Contracting Authority and before the modification takes place, change the following without a formal addendum to the Agreement:
- (a) Outputs, the Indicators and their related targets, baselines and sources of verification described in Annex I and in the logical framework if the change does not affect the main outcome of the Action;
 - (b) Communication activities described in Annex I.
- Approved changes must be explained in the next report.
- 10.6 Changes of address and of bank account shall be notified in writing to the Contracting Authority. Where applicable, changes of bank account must be specified in the request for payment, using the financial identification form attached as Annex IV.

Article 11: Suspension

Suspension of the time limit for payment

- 11.1 The Contracting Authority may suspend the time limit for payment following a single payment request by notifying the Organisation that either:
- a) the amount is not due; or
 - b) the appropriate supporting documents have not been provided and therefore the Contracting Authority needs to request clarifications, modifications or additional information to the narrative or financial reports. Such clarifications or additional information may notably be requested by the Contracting Authority if it has doubts about compliance by the Organisation with its obligations in the implementation of the Action; or
 - c) credible information has come to the notice of the Contracting Authority that puts in doubt the eligibility of the reported expenditure; or
 - d) credible information has come to the notice of the Contracting Authority that indicates a significant deficiency in the functioning of the Internal Control System of the Organisation or that the expenditure reported by the Organisation is linked to a serious irregularity and has not been corrected. In this case, the Contracting Authority may suspend the payment deadline if it is necessary to prevent significant damage to the EU's financial interests.
- 11.2 In the situations listed in Article 11.1, the Contracting Authority shall notify the Organisation as soon as possible, and in any case within thirty (30) Days from the date on which the payment request was received, of the reasons for the suspension, specifying - where applicable - the additional information required. Suspension shall take effect on the date when the Contracting Authority sends the notification stating the reasons for the suspension. The remaining payment period shall start to run again from the date on which the requested information or revised documents are received or the necessary further checks are carried out. If the requested information or documents are not provided within the deadline fixed in the notification or are incomplete, payment may be made on the basis of the partial information available.

CAU
Kumar

Suspension of the Agreement by the Contracting Authority

- 11.3 The Contracting Authority may suspend the implementation of the Agreement, fully or partly, if:
- a) the Contracting Authority has proof that irregularities, fraud or breach of substantial obligations have been committed by the Organisation in the procedure of its selection, in its Ex-ante Pillar Assessment or in the implementation of the Action;
 - b) the Contracting Authority has proof that irregularities, fraud or breach of obligations have occurred which call into question the reliability or effectiveness of the Organisation's Internal Control System or the legality and regularity of the underlying transactions;
 - c) the Contracting Authority has proof that the Organisation has committed irregularities, fraud or breaches of obligations under other agreements funded by EU funds provided that those irregularities, fraud or breaches of obligations have a material impact on this Agreement.
- 11.4 Before suspension, the Contracting Authority shall formally notify the Organisation of its intention to suspend, inviting the Organisation to make observations within ten (10) Days from the receipt of the notification. If the Organisation does not submit observations, or if - after examination of the observations submitted by the Organisation - the Contracting Authority decides to pursue the suspension, the Contracting Authority may suspend all or part of the implementation of this Agreement serving seven (7) Days' prior notice. In case of suspension of part of the implementation of the Agreement, upon request of the Organisation, the Parties shall enter into discussions in order to find the arrangements necessary to continue the part of the implementation that is not suspended. Any expenditures or costs incurred by the Organisation during the suspension and related to the part of the Agreement suspended shall not be reimbursed, nor be covered by the Contracting Authority. Following suspension of the implementation of the Agreement, the Contracting Authority may terminate the Agreement in accordance with Article 12.2, recover amounts unduly paid and/or, in agreement with the Organisation, resume implementation of the Agreement. In the latter case, the Parties will amend the Agreement where necessary.

Suspension for exceptional circumstances

- 11.5 The Organisation may decide to suspend the implementation of all or part of the Action if exceptional and unforeseen circumstances beyond the control of the Organisation make such implementation impossible or excessively difficult, such as in cases of Force Majeure. The Organisation shall inform the Contracting Authority immediately and provide all the necessary details, including the measures taken to minimise any possible damage, and the foreseeable effect and date of resumption.
- 11.6 The Contracting Authority may also notify the Organisation of the suspension of the implementation of the Agreement if exceptional circumstances so require, in particular:
- a) when a relevant EU Decision identifying a violation of human rights has been adopted; or
 - b) in cases such as crisis entailing a change of EU policy.
- 11.7 Neither of the Parties shall be held liable for breach of its obligations under the Agreement if Force Majeure or exceptional circumstances as set forth under Articles 11.5 and 11.6 prevent it from fulfilling said obligations, and provided it takes any measures to minimise any possible damage.
- 11.8 In the situations listed in Articles 11.5 and 11.6, the Parties shall minimise the duration of the suspension and shall resume implementation once the conditions allow. During the suspension period, the Organisation shall be entitled to the reimbursement of the minimum costs, including new legal commitments, necessary for a possible resumption of the implementation of the Agreement or of the Action. The Parties shall agree on such costs, including the reimbursement of legal commitments entered into for implementing the Action

before the notification of the suspension was received which the Organisation cannot reasonably suspend, reallocate or terminate on legal grounds. This is without prejudice to any amendments to the Agreement that may be necessary to adapt the Action to the new implementing conditions, including, if possible, the extension of the Implementation Period or to the termination of the Agreement in accordance with Article 12.3. In case of suspension due to Force Majeure or if the Action is a Multi-Donor Action, the Implementation Period is automatically extended by an amount of time equivalent to the duration of the suspension.

Article 12: Termination

- 12.1 Without prejudice to any other provision of these General Conditions or penalties foreseen in the EU Financial Regulation, where applicable, and with due regard to the principle of proportionality, the Contracting Authority may terminate the Agreement if the Organisation:
- a) fails to fulfil a substantial obligation incumbent on it under the terms of the Agreement;
 - b) is guilty of misrepresentation or submits false or incomplete statements to obtain the EU Contribution or provides reports that do not reflect reality to obtain or keep the EU Contribution without cause;
 - c) is bankrupt or being wound up, or is subject to any other similar proceedings;
 - d) is guilty of Grave Professional Misconduct proven by any justified means;
 - e) has committed fraud, corruption or any other illegal activity to the detriment of the EU's financial interests on the basis of proof in the possession of the Contracting Authority;
 - f) fails to comply with the reporting obligations in accordance with Article 3.15;
 - g) has committed any of the failings described in Article 11.3 on the basis of proof in the possession of the Contracting Authority.
- 12.2 Before terminating the Agreement in accordance with Article 12.1, the Contracting Authority shall formally notify the Organisation of its intention to terminate, inviting the Organisation to make observations (including proposals for remedial measures) within thirty (30) Days from the receipt of the notification. During this period, and until the termination takes effect, the Contracting Authority may suspend the time limit for any payment in accordance with Article 11.2 as a precautionary measure informing the Organisation immediately in writing. If the Organisation does not submit observations, or if, after examination of the observations submitted by the Organisation, the Contracting Authority decides to pursue the termination, the Contracting Authority may terminate the Agreement serving seven (7) Days' prior notice. During that period, the Organisation may refer the matter to the responsible director in the European Commission. Where the Contracting Authority is the European Commission, the termination will take effect if and when confirmed by the director. Where the Contracting Authority is not the European Commission, the referral to the responsible director in the European Commission will not suspend the effects of the decision of the Contracting Authority. In case of termination, the Contracting Authority may demand full repayment of any amounts paid in excess of the final amount determined in accordance with Article 18 after allowing the Organisation to submit its observations. Neither Party shall be entitled to claim indemnity by the other Party on account of the termination of this Agreement.
- 12.3 If, at any time, either Party believes that the purpose of the Agreement can no longer be effectively or appropriately performed, it shall consult the other Party. Failing agreement on a solution, either Party may terminate the Agreement by serving sixty (60) Days written notice. In this case, the final amount shall cover:
- a) payment only for the part of the Action carried out up to the date of termination;
 - b) in the situations described in Articles 11.5 and 11.6, the unavoidable residual expenditures incurred during the notice period; and,
 - c) in the situations described in Articles 11.5 and 11.6, reimbursement of legal commitments the Organisation entered into for implementing the Action before the

written notice on termination was received by it and which the Organisation cannot reasonably terminate on legal grounds.

The Contracting Authority shall recover the remaining part in accordance with Article 14.

- 12.4 In the event of termination, a final report and a request for payment of the balance shall be submitted in accordance with Articles 3 and 17. The Contracting Authority shall not reimburse or cover any expenditure or costs which are not included or justified in a report approved by it.

Article 13: Applicable law and settlement of disputes

- 13.1 The Parties shall endeavour to settle amicably any disputes or complaints relating to the interpretation, application or validity of the Agreement, including its existence or termination.

- 13.2 Where the Organisation is not an International Organisation, and the European Commission is the Contracting Authority, this Agreement is governed by EU law, complemented - if necessary - by the relevant provisions of Belgian law. In the absence of an amicable settlement in accordance with Article 13.1 above, the General Court, or on appeal the Court of Justice of the European Union, has sole jurisdiction. Such actions must be brought under Article 272 of the Treaty on the Functioning of the EU (TFEU). Notwithstanding the foregoing sentence, where the Organisation is not established or incorporated in the EU, any of the Parties may bring before the Brussels courts any dispute between them concerning the interpretation, application or validity of the Agreement, if such dispute cannot be settled amicably. Where one party has brought proceedings before the Brussels courts, the other party may not bring a claim arising from the interpretation, application or validity of the Agreement in any other court than the Brussels courts before which the proceedings have already been brought.

- 13.3 Where the Organisation is not an International Organisation and the European Commission is not the Contracting Authority, the Agreement shall be governed by the law of the country of the Contracting Authority and the courts of the country of the Contracting Authority shall have exclusive jurisdiction, unless otherwise agreed by the Parties. The dispute may, by common agreement of the Parties, be submitted for conciliation to the European Commission. If no settlement is reached within one hundred and twenty (120) Days of the opening of the conciliation procedure, each Party may notify the other that it considers the procedure to have failed and may submit the dispute to the courts of the country of the Contracting Authority.

- 13.4 Where the Organisation is an International Organisation:

- a) nothing in the Agreement shall be interpreted as a waiver of any privileges or immunities accorded to any Party by its constituent documents, privileges and immunities agreements or international law;
- b) in the absence of an amicable settlement pursuant to Article 13.1 above, any dispute, controversy or claim arising out of or in relation to this Agreement, or the existence, interpretation, application, breach, termination, or invalidity thereof, shall be settled by final and binding arbitration in accordance with the 2012 Permanent Court of Arbitration Rules for Arbitration, as in effect on the date of entry into force of this Agreement. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration. The arbitration proceedings must take place in the Hague and the language used in the arbitral proceedings will be English. The arbitrator's decision shall be binding on all Parties and there shall be no appeal.

Article 14: Recovery

- 14.1 Where an amount is to be recovered under the terms of the Agreement, the Organisation shall repay the amount due to the Contracting Authority.

- 14.2 Before recovery, the Contracting Authority shall formally notify the Organisation of its intention to recover any undue amount, specifying the amount and the reasons for recovery and inviting the Organisation to make any observations within 30 Days from the date of receipt of the notification. If, after examination of the observations submitted by the Organisation or if the Organisation does not submit any observations, the Contracting Authority decides to pursue the recovery procedure, it may confirm recovery by formally notifying the Organisation. If there is a disagreement between the Organisation and the Contracting Authority on the amount to be repaid, the Organisation may refer the matter to the responsible director in the European Commission within thirty (30) Days. Where the Contracting Authority is the European Commission, a debit note specifying the terms and the date for payment may be issued after the deadline for the referral to the director. Where the Contracting Authority is not the European Commission, the referral to the responsible director in the European Commission will not prevent the Contracting Authority from issuing the debit note.
- 14.3 If the Organisation does not make the payment by the date specified in the debit note, the Contracting Authority shall recover the amount due:
- a) by offsetting it against any amounts owed to the Organisation by the EU;
 - b) by taking legal action pursuant to Article 13;
 - c) in exceptional circumstances justified by the necessity to safeguard the financial interests of the EU, the Contracting Authority may, when it has justified grounds to believe that the amount due would be lost, recover by offsetting before the deadline specified in the debit note without the Organisation's prior consent.
- 14.4 If the Organisation fails to repay by the due date, the amount due shall be increased by late payment interest calculated at the rate indicated in Article 17.7(a). The interest shall be payable for the period elapsing from the day after the expiration of the time limit for payment up to and including the date when the Contracting Authority actually receives payment in full of the outstanding amount. Any partial payment shall first cover the interest.
- 14.5 Where the European Commission is not the Contracting Authority, it may, if necessary, proceed itself to the recovery.
- 14.6 The European Commission may waive the recovery in accordance with the principle of Sound Financial Management and proportionality or it shall cancel the amount in the event of a mistake.

Article 15: Archiving, access and financial checks

- 15.1 For a period of five (5) years from the End Date and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim or investigation by the European Anti-Fraud Office (OLAF), if notified to the Organisation, has been disposed of, the Organisation shall keep and make available according to Article 15 all relevant financial information (originals or copies) related to the Agreement and to any Procurement Contracts and Grant agreements financed by the EU Contribution.
- 15.2 The Organisation shall allow the European Commission, or any authorised representatives, to conduct desk reviews and on-the-spot checks on the use made of the EU Contribution on the basis of supporting accounting documents and any other document related to the financing of the Action.
- 15.3 The Organisation agrees that OLAF may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions laid down by EU law for the protection of the financial interests of the EU against fraud, corruption and any other illegal activity.

- 15.4 The Organisation agrees that the execution of this Agreement may be subject to scrutiny by the Court of Auditors when the Court of Auditors audits the European Commission's implementation of EU expenditure. In such case the Organisation shall provide to the Court of Auditors access to the information that is required for the Court to perform its duties.
- 15.5 To that end, the Organisation undertakes to provide officials of the European Commission, OLAF and the European Court of Auditors and their authorised agents, upon request, information and access to any documents and computerised data concerning the technical and financial management of operations financed under the Agreement, as well as grant them access to sites and premises at which such operations are carried out. The Organisation shall take all necessary measures to facilitate these checks in accordance with its Regulations and Rules. The documents and computerised data may include information that the Organisation considers confidential in accordance with its own established Regulations and Rules or as governed by contractual agreement. Such information once provided to the European Commission, OLAF, the European Court of Auditors, or any other authorised representatives, shall be treated in accordance with EU confidentiality rules and legislation and Article 6. Documents must be accessible and filed in a manner permitting checks, the Organisation being bound to inform the European Commission, OLAF or the European Court of Auditors of the exact location at which they are kept. Where appropriate, the Parties may agree to send copies of such documents for a desk review.
- 15.6 Where applicable, the desk reviews, investigations, on-the-spot checks and inspections referred to in Article 17.2 to 17.5 shall refer to a verification that shall be performed in accordance with the verification clauses agreed between the Organisation and the European Commission. This is without prejudice to any cooperation arrangement between OLAF and the Organisation's anti-fraud bodies.
- 15.7 The European Commission shall inform the Organisation of the planned on-the-spot missions by agents appointed by the European Commission in due time in order to ensure adequate procedural matters are agreed upon in advance.
- 15.8 Failure to comply with the obligations set forth in Article 15 constitutes a case of breach of a substantial obligation under this Agreement.

Article 16: Eligibility of costs

- 16.1 Direct costs are eligible for EU financing if they meet all the following criteria:
- a) they are necessary for carrying out the Action, directly attributable to it, arising as a direct consequence of its implementation and charged in proportion to the actual use;
 - b) they are incurred in accordance with the provisions of this Agreement;
 - c) they are actually incurred by the Organisation, i.e. they represent real expenditure definitely and genuinely borne by the Organisation, without prejudice to Article 16.6;
 - d) they are reasonable, justified, comply with the principle of Sound Financial Management and are in line with the usual practices of the Organisation regardless of their source of funding;
 - e) they are incurred during the Implementation Period with the exception of costs related to final report, final evaluation, audit and other costs linked to the closure of the Action which may be incurred after the Implementation Period;
 - f) they are identifiable and backed by supporting documents, in particular determined and recorded in accordance with the accounting practices of the Organisation;
 - g) they are covered by one of the sub-headings indicated in the estimated budget in Annex III and by the activities described in Annex I; and
 - h) they comply with the applicable tax and social legislation taking into account the Organisation's privileges and immunities.

- 16.2 A reserve for contingencies and/or possible fluctuations in exchange rates - not exceeding 5 % of the direct eligible costs - may be included in Annex III to allow for adjustments necessary in the event of unforeseeable changes of circumstances on the ground. In such case, the reserve can be used only with the prior written authorisation of the Contracting Authority, upon a duly justified request from the Organisation.
- 16.3 The following costs may not be considered eligible direct costs, but may be charged as part of the remuneration: all eligible costs that, while necessary and arising as a consequence of implementation, are supporting the implementation of the Action and not considered part of the activities that the European Union finances as described in Annex I, including corporate management costs or other costs linked to the normal functioning of the Organisation, such as horizontal and support staff, office or equipment costs (except when duly justified and described in Annex I, such as a project office).
- 16.4 The remuneration shall be declared on the basis of a flat-rate which shall not exceed 7% of the total eligible direct costs to be reimbursed by the Contracting Authority. The remuneration does not need to be supported by accounting documents. For Multi-Donor and comparable actions, the remuneration shall not be higher than that charged by the Organisation to comparable contributions.
- 16.5 The following costs are ineligible for EU financing:
- a) bonuses, provisions, reserves or non-remuneration related costs. Employers' contributions to pension or to any other employee insurance funds run by the Organisation shall only be eligible to the extent they do not exceed the cost incurred during the reporting period, calculated following applicable international accounting standards;
 - b) full-purchase cost of equipment and assets unless the asset or equipment is specifically purchased for the Action and ownership is transferred in accordance with Article 8;
 - c) duties, taxes and charges, including VAT, that are recoverable/deductible by the Organisation;
 - d) return of capital;
 - e) negative remuneration charged by banks or other financial institutions;
 - f) debts and debt service charges;
 - g) provision for losses, debts or potential future liabilities;
 - h) banking charges for the transfers from and to the Contracting Authority;
 - i) costs incurred during the suspension of the implementation of the Agreement except the minimum costs agreed on in accordance with Article 11.8;
 - j) costs declared by the Organisation under another agreement financed by the European Union budget (including through the European Development Fund);
 - k) contributions in kind. The cost of staff assigned to the Action and actually incurred by the Organisation is not a contribution in kind and may be declared as a direct eligible cost if it complies with the conditions set out in Article 16.1; and
 - l) costs of purchase of land or buildings, unless otherwise provided in the Special Conditions.

Simplified cost options

- 16.6 Direct eligible costs may also be declared by using any or a combination of unit costs, lump sums and flat-rate financing.
- 16.7 The methods used by the Organisation to determine unit costs, lump sums or flat-rates shall comply with the principles provided in Articles 16.1, 16.3 and 16.5, be clearly described and substantiated in Annex III, shall avoid double funding of costs and shall respect the principle of Sound Financial Management. These methods shall be based on the Organisation's historical or actual accounting data, its usual accounting practices, an expert judgment or on statistical or other objective information where available and appropriate.
- 16.8 Costs declared under simplified cost options do not need to be backed by accounting or supporting documents except if they are necessary to demonstrate that the costs have been declared according to the declared method or cost accounting practices and that the qualitative and quantitative conditions defined in Annex I and III have been respected.
- 16.9 Simplified cost options not linked to the achievement of concrete Results shall only be eligible if they have been ex ante-assessed by the European Commission.
- 16.10 If a verification reveals that the methods used by the Organisation to determine unit costs, lump sums or flat-rates are not compliant with the conditions established in this Agreement, the Contracting Authority shall be entitled to recover proportionately up to the amount of the unit costs, lump sums or flat-rate financing.

Article 17: Payments

- 17.1 Payment procedures shall be as follows:
- a) the Contracting Authority shall provide a first pre-financing instalment as set out in Article 4.1 of the Special Conditions within thirty (30) Days of receiving the Agreement signed by both Parties;
 - b) the Organisation may submit a request for further pre-financing instalment for the following reporting period in accordance with Article 4 of the Special Conditions; the following provisions apply:
 - i) the reporting period is intended as a twelve-month period, unless otherwise provided for in the Special Conditions. When the remaining period to the end of the Action is up to eighteen (18) months, the reporting period shall cover it entirely;
 - ii) if at the end of the reporting period less than 70% of the last payment (and 100% of previous payments, if any) has been paid by the Organisation to its staff or otherwise subject to a legal commitment with a third party, the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70 % of the immediately pre-financing payment (and 100% of previous payments, if any) and the part of the previous pre-financing payments which has been paid by the Organisation to its staff or has been subject to a legal commitment with a third party;
 - iii) the Organisation may submit a request for further pre-financing payment before the end of the reporting period, once more than 70 % of the immediately preceding payment (and 100% of previous payments, if any) has been paid by the Organisation to its staff or otherwise subject to a legal commitment with a third party. In this case, the following reporting period starts anew from the end date of the period covered by this payment request;
 - c) at the end of the Implementation Period, the Organisation shall submit a payment request for the balance, where applicable, together with the final report. The amount of the balance shall be determined according to Article 18 and following approval of the request for payment of the balance and of the final report; and

- d) the Contracting Authority shall pay the further pre-financing instalments and the balance within ninety (90) Days of receiving a payment request accompanied by a progress or final report, unless the time limit for payment was suspended according to Article 11 or 12.
- 17.2 Payment requests shall be accompanied by narrative and financial reports presented in accordance with Article 3. The requests for pre-financing payments and the request for the balance shall be drafted in the Currency of the Agreement as specified in the Special Conditions. Except for the first pre-financing instalment, the payments shall be made upon approval of the payment request accompanied by a progress or final report. The final amount shall be established in line with Article 18. If the balance is negative, the payment of the balance takes the form of recovery.
- 17.3 Approval of the requests for payment and of the accompanying reports shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information contained therein.
- 17.4 The Contracting Authority shall make payments in the Currency of the Agreement as specified in the Special Conditions to the bank account referred to in the financial identification form in Annex IV.
- 17.5 Payment arrangements for performance-based financing in accordance with Article 19 shall be set out in Article 4 of the Special Conditions and Annex I.
- 17.6 If no payment has been made by the Contracting Authority within two (2) years of the entry into force of the Agreement, the Agreement shall be terminated.

Late payment interest

- 17.7 In case of late payment of the amounts stated in Article 4 of the Special Conditions the following conditions apply:
- a) upon expiry of the time limits for payments specified in Article 17.1, if the Organisation is not a Member State Organisation, it shall receive interest on late payment based on the rate applied by the European Central Bank for its main refinancing operations in Euros (Reference Rate), increased by three and a half percentage points. The Reference Rate shall be the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the Official Journal of the EU;
 - b) the suspension of the time limit for payment by the Contracting Authority in accordance with Article 11 or 12 shall not be considered as late payment;
 - c) interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date of actual payment as established in Article 17.1. Any partial payment shall first cover the interest;
 - d) by way of exception to point (c), when the interest calculated in accordance with this provision is lower than or equal to EUR 200, the Contracting Authority shall pay such interest to the Organisation only upon request from the Organisation submitted within two (2) months of it receiving late payment;
 - e) by way of exception to point (c), when the Contracting Authority is not the European Commission, and the European Commission does not make the payments, the Organisation shall be entitled to late payment interest upon its request submitted within two (2) months of it receiving late payment.

Article 18: Final amount of the EU Contribution

- 18.1 The Contracting Authority shall determine the final amount of the EU Contribution when approving the Organisation's final report. The Contracting Authority shall then determine the balance:
- a) to be paid to the Organisation in accordance with Article 17 where the final amount of the EU Contribution is higher than the total amount already paid to the Organisation; or
 - b) to be recovered from the Organisation in accordance with Article 14 where the final amount of the EU Contribution is lower than the total amount already paid to the Organisation.
- 18.2 The final amount shall be the lower of the following amounts:
- a) the maximum EU Contribution referred to in Article 3.1 of the Special Conditions in terms of absolute value;
 - b) the amount obtained after reduction of the EU Contribution in accordance with Article 18.3.
- 18.3 Where the Action (i) is not implemented, (ii) is not implemented in line with the Agreement or (iii) is implemented partially or late, the Contracting Authority may, after allowing the Organisation to submit its observations, reduce the EU Contribution in proportion to the seriousness of the above mentioned situations. If there is a disagreement between the Organisation and the Contracting Authority on the reduction, the Organisation may refer the matter to the responsible director in the European Commission.

Article 19: Performance-based financing

- 19.1 The payment of the EU Contribution may be partly or entirely linked to the achievement of Results measured by reference to previously set milestones or through performance Indicators. Such performance-based financing is not subject to Article 16. The relevant Results and the means to measure their achievement shall be clearly described in Annex I.
- 19.2 The amount to be paid per achieved Result shall be set out in Annex III. The method to determine the amount to be paid per achieved Result shall be clearly described in Annex I and take into account the principle of Sound Financial Management.
- 19.3 The Organisation shall not be obliged to report on costs linked to the achievement of Results. However, the Organisation shall submit any necessary supporting documents, including where relevant accounting documents, to prove that the Results triggering the payment as defined in Annex I and III have been achieved.
- 19.4 Articles 3.7 f), 3.8 b), 3.8 f), 10.3 and 10.5 do not apply to the part of the Action supported by way of performance-based financing.

Article 20: Contracting and Early Detection and Exclusion System

Contracting

- 20.1 Unless otherwise provided for in the Special Conditions, the origin of the goods and the nationality of the organisations, companies and experts selected for carrying out activities in the Action shall be determined in accordance with the Organisation's relevant rules. However, and in any event, goods, organisations, companies and experts eligible under the applicable regulatory provisions of the European Union shall be eligible. Without prejudice to the foregoing or to the Organisation's assessed Regulations and Rules, the Organisation shall promote the use of local contractors when implementing the Action.

Early Detection and Exclusion System

- 20.2 The Organisation shall inform the European Commission if, in relation to the implementation of the Action, it has detected a situation of exclusion pursuant to its rules and procedures referred to in Article 2.2 d) and any ad hoc measure stipulated in the Special Conditions or if it has detected a fraud and/or an irregularity pursuant to Article 2.6. This information may be used by the European Commission for the purpose of the Early Detection and Exclusion System. The Organisation shall inform the European Commission when it becomes aware that transmitted information needs to be rectified updated or removed. The Organisation shall ensure that the entity concerned is informed that its data was transmitted to the European Commission and may be included in the Early Detection and Exclusion System and be published on the website of the European Commission. These requirements cease at the end of the Implementation Period.
- 20.3 Without prejudice to the power of the European Commission to exclude a person or an entity from future procurement contracts and grants financed by the EU and/or to impose financial penalties according to the EU Financial Regulation, the Organisation may impose sanctions on third parties according to its own Regulations and Rules ensuring, where applicable, the right of defence of the third party.
- 20.4 The Organisation may take into account, as appropriate and on its own responsibility, the information contained in the Early Detection and Exclusion System, when implementing the EU Contribution. Access to that information can be provided through the authorised persons or via consultation with the European Commission as referred in Article 5.6 of the Special Conditions.

GA
Rw

Annex 3: Budget of the Action

**Project Title: Accountable Public Finance to serve Pacific people (Yaka Pasifika)
NDICI 2022/433-294**

Planned Activities	Budget Description / nature of cost	Planned Budget by Year					Total (All Years)	Justification/narration
		Y1	Y2	Y3	Y4 (17 months)			
		USD	USD	USD	USD	USD		
Output 1. Well-run oversight institutions promote accountable and transparent governance for more efficient and inclusive service delivery								
1.1. Cohort of visionary and empowered Pacific PFM officials and stakeholders have capacities to lead efforts to improve public accountability	Travel & Daily Subsistence Allowance Workshop/Training IPSA & Consultancy (local & international) LOA / grants /service contracts Resource material/printing	\$55,000.00	\$230,000.00	\$297,300.00	\$444,600.00	\$1,026,900.00	The main expenses of the activity relate to - preparation of the fellowship programme- development of content (year 1- consultants 50,000; hybrid design workshop, 5000; Expert Letat (50% - IPSA band 1.3, home based, annual costs USD\$174,600) - for year 3-5 only) - fellowship workshops (for the purpose of this budget all workshop are deemed to include travel and allowances of participants and staff members facilitating the workshop as well as other trainers/facilitators, venue, catering). 3*2weeks workshop for 15participants (USD 30,000) annually between year 2 and 5; Youth fellowship workshop- 3*2weeks workshop for 15participants (USD 25,000) annually on year 2 and 4, - Community of Practice meeting- USD 40,000 (average costs will slowly increase with the addition of new members, not every member is expected to be available on an annual basis) IPSA is a new contracting modality for UNDP for service provisions by consultants. Individuals engaged under this instrument have the status of International Personnel Service Agreement Holders, and are specifically engaged in recognition of their skills and expertise, to provide identified deliverables. These individuals are not UNDP staff members, but are considered affiliate personnel and, as such are not governed by or subject to the United Nations' Staff Regulations and Rules. Nor is this contract modality governed by national legislation in countries where UNDP operates. Given that the services covered by the IPSA may only be provided by natural and not legal persons, and by non-incorporated partnerships, the IPSA falls within the overall scope of UNDP Human Resource management framework. See details here: https://popp.undp.org/StaticPages/POPP/Subject.aspx?SBIID=496&Menu=BusinessUnit	
1.2. Systematised data collected and shared to help inform quality PFM decision-making and monitor progress	Travel & Daily Subsistence Allowance Workshop/Training Consultancy (local & international) LOA / grants /service contracts Resource material/printing	\$15,000.00	\$60,250.00	\$60,250.00	\$99,500.00	\$235,000.00	The main expenses of the activity relate to - refining the methodology of the baseline (indicative costs: consultancy USD 10,000 and hybrid workshop 5,000) - annual baseline report (indicative costs: consultancy USD 7,000; publication and communication USD 1,000) - Annual knowledge product: indicative costs: consultancy USD 10,000; publication, printing and digital launch USD 1,000 - Partnership with global accountability movement: indicative costs over the course of the project (divided in equal parts between year 2 and 4): small national workshops 5,000x3, regional medium workshop USD 40,000x1, travel to develop partnership and attend regional or global events USD20,000, implementation of pilots through consultants or service contracts (potentially grants) combined with travel of consultants and potential purchase of equipment USD50,000	
1.3. Oversight and accountability institutions produce timely outputs which empower other government and non-government partners to drive accountability	Travel & Daily Subsistence Allowance Workshop/Training Consultancy (local & international) LOA / grants /service contracts Resource material/printing	\$26,250.00	\$52,500.00	\$52,500.00	\$78,750.00	\$210,000.00	The main expenses of the activity relate to - national and regional workshop to co-design technical assistance with national partners, train national partners on tool and present results nationally: USD15,000x6 - consultants or service contracts (potentially grants) to design and implement technical assistance to SAs: 15000*8	

Handwritten initials: EN, DWA

Planned Activities	Budget Description / nature of cost	Planned Budget by Year				Total (All Years)	Justification/narration
		Y1	Y2	Y3	Y4 (17 months)		
1.4. Oversight and accountability institutions develop and implement tracking tools to assess implementation of recommendations by Government	Travel & Daily Subsistence Allowance Workshop/Training Consultancy (local & international) LOA / grants / service contracts Resource material/printing	USD	USD	USD	USD	USD	The main expenses of the activity relate to: - national and regional workshop to co-design tracking concepts with national partners, train national partners on tool and present results regionally. USD20,000x5; USD40,000x3 - consultants: service contracts or grant (depending on context) to design tracking tools (concept – developer) USD 30,000x5 - Grants to organise a hackathon or user-centered design workshop for at least one of the tools. USD50,000
1.5. "Eco-system" of accountability institutions strengthened to maximise impact of efforts to reduce corruption and promote accountability and transparency	Travel & Daily Subsistence Allowance Workshop/Training Consultancy (local & international) Resource material/printing	\$75,000.00	\$40,000.00	\$15,000.00	\$30,000.00	\$160,000.00	The main expenses relate to: - consultants to conduct analysis: 15,000*5 - national or regional workshop to train oversight institution or engage network of institutions: 15,000*3, 40,000*1
1.6. Accountability institutions develop specific tools to proactively promote accountability for climate-related finance, gender budgets, human rights and other cross-cutting themes	Travel & Daily Subsistence Allowance Workshop/Training Consultancy (local & international) LOA / grants / service contracts Resource material/printing	\$15,000.00	\$35,000.00	\$35,000.00	\$55,000.00	\$140,000.00	The main expenses relate to: - consultants to conduct research: 15,000*4 - national or regional workshop(s) with community of practice on cross-cutting issues: 20,000*1 - development of solutions through consultants, grants or service providers: 20,000*3

BN
DWA

Planned Activities	Budget Description / nature of cost	Planned Budget by Year					Total (All Years)	Justification/narration
		Y1	Y2	Y3	Y4 (17 months)	Total (All Years)		
		USD	USD	USD	USD	USD		
1.7. Accountability institutions supported to more effectively support Parliaments to discharge their oversight duties	Travel & Daily Subsistence Allowance Workshop/Training Consultancy (local & international) Resource material/printing LOA	\$52,980.00	\$120,960.00	\$67,980.00	\$30,060.00	\$271,920.00	The main expenses relate to: - workshop training for SAI and accountability institutions: small national workshop (SAI-PAC, independent institutions-Parliament): USD5000*3 - consultant drafting of technical and simplified reports, graphic designer and communication: USD5000*4 - travel to national workshops and collaborative events with Parliament portfolio and other CROP events: 5000 annually - Project Technical Advisor (100% - IPSA band 11, Fiji based, annual cost USD\$105,960) - for years 1-2 only (after which the project is deemed to have sufficiently trained its network of regional consultants to function without close technical supervision) technical advisor will cover all of output. 1 technical assistance activities where deemed necessary.	
total output 1		\$668,710.00	\$618,030.00	\$937,850.00	\$2,463,820.00			
Output 2: Budget planning, implementation and oversight processes are inclusive and people-centred								
2.1. Civil society organisations empowered to engage in more effective budget planning and oversight	Responsible partnership agreement Grants Workshop/Training Consultancy (local & international) material/printing Knowledge Product Travel & Daily Subsistence Allowance	\$130,000.00	\$255,000.00	\$325,000.00	\$500,000.00	\$1,210,000.00	Under this activity, the focus will be on expanding and nurturing the work done under the PFM project to support CSO capacity to engage with PFM oversight. Costs will include: - Responsible Partnership Agreement with regional CSO (est. USD\$1m over 5years) - the contract will most probably be cut in 2 phases minimum and gradually increase from year 2 to 5. Based on the HACT assessment and the mid-term evaluation, this figure might be revised to adapt to delivery capacity of partner. UNDP will directly deliver the remaining amount - technical consultants to support the delivery of the partnership and provide an international perspective (USD\$15,000 / year on average for year 2-5) and produce related knowledge products and background research for CSO engagement. - grants to CSO deliver scaling-up and documentation of solutions developed through the regional partnership, modelled on the PFM project. (USD\$20,000 / year on average for year 2-5) - travel to participate in dissemination events, regional and global conferences and contribute to local events (USD\$10,000/year on average for year 2-5) Year 1 budget will allow for co-design of the PIANGO project (event, consultant and travel) (30000)	

Planned Activities	Budget Description / nature of cost	Planned Budget by Year				Total (All Years)	Justification/narration
		Y1	Y2	Y3	Y4 (17 months)		
2.2. Government bodies more effectively include civil society and the public in processes throughout the budget cycle	Workshop/Training (Consultancy (local & international)) Service provider/ grant material/printing Knowledge Product Travel & Daily Subsistence Allowance	USD \$60,000.00	USD \$65,000.00	USD \$90,000.00	USD \$135,000.00	USD \$350,000.00	This activity will deliver solutions for responsive engagement for PTM institutions the project is expected to deliver on average 2 solutions per year to Pacific institutions, costs will include - co-design workshops travel and event to design interventions and solutions with institutional partners. medium national workshop 15000 annually - consultants and service providers (potentially grantees) to finalise solutions and deliver products to institutions as well as document and disseminate results. USD30000 annually The activities will include but never be limited to the purchase of equipment for partners to enable them to implement the proposed solutions (USD125000distributed between year 3-4), as well as contribution to human resources of partners institutions where absolutely necessary
Activity result 2.3: Media and artists capacitated to use their skills to promote public engagement with PTM and the budget cycle	Grants Workshop/Training Consultancy material/printing Knowledge Product (KP) Travel & Daily Subsistence Allowance	USD \$20,000.00	USD \$37,000.00	USD \$57,000.00	USD \$74,000.00	USD \$188,000.00	The main expenses relate to - grant or service contract with training provider and developer for media. 15000 annually for 4 years (spread between year 1 to 5) - artist mentorship venue and catering (10people meeting rooms) during training 2000 annually, contracts for artists 10000 annually, consultant mentors 10000 annually for 4 years (spread between year 1 to 5). - participation at the CoP event of selected artists and journalists (travel and allowances) 2000*10 in year 3 & 5
Total Output 2		210,000.00	357,000.00	472,000.00	709,000.00	\$1,748,000.00	

Planned Activities	Budget Description / nature of cost	Planned Budget by Year					Total (All Years)	Justification/narration
		Y1	Y2	Y3	Y4 (17 months)	USD		
		USD	USD	USD	USD			
Project Office: Effective technical advisory services and project implementation, communication and visibility plan and evaluations								
	Salaries IT & office equipment Operational costs Workshop/Training Consultancy (local & international) material/printing Travel & Daily Subsistence Allowance	465,062.00	425,062.00	455,062.00	760,124.00	2,105,310.00	Effective Technical Advisory services and implementation includes the following costs annually (for a 12month period) - Project Manager (P3 -100%, annual proforma cost USD\$197272.88), - Project Activity Officer (NPSA 100%, band NB5, annual cost USD\$56343) - Project Grants and Finance Officer (100% NPSA, band NB4, annual cost USD\$39,862) - Project Community and Communication Officer (100% - NPSA band NB5, annual cost USD\$56,343) - Project Assistant (100% - NPSA band NB3, annual cost USD\$26,048.15) - Cost-shared project officer (NPSA 20%, band NB5, annual cost \$56343) Equipment costs: budget has been allocated for year 1 and 4, in the first year the allocation will include IT equipment for all project staff as well as constituting basic project team space and equipment, the fourth year budget is allocated to costs incurred by the change of location of the UN house in Suva and the establishment of a project space including contingency for IT equipment which might not last the duration of the project (USD\$30,000 Year 1 and USD\$20,000 Year 4) Costs for the operation of the project office, as detailed in Annex 1 (total est. USD 70963) contribution to rent calculated by square meters based on space occupied by 6 individuals, internet services calculated by no. of workstations (6 workstation), emails and firewalls calculated per email addresses, security fees calculated by no. of staff (6 staff +50%PSA for 3 years) and UNDP staff partially charged to the Action, for the time directly attributable to the implementation of the Action, based on time sheets as described in Annex 1. The communication and visibility budget will cover the implementation of the communication and visibility activities as detailed in Annex 1 Appendix 4 This includes development of merchandise for project, printing and distribution costs In addition to the Community and Communication Officer (listed above), who will be spending an estimated 50% of their time on communication activities, graphic designer and artists will be placed as consultants on a retainer roster (LTA roster) for the project duration. The following will be expected from visual arts consultants: design of reports and communication material, including annual infographics on project results, illustration of trainings courses and outreach material to simply technical communication based on the positive experience of the PPMI project (total est. cost USD75000) Specifically for the first year, the budget will cover: launch event (venue, travel of selected participants, accommodation) and design and printing of visibility material (merchandise and leaflet) (100000) Cost related to conduct of a mid-term evaluation (30,000 year 3) of the project as well as the final evaluation (30000 year 5). Costs incurred include: Hire of international consultant, travel and allowance, communication costs to selected focus countries	
Total Project office		465,062	425,062	455,062	760,124	2,105,310		
Total Direct Costs for Action		\$ 914,292.00	\$ 1,450,772.00	\$ 1,545,092.00	\$ 2,406,974.00	\$ 6,317,136.00		
Total Indirect Costs of the Action (General Management Service - 7%)		\$ 64,000.44	\$ 101,554.04	\$ 108,156.44	\$ 165,488.18	\$ 442,199.10		
Total Estimated Costs of the Action		\$ 978,292.44	\$ 1,552,326.04	\$ 1,653,248.44	\$ 2,572,462.18	\$ 6,759,329.10		

* For the purpose of interpreting the provisions of article 10.3 of the General Conditions, the Budget Headings are considered as Total Output 1, 2 and Project Office

Total Estimated costs:	
EU contribution	EUR 6,000,000.00
Cofinancing	USD 6,458,400.00 Infor:uro June 2022 1 EUR = 1.0764 USD
	USD 300,929.10
	<u>6,759,329.10 USD</u>



FINANCIAL IDENTIFICATION

PRIVACY STATEMENT

http://ec.europa.eu/budget/contracts_grants/info_contracts/financial_id/financial_id_en.cfm#en

Please use CAPITAL LETTERS and LATIN CHARACTERS when filling in the form.

BANKING DETAILS ①



ACCOUNT NAME ②	UNDP CONTRIBUTIONS ACCOUNT		
IBAN/ACCOUNT NUMBER ③	36349562		
CURRENCY	US DOLLAR		
BIC/SWIFT CODE	CITIUS33	BRANCH CODE ④	NY-940
BANK NAME	CITIBANK		
ADDRESS OF BANK BRANCH			
STREET & NUMBER	399 PARK AVENUE		
TOWN/CITY	NEW YORK/NEW YORK	POSTCODE	1022-4617
COUNTRY	UNITED STATE OF AMERICA		

ACCOUNT HOLDER'S DATA

AS DECLARED TO THE BANK

ACCOUNT HOLDER	UNITED NATIONS DEVELOPMENT PROGRAMME		
STREET & NUMBER	ONE UNITED NATIONS PLAZA		
TOWN/CITY	NEW YROK/ NEW YORK	POSTCODE	10017
COUNTRY	UNITED STATE OF AMERICA		

REMARK	
--------	--

<p>BANK STAMP + SIGNATURE OF BANK REPRESENTATIVE ⑤</p> <div style="text-align: center;">  <p><small>Tiffany Altman, AVP P.O. Box 11818 New York, NY 10158 Tel: 212 244 2441</small></p> </div>	<p>DATE (Obligatory)</p> <p style="text-align: center;">20-Jul-2020</p> <hr/> <p>SIGNATURE OF ACCOUNT HOLDER (Obligatory) Paul Gravenese, Treasurer</p> <div style="text-align: center;">  </div>
--	---

- ① Enter the final bank data and not the data of the intermediary bank.
- ② This does not refer to the type of account. The account name is usually the one of the account holder. However, the account holder may have chosen to give a different name to its bank account.
- ③ Fill in the IBAN Code (International Bank Account Number) if it exists in the country where your bank is established
- ④ Only applicable for US (ABA code), for AU/NZ (BSB code) and for CA (Transit code). Does not apply for other countries.
- ⑤ It is preferable to attach a copy of RECENT bank statement. Please note that the bank statement has to confirm all the information listed above under 'ACCOUNT NAME', 'ACCOUNT NUMBER/IBAN' and 'BANK NAME'. With an attached statement, the stamp of the bank and the signature of the bank's representative are not required. The signature of the account-holder and the date are ALWAYS mandatory.

ANNEX V

Request for payment for Contribution Agreement

Date of the request for payment <.....>

For the attention of
<Address of the Contracting Authority>
<Financial unit indicated in the Contribution Agreement>¹

Reference number of the Contribution Agreement: ...

Title of the Contribution Agreement: ...

Name and address of the Organisation: ...

Request for payment number: ...

Period covered by the request for payment: ...

Dear Sir/Madam,

I hereby request payment of pre-financing/interim payment/balance² under the Contribution Agreement mentioned above.

The amount requested is [in accordance with Article 4 of the Special Conditions of the Contribution Agreement/the following.....]³

Please find attached the following supporting documents:

- narrative and financial progress report (for pre-financing / interim payments)
- final narrative and financial report (for payment of the balance)⁴

The payment should be made to the following bank account: .⁵

Please when making the payment indicate the following communication: ...

I hereby certify on honour that the information contained in this request for payment is full, reliable and true, that the costs incurred can be considered eligible in accordance with the Agreement and that this request for payment is substantiated by adequate supporting documents that can be checked.

Yours faithfully, <signature>

¹ If applicable, please do not forget to address a copy of this letter to the European Union Delegation mentioned in Article 5 of the Special Conditions of the Contribution Agreement.

² Delete the options which do not apply.

³ Delete the option which does not apply.

⁴ Delete the items which do not apply.

⁵ Indicate the account number shown on the financial identification form annexed to the Contribution Agreement. In the event of change of bank account, please complete and attach a new financial identification form as per model.

N.B.: Instalments of pre-financing, interim payments and final payments shall be made upon approval of the payment request accompanied by a progress or final report (see Articles 19 of the General Conditions of Contribution Agreement).

en
RMA

I, the undersigned, <insert forename and surname>, in my capacity as <insert function in the entrusted entity or person>, confirm that in relation to the Insert/complete in case an individual Management Declaration for one Contribution Agreement is submitted: [[Contribution Agreement] [Contribution Agreement for Financial Instruments] <insert reference of the concrete Agreement>, (the “Agreement”)] Insert in case a global Management Declaration covering all the Contribution Agreements and/or Contribution Agreements for Financial Instruments between the Contracting Authority¹ and the Organisation is presented:[Agreements listed below], based on my own judgement and on the information at my disposal, including, inter alia, the results of the audits and controls carried out, that:

1. The information submitted under Article 3 of the General Conditions of the Agreement[s] for the financial period dd/mm/yyyy to dd/mm/yyyy is properly presented, complete and accurate Insert/complete in case a global Management Declaration covering all the Contribution Agreements and/or Contribution Agreements for Financial Instruments between the Contracting Authority and the Organisation is presented: [for the following Agreements:

1. <insert references of the Agreement>; add below as necessary
2. <...>.]

If at the time of signature of this Management Declaration, there were ongoing agreements for which there was not yet reporting obligation; insert: [To be noted that at the time of signature of this Management Declaration, the following Agreements were not yet subject to submission of reporting in accordance with the contractual conditions:

1. <insert references of the Agreement>; add below as necessary
2. <...>.]

2. The expenditure was used for its intended purpose as defined in Annex I of the Agreement[s];
3. The control systems put in place give the necessary assurances that the underlying transactions were managed in accordance with the provision of the Agreement[s].
4. The Organisation performed the activities in compliance with the obligations laid down in the Agreement[s] and applying its own rules and procedures, where applicable, subject to the ad hoc measures agreed upon with the European Commission, as regards:
 - a) internal control;
 - b) accounting system;
 - c) independent external audit;
 - d) exclusion from access to funding;
 - e) publication of information on recipients;
 - f) protection of personal data;
 - Add one or more of the following options, as applicable:
 - g) [award and management of Grants;]
 - h) [award and management of Procurement Contracts;]
 - i) [Financial Instruments] In case any of the optional sub pillars 6b and/or 6c have been assessed and if applicable, add as required: [, including [Tax Avoidance and Non-Cooperative Jurisdictions][and][Anti-Money Laundering and Countering Terrorism Financing]].

5. No substantial changes, which have not already been communicated to the European Commission, affect the rules and procedures which have been [subject to the Ex-ante Pillar-Assessment] / [assessed by the European

¹ For the avoidance of doubt, references to ‘Contracting Authority’ in this annex shall be understood as referring to the European Commission for the purpose of Contribution Agreements for Financial Instruments.

AN
RWA

Commission for the purpose of granting an exemption to the obligation to undergo the Ex-ante Pillar Assessment].

Furthermore, I confirm that I am not aware of any undisclosed matter which could harm the interests of the European Union.

[*However, the following reservation(s) should be noted:*

<present and explain reservation(s)>²

<insert place and date>

.....

(signature)

<Insert forename and surname>

² Option to be used in case of reservations.