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

### Action Document for the 11th European Development Fund – Antigua and Barbuda/ EU Public Financial Management & Revenue Reform Programme

<table>
<thead>
<tr>
<th>1. Title/basic act/ CRIS number</th>
<th>Antigua and Barbuda - EU Public Financial Management &amp; Revenue Reform Programme; CRIS number: <strong>2016/037-520</strong>; financed under 11th European Development Fund.</th>
</tr>
</thead>
</table>
| 2. Zone benefiting from the action/location | Antigua and Barbuda  
The action shall be carried out at the following location: Government ministries and departments in Antigua and Barbuda |
| 4. Sector of concentration/ thematic area | Public Financial Management (PFM) and Revenue Reform |
| 5. Amounts concerned | Total estimated cost: EUR 2 400 000 (80 % of the National Indicative Programme)  
Total amount of the European Development Fund contribution: EUR 2 400 000 |
| 6. Aid modality(ies) and implementation modality(ies) | Project Modality  
Direct Management: Procurement of Services and (Limited) Supplies |
| 7. DAC code(s) | **15111**; **15114** |
| 8. Markers (from CRIS DAC form) | **General policy objective** | **Not targeted** | **Significant objective** | **Main objective** |
| | Participation development/good governance | ☐ | ☐ | x |
| | Aid to environment | x | ☐ | ☐ |
| | Gender equality (including Women In Development) | ☐ | x | ☐ |
| | Trade Development | x | ☐ | ☐ |
| | Reproductive, Maternal, New born and child health | x | ☐ | ☐ |

[1]
SUMMARY

In the context of challenging macroeconomic conditions, the authorities have acknowledged the need for additional fiscal consolidation, supported by further strengthening of its Public Financial Management (PFM) and revenue administration systems. Reform of these systems is a long-term process; therefore, notwithstanding the achievements of the 10th European Development Fund PFM and Revenue Reform Programme, there is still more left to be done in this area. As confirmed by a 2014 Public Expenditure and Financial Accountability (PEFA) and a recent SEMCAR-sponsored Information and Communication Technologies (ICT) assessment, Antigua and Barbuda still lacks many of the features of modern tax, customs and PFM processes, systems and institutions needed to raise sufficient resources and implement sound expenditure policies effectively, efficiently and transparently. The Government of Antigua and Barbuda has therefore again chosen PFM and Revenue Reform as the focal sector for the European Development Fund programme.

The overall objective of the programme is to assist the Government of Antigua and Barbuda in its efforts to improve fiscal discipline and strategic allocation of resources by strengthening policy-based budgeting and expenditure management, and enhancing the transparency and efficiency of tax administration. This programme is therefore in line with the Addis Ababa Agenda of Action, the EU’s “Collect More – Spend Better” message and the EU flagship Domestic Resource Mobilisation Initiative that will assist countries in achieving the United Nations Sustainable Development Goals (SDGs) in a sustainable manner. It is also in line with the EU’s Gender Action Plan 2016–2020.

This programme will build on the progress achieved and lessons learnt under the 10th EDF PFM and Revenue Reform Programme, and will pursue the PFM and revenue reform objectives outlined in Antigua and Barbuda’s new PFM Reform Action Plan (funded under the 10th EDF) and Medium and Term Development Strategy (MTDS).

The Action will be implemented via direct management, and through the procurement of services and limited supplies at a cost of EUR 2.4 million by international restricted tender for the completion of PFM and revenue reform activities defined in this Action Document. This 11th EDF programme will focus first on consolidating recent reforms, and then seek to contribute to the necessary upgrades to hardware, software and work processes, and requisite

---

training to ensure the proper functioning of Government PFM and revenue administration systems. After considering in detail interventions other regional and international development partners are capable of undertaking to support this programme, and following extensive discussions with the country authorities, the specific programme objectives and activities have been identified in close collaboration with the World Bank who is implementing national programmes in the areas of economic management and public sector transformation. The programme seeks to: (i) Introduce and institutionalise a multi-year perspective in fiscal planning, expenditure policy and budgeting; (ii) Enhance the predictability in the availability of funds for commitment of expenditures, and cash management, and (iii) Improve the availability of tax information and increase the efficiency of operations of the Inland Revenue Department. It will also begin to build the foundations for gender-responsive budgeting and for the integration of a gender perspective into sectoral strategies. The donor coordination efforts will continue throughout the life of the programme to identify synergies and maximise results, in light of limited resources and staff capacity.

1. CONTEXT
1.1. Sector/Country/Regional context/Thematic area

Historically, Antigua and Barbuda has been one of the Caribbean’s most prosperous nations, with a vibrant tourism industry and offshore financial services. However, the country’s tourism-dependent economy has been severely impacted by the global economic and financial crisis. Falling tourism and foreign direct investment (FDI)-related construction activities triggered the worst recession in decades and contributed to a sharp decline in Government revenue. Other factors compounding the economic situation were the collapse of the Stanford Group of Companies which was the largest private sector employee, and the failure of the British American Insurance Company Limited (BAICO) which resulted in a significant loss of domestic savings. The strains from the economic crisis also led to the collapse of one of the largest domestic banks, ABI Bank Ltd. (ABIB), which led to an intervention by the Eastern Caribbean Central Bank (ECCB) in July 2011.

This aggravated an already unsustainable fiscal position, and as a result of the crisis the Government has been working towards the strengthening of macro-economic and public sector management. The authorities developed (i) the 2010–2014 National Economic and Social Transformation (NEST) Plan, where fiscal consolidation plans were outlined, and (ii) the 2010–2013 Public Sector Transformation Strategy (PSTS). Antigua and Barbuda received support for its fiscal consolidation efforts from the Caribbean Development Bank through a USD 30 million Policy Based Loan and from the IMF with a 36-month Stand-By Arrangement (SBA) which was successfully completed in June 2013, and is now in the post-monitoring phase. Still, macroeconomic conditions remain weak and financial conditions challenging as the bank resolution is now only nearing completion. A relatively new government, elected June 2014, is grappling with cash flow problems, accumulation of arrears and rising debt levels. Therefore the authorities have acknowledged the need for further fiscal consolidation⁴, including measures to improve tax collection and administration, and to

---

⁴ Effective July 2016, the Government abolished personal income tax, so as to increase disposable incomes for further investment and consumption that would stimulate economic growth and in turn generate additional government revenue. There is likely to be no negative fiscal impact given the measures announced in the 2016 Budget Statement to fully recover the revenue lost from the abolition of the tax; among these were the increase in the Revenue Recovery Charge from 10 to 13 %, the introduction of the Unincorporated Business Tax (UBT), and the establishment of a revenue court for enforcement of tax collection.
reduce expenditure particularly on state-owned enterprises, alongside a better functioning PFM system.

The Government has recently approved a new Medium Term Development Strategy (MTDS) for 2016 – 2020; see Annexes. The MTDS will focus on four sustainable development dimensions:

1. Optimal Generation of National Wealth;
2. Enhanced Social Cohesion;
3. Improved Health of the Natural Environment and Sustained Cultural Assets; and

In its new strategy Government will continue to address a history of weak fiscal management, an unsustainable debt burden and fragile institutional structures; interventions to support revenue reforms, public financial management (PFM) and public sector reform will be maintained as priority for the overall success of the country and is an important element of the new strategy. There is therefore political commitment to build on progress in PFM and revenue reform achieved under the 10th EDF Programme.

The Caribbean Development Bank's (CDB) 2014 Gender Assessment of Antigua and Barbuda however found that the country's development and public policies lack sufficient gender-specific analysis and interventions, since women are assumed not to be at any systemic or institutionalised disadvantage to men. In the context of PFM, gender-responsive budgeting is one of the main ways to integrate a gender equality perspective. According to the OECD (2010)\(^5\), gender-responsive budgeting is an advanced form of PFM reform and the first phase of this reform should seek to raise awareness and capacity of the stakeholders.

1.1.1 Public Policy Assessment and EU Policy Framework

The MTDS addresses Government’s fiscal consolidation programme which will combine several revenue and expenditure measures. These measures are intended to address on-going fiscal space challenges, enhance the payment capacity of the Government, and support development initiatives over the medium term. The strategy also aims to make the domestic banking sector more robust.

The MTDS, which will soon be published having recently received approval by Cabinet, speaks specifically to PFM reform objectives. It is the Government’s intention to focus on procurement and contract administration; strengthening the internal audit function; improving the oversight and monitoring of State-owned Enterprises (SOEs); enhancing the relevant PFM legislation; and improving the budget process and macro-fiscal function. PFM reform activities are outlined in more detail in the PFM Reform Action Plan (see attached) funded

---

\(^5\) OECD October 2010; "Gender Equality, Women's Empowerment and the Paris Declaration on Aid Effectiveness: Issues Brief 6 – Integrating Gender Equality Dimensions into Public Financial Management Reforms"
under the 10th EDF programme; this is the main policy document which this action will support.

Under the 10th EDF Programme, following the completion of the PEFA assessment and in response to the Government's request, consultations were held with the authorities and then implementing partner (IMF), to take stock of reform progress, the results of the PEFA and government priorities, in order to develop a new PFM Reform Action Plan.

The PFM Reform Action Plan has been fairly well defined, having been discussed in-depth during a workshop with senior and mid-level officials from various government departments. There is therefore also a large degree of local ownership. The PFM Reform Action Plan is founded on achievements under the 10th EDF and lessons learnt during the implementation process. The Plan has already been approved by Cabinet and implementation progress is being monitored (see Annexes). This Action will aid in the completion of a number of outstanding items.

The PFM Reform Action Plan places priority on strengthening core PFM functions (realistic budgeting, financial compliance and fiscal control), and on completing ongoing reforms (full roll-out of the IFMIS - Free Balance, and the revision of the legal framework). It responds to key areas of weakness identified in the PEFA, such as arrears monitoring and oversight of fiscal risks related to SOEs, but is selective in the activities over its three-year horizon, given government priorities and capacity. By taking account of lessons learned from the 10th EDF programme, risks to implementation have been identified and taken into consideration in the design of the reform plan.

There is further evidence of political ownership of the PFM Reform Action Plan. In his 2016 Budget Statement the Prime Minister the Hon. Gaston Browne, who is also the Minister of Finance, listed among the Government's priorities for the fiscal year 2016/17, the implementation of the PFM reform plan with EU financial assistance. Specific areas highlighted for improvement were procurement, internal audit, monitoring of state-owned enterprises (SOEs), and the systems and structure of accounting departments. Whereas this programme and other donor support will provide the necessary technical assistance, the Government has committed to the maintenance, expansion and upgrade of most of the IT infrastructure to support its PFM systems and the intended reforms. While the ministries' staff complement remains a limitation and this programme contains a large element of capacity building, the number of local staff assigned to PFM and revenue reform activities has been increased from one to two; these two PFM Officers, along with the Office of the NAO, will be responsible for continuous monitoring of the programme and coordination of activities with all donors. In addition, during implementation the PFM Reform Action Plan will be updated with progress made on a quarterly basis following PFM Technical Committee (chaired by the Financial Secretary) and donor coordination meetings.

The Government of Antigua and Barbuda has limited fiscal space, and so plans to enhance domestic revenue mobilisation and revenue administration are also outlined in the MTDS. Despite a number of measures in recent times to enhance revenue administration, such as the adoption of a new Customs Law and initiatives to improve taxpayer awareness, tax arrears persist. As announced in the 2016 Budget Statement, the Government therefore intends to undertake legislative and institutional reforms to tax administration, particularly the establishment of a revenue court and the introduction of e-filing and e-payment. This
11th EDF programme will support these initiatives, as well as a TADAT (Tax Administration Diagnostic Assessment Tool) assessment to further diagnose areas to be addressed.

This Programme will provide support to the Government of Antigua and Barbuda for the implementation of these reforms to revenue administration and public financial management. It is therefore consistent with the EU's "Collect More – Spend Better" message and the EU flagship Domestic Revenue Mobilisation Initiative that will assist countries in achieving the SDGs in a sustainable manner. The programme will also mainstream gender in its activities, raising awareness and capacity across the Government, and thereby contributing to the EU's Gender Action Plan 2016 – 2020, particularly Thematic Priority C – Economic, Social and Cultural Rights – Economic and Social Empowerment, and also Crosscutting Priority A – Institutional Cultural Shift in EU’s External Relations.

1.1.2 Stakeholder analysis

The direct stakeholders in this programme are government institutions, regional partners and international partners. Women in particular also stand to benefit from this action, as some of the activities included will begin to address gender equality issues within the country's public finance and revenue systems.

The EU Delegation will continue to work in close coordination and collaboration with the following stakeholders:

- **Government partners**: the Office of the National Authorising Office (NAO) and departments of the Ministry of Finance and Corporate Governance (MoFCG) including the Inland Revenue Department, Customs & Excise Division, Audit Department, and the Treasury Department. These are the departments which will be in the forefront of implementation and whose business processes will be positively impacted by this action. Their involvement will be coordinated by the PFM Officers.

- **International Financial Institutions (IFI’s), UN agencies, and other Donors**: World Bank, the International Monetary Fund (IMF)/The Caribbean Regional Technical Assistance Centre (CARTAC), The United Nations Conference on Trade and Development (UNCTAD), The Department for International Development (DFID), and the Commonwealth Secretariat. As discussed in Section 3.2, these institutions have been active in PFM reform in Antigua and Barbuda for several years and are therefore very familiar with the country situation.

- **Region**: Supporting Economic Management in the Caribbean (SEMCAR), CARTAC, Caribbean Community (CARICOM), Eastern Caribbean Central Bank (ECCB), Caribbean Development Bank (CDB) and other relevant thematic organizations which are also active in the region e.g. the Caribbean Customs Law Enforcement Council.

Government ministries and departments, particularly the Ministry of Finance and the Office of the NAO, are key stakeholders. They have been involved extensively in the formulation of this programme, resulting in strong local ownership.

The local population will benefit from this action through improved quality, and efficiency in delivery, of public services. Through oversight by civil society organisations (CSOs), along
with research institutions, the Office of the Auditor General (OAG) and the Public Accounts Committee, accountability should be strengthened. For this purpose, the capacity of the civil society will be improved under the 11th EDF Non-State Actors (NSA) Programme. As highlighted in the 2014 PEFA, there have been some delays in audits by the OAG, and the Public Accounts Committee is relatively inactive; this indicates the need for considerable strengthening of these institutions as well.

1.1.3 Priority areas for support/problem analysis

PFM reform is a continuous process, taking place over a long horizon. Therefore, despite the achievements under the 10th EDF programme (e.g. improvements in SOE oversight and in cash management, strengthened internal audit capacity, better budget preparation and fiscal reporting, and progress in revising PFM legislation), many of the reforms are still in progress, and Antigua and Barbuda still lacks many of the features of modern tax, customs and PFM processes, systems and institutions needed to raise sufficient resources and implement sound expenditure policies effectively, efficiently and transparently.

In 2014 the IMF carried out an EU-funded PEFA assessment which found that the PFM system has slightly improved since the 2010 assessment, and many of its basic functionalities are not yet in place. Ongoing reforms are required in order to ultimately achieve the desired outcomes. The 2014 assessment showed that there is a lack of commitment controls and effective monitoring of SOEs, which creates substantial fiscal risks and causes significant deviations in actual expenditure from the budgeted. The strategic allocation of resources is also hampered by weak revenue forecasting and the absence of a medium term fiscal framework. This, combined with weaknesses in the procurement system, internal audit and external scrutiny, adversely affects the efficiency of public service delivery.

The Government of Antigua and Barbuda therefore still requires technical support for these reforms in fundamental areas of PFM:

- Annual budgets should be aligned with the development and sector strategies and a medium-term fiscal framework.
- The budget process should be strengthened to address shortcomings in the legal and regulatory framework (particularly to ensure adherence to a budget calendar and more transparent treatment of in-year budget adjustments), introduce mid-term reviews, and improve the budget virement policy.
- The macro-fiscal policy function should be strengthened with particular emphasis on enhancing financial programming, and improving the capacity to estimate the cost of current commitments over the medium term (baseline forward estimates).
- The institutional arrangement for effective oversight of state owned enterprises (SOEs) should be further strengthened to ensure SOEs operate in line with the government’s objectives of keeping fiscal risks under control and making more strategic investment decisions.
- More effective commitment control is needed to reinforce fiscal discipline, keep spending in line with revenue estimates and ensure better compliance with the PFM regulatory framework.

6 However, one of the conclusions of the 2015 ROM study is that the PEFA indicators is not the best way to measure progress for the 10th EDF Programme; in some areas there was notable improvement but not sufficient to qualify for a higher PEFA rating.
Areas such as treasury management (in particular bank reconciliation procedures) and the improvement of financial statements remains a challenge and one of the priorities of the government.

Enhancing the institutional, legal and regulatory arrangements for Government procurement and contract administration will require significant effort.

Developing the audit function requires the completion of the internal and external audit framework including components required by international standards.

Finally, revisions to the PFM legislation need to be completed.

Although the Government has successfully introduced a value added tax (Antigua Barbuda Sales Tax) there are issues with the effectiveness of the tax administration. There is a need to develop a more comprehensive agenda for reforming the tax administration institution, including organizational reform, business processes and ICT. An in-depth assessment has been carried out on the ICT systems in PFM and revenue administration of all 11 SEMCAR countries, which showed that in Antigua and Barbuda there are still gaps and areas for improvement.

On ICT, there is little integration of the budget execution and the revenue management system. The country is currently upgrading its customs system to the latest web-enabled version (ASYCUDA World) with support from the EU, which should be completed in 2017 and which, among other things, should allow the government to improve collection of duties and contribute to enhancing VAT refunds. The challenge in the customs area is to ensure that business processes are re-engineered to increase administrative efficiency, reduce compliance costs, and take full advantage of the functionality offered by the most up-to-date technology. The Customs Department will benefit from technical assistance under SEMCAR Phase II beginning in 2017.

As discussed in the 2014 CDB Gender Assessment there is limited integration of a gender inequality issues into government policies and interventions, while women in Antigua and Barbuda continue to be adversely affected by systemic, institutional and socio-cultural, political and economic inequalities. For instance, there is under-representation and under-participation of women in productive sectors. Therefore proposed government strategies to promote growth and development are likely to exclude them, and further widen gender wage gaps and other inequalities. This programme will begin to build the foundations for gender-responsive budgeting and integration of a gender perspective into sectoral strategies.

With donor support in other areas as discussed in Sections 3 and 4, this programme will focus on (i) the introduction and institutionalisation of a multi-year perspective in fiscal planning, expenditure policy and budgeting; (ii) enhancing the predictability in the availability of funds for commitment of expenditures, and cash management, and (iii) improving the comprehensiveness, accessibility, and enforcement of taxpayer obligations and liabilities, as well as the introduction of electronic systems to enhance the effectiveness in collection of tax payments. A gender perspective will be taken into account during implementation of each activity.
### 2. Risks and Assumptions

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Political will to tackle a focused agenda on tax and public financial management issues is not maintained;</td>
<td>M</td>
<td>Continuous flow of information to the political directorate on the benefits and progress of the programme. This awareness would garner support for the programme, and should speed up allocation of resources and approval of legislation that has in the past restricted progress on some PFM reform plans. The EU Delegation will strengthen political dialogue on reform areas.</td>
</tr>
<tr>
<td>2. Difficulty of coordinating reforms across line ministries to reap synergies;</td>
<td>M</td>
<td>The authorities have dedicated additional staff to the monitoring of PFM reforms. This coordination across line ministries will be part of the mandate of the PFM Officers. Additionally, the PFM Technical Committee, chaired by the Financial Secretary, will provide oversight for the project.</td>
</tr>
<tr>
<td>3. Capacity of the public sector too limited to absorb a large technical assistance programme and ability to implement reforms.</td>
<td>M</td>
<td>The authorities will review the structure and organisation of the MoF to assess staff requirements in key PFM areas, and reallocate staff where possible. The programme activities will also be planned in accordance with staff capacity, and will be implemented in conjunction with a capacity building plan. Interventions will be coordinated with other donors to reduce demand on staff/resources.</td>
</tr>
</tbody>
</table>

#### Assumptions

Governance will remain stable, and there will be no external shocks (to which the country is vulnerable) that will detract from the Government's commitment to its PFM and revenue reform goals.

It is assumed there will be improvements to the legal framework. Inability to reach agreement at key decision points – particularly regarding the legal framework – and technical impediments on systems implementation as well as change management issues represent additional risks to the reform effort.

It is assumed that the PFM reform implementation will be supported by the Public Sector Transformation programme being undertaken by the Government and financed by the World Bank. Proper coordination will reap synergies between the two programmes and maximise results in PFM reform.
3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1. Lessons learnt

Important lessons have emerged from the 10th EDF PFM and Revenue Reform Programme. The following represents a summary of the key recommendations, from the September 2015 ROM monitoring report, the February 2014 PEFA report, and dialogue with the 10th EDF implementing partner (IMF), that were considered in the design of the programme:

1. In-country programme coordination mechanisms need to be reinforced in order to have oversight of the programme implementation process and ensure a comprehensive and efficient coordination of all the programme’s activities. Specifically, management should be strengthened at the Ministry of Finance and Corporate Governance (MoFCG) level, with human resource (HR) inputs to reinforce the role of the existing PFM programme coordinator.

In order to address the weak in-country monitoring structures the Government has reinforced coordination mechanisms recently, by assigning an additional PFM Officer. The officers are expected to provide an overarching view of the portfolio of inter-related reform programmes so as to ensure a more efficient allocation of resources. There is also a PFM Technical Committee, chaired by the Financial Secretary that will provide oversight for the project.

2. Political support for reforms has been sometimes lacking, which has resulted in, for example, some delays for adoption or new laws. Therefore, continued Cabinet support will be instrumental for achieving progress in many areas that require better discipline from departments (for example, commitment control, or SOEs oversight) and improving the legal framework.

3. One of the key challenges in the implementation of the 10th EDF programme was the severe capacity constraints in the public sector and their ability to absorb TA. Despite commitment from the authorities, because of this the implementation of the reforms on the ground was difficult during the implementation of the programme. Capacity constraints, particularly in terms of a small staff complement in key government units, remain a key challenge, but reorganization of staff to key PFM and revenue reform areas will be considered. The EU will work closely with all donors to ensure that the new programme will complement their programmes and attain synergies in the various interventions. The programme will also place strong emphasis on capacity building where possible, as this will also help to ensure sustainability.

4. Moreover, further consideration needs to be given to the sequencing and number of PFM system and reform changes. Implementing new PFM systems without accompanying reforms and changes in business processes will not allow a maximization of the potential for the systems. Some of the reforms that are required particularly on the PFM side are complicated and require a number of steps before the business processes can be fully revised. Also, given limited staff resources, an ambitious reform program that covered all areas of the PFM system presented some difficulty during implementation.

5. Changes in the policy framework and continuity of political support are essential elements to ensure the sustainability of reforms. The institutional arrangements for the management of the programme have been an important consideration during the formulation phase. It is envisaged that this programme will be directly integrated in the institutional structure present in the MoFCG which should allow them to continue with the policy reforms after the programme is complete. A smooth transition of the
PFM Reform Programme to national structures at the end of implementation is crucial to ensure sustainability of the positive outcome of the reform effort.

3.2. Complementarity, synergy and donor coordination

The proposed programme is designed to build on and continue the work of the 10th EDF PFM and Tax Reform EUR 3.68 million programme. Antigua and Barbuda also had a 36-month Stand-By Arrangement (SBA) with the IMF which included PFM and revenue reform activities and was successfully completed in June 2013. In addition, the Government has a policy-based loan from the Caribbean Development Bank (CDB) intended to support policy and institutional reforms in the areas of macroeconomic management; expenditure and debt management; revenue enhancement; and social transformation. CDB has also provided funding for functional and efficiency reviews of government ministries.

Synergies are also expected given that the Government signed a USD 10 million loan agreement with the World Bank in October 2013, which will help to finance the country’s public and social sector reform activities for the next five years. Under the loan agreement USD 3.5 million approximately are allocated to strengthen public institutions for the strategic management of government policies. The UK's Department for International Development (DFID) will also be providing financing for technical assistance in the areas of procurement and public investment management.

Antigua and Barbuda is also a beneficiary of World Bank and IMF regional programmes SEMCAR and Caribbean Technical Assistance Centre (CARTAC). Both provide policy advice and technical assistance to contribute to more efficient, effective, accountable, and regionally integrated Tax, Customs and PFM institutions, policies, processes and SEMCAR has a special focus on ICT systems. With the existence of this 11th EDF bilateral programme CARTAC's PFM reform interventions in Antigua and Barbuda will be limited, providing support to the 11th EDF programme as required during implementation. Some of the ways in which the 11th EDF and SEMCAR will complement each other are as follows:

a) The Tax Administration Diagnostic Assessment Tool (TADAT) to be implemented under the 11th EDF will identify the strengths and weaknesses of the tax administration environment, which will inform the MIS design for the country under SEMCAR.

b) The E-Payment for taxes to be explored under the 11th EDF will complement the regional MIS for Tax Administration under SEMCAR.

c) The intensive, on-the-ground technical assistance that the 11th EDF will provide in strengthening the budget cycle will inform the streamlining of the related IT systems that will be supported under SEMCAR.

d) The capacity building initiatives and trainings offered under the 11th EDF will be on an ongoing basis and in specific areas and activities that the 11th EDF is supporting

7 SEMCAR Phase I will be completed end 2017. SEMCAR Phase II will focus on tax administration reform and ICT systems.

8 SEMCAR Phase II, beginning January 2017, will focus primarily on improving ICT systems for financial and revenue administration in 12 Caribbean countries. SEMCAR Phase II will procure and implement a regionally consistent Tax Management Information System (MIS) to replace SIGTAS, improve the integration of financial and revenue management information systems in beneficiary countries, and launch regional training initiatives for public officials through collaboration with universities.
(such as macro-fiscal forecasting, medium-term budgeting, cash management, etc.) will complement the trainings offered by SEMCAR, which will be more regional and high-level in nature.

The PFM donor matrix in the Annexes provides more details on interventions by other donors, with whom there has been close collaboration during the design of this programme to avoid duplication of efforts. The matrix shows that each donor will be undertaking different but complementary activities.

As mentioned previously, one of the roles of the PFM officers will be to coordinate donor interventions. This will be facilitated via bi-annual Project Steering Committee Meetings to be held in Antigua & Barbuda during implementation. Special meetings of the Project Steering Committee will be convened as needed. In addition, the EUD is a member of a committee of all donors active in PFM in the region (IMF/CARTAC, IDB, WB, CDB, Canada, DFID, ECLAC, CARICAD and UNDP) which meets regularly to coordinate efforts. During implementation there will be further collaboration with all donors active in Antigua & Barbuda to reap synergies and avoid duplication.

3.3. Cross-cutting issues

Many governments in the Caribbean Region tend to equate the importance of gender equality only to social sectors such as health and education. Officials believe that government processes related to areas such as Tax, Customs and PFM are “gender-neutral”, and, therefore, do not warrant any specific gender analysis. In fact, evidence is increasingly emerging that these assumptions are incorrect.

For example, a study by the IMF highlights the inherent biases seen within the tax system in many countries. Decisions around tax systems have been influenced by a variety of factors including social attitudes about the respective roles of men and women. According to the study “as a result, many tax systems exhibit gender bias—they treat men and women differently in ways that can negatively affect their decisions on whether and how much to work, their personal consumption habits, and their overall tax liability. While it is easier to detect gender bias in personal income tax arrangements, gender bias (explicit and implicit) may be present in other taxes such as consumption taxes and import duties”.

Drawing on a gender analysis and existing literature, there will be a determination of whether any of the project activities are likely to have disproportionate impact on a particular gender, and take corrective actions if and when necessary. The project will pay particular attention to ensuring that trainings, study trips, or workshops do not put women at a disadvantage, as women often experience limitations on their availability to attend. In its activities relating to improving revenue administration, the project will explore whether any biases exist in the current tax code that may impact men and women differently, particularly in the context of enforcement-related issues on enterprises owned by men and women.

Civil society organisations (CSOs), and the citizens whose interests they represent, would also be positively impacted by this programme. Civil society will be engaged, particularly in the context of the 11th EDF NSA Programme which would provide a forum for CSOs to be more

involved in decision-making processes during implementation of the tax and PFM reforms. Additionally, this action aims to provide citizens with greater access to tax information and improve the transparency of tax administration. PFM reforms will ultimately help to improve access to public services.

4. DESCRIPTION OF THE ACTION
4.1. Objectives/results and options

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG target #17 Partnership for the Goals, but also promotes progress towards Goal # 5 Gender Equality. This does not imply a commitment by the country benefiting from this programme.

This Action is in line with the Addis Ababa Agenda of Action, the EU’s "Collect More – Spend Better" message and the EU flagship Domestic Revenue Mobilisation Initiative that will assist countries in achieving the SDGs in a sustainable manner. It builds on PFM and revenue reform progress already made via TA provided by IMF through a $^{10}$ EDF EU-funded programme, which ended in May 2016.

The overall objective of this programme is to assist the Government of Antigua and Barbuda in its efforts to improve fiscal discipline and strategic allocation of resources by strengthening policy based budgeting and expenditure management, and enhancing the transparency and efficiency of tax administration.

Following extensive discussion with the Government on its priorities and taking account support from other donors in other areas, the programme will support a specific set of activities in the GoAB's PFM Reform Plan. The specific objectives of the programme are to:

1. Introduce and institutionalise a multi-year perspective in fiscal planning, expenditure policy and budgeting;
2. Improve the predictability and controls in budget execution, for both revenue and expenditure.

The programme's expected outputs are outlined below, along with the associated activities. These activities were developed in close collaboration with the World Bank which is active in the country; the activities largely involve the production and introduction of concrete technical products, such as legal and regulatory reviews, assessments, guidelines, and minor software improvements that will be delivered through a technical assistance contract. Gender perspectives will be integrated into all the above-mentioned activities to the extent possible as discussed in section 3.3, so as to raise awareness and capacity for gender analysis among key stakeholders. Additionally, with regard to the revenue reform activities, during programme implementation the EU will continue policy dialogue with the GoAB including on tax policy issues to promote adherence to international standards. A TADAT, to be completed under this programme, will help to diagnose the tax issues and this will form the basis of policy dialogue.

---

10 The introduction of gender responsive budgeting is not envisaged at this stage. It is expected that as the country advances in its introduction and gradual institutionalisation of medium term, program based budgeting, gender perspectives can be more systematically introduced as a necessary element particularly in the formulation of sectoral development plans and associated public programs.
4.2. Main Activities

4.2.1. Output 1: Improved legal framework for PFM (Activities 1.1 – 1.3)

The activities to improve the legal framework include:

*Activity 1.1: Review the draft Finance Administration Act and draft Regulations.* The project will begin with a comprehensive review of the draft Finance Administration Act (FAA) and Regulations. Expert advice will be provided to the Government in the finalization of the proposed amendments to the FAA, as well as the Financial Regulations which will accompany the new FAA.

*Activity 1.2: Deliver Training to facilitate the implementation of the new FAA.* The Government has indicated a need to sensitize and train public employees in line ministries, state-owned enterprises, and other statutory bodies to enhance their understanding and implementation of the new FAA. Under this activity a minimum of 24 training sessions are envisioned.

*Activity 1.3: Develop Guidance Notes on the new FAA.* Adopting a “training of trainers” approach, the project will support the preparation of a simplified version of the new FAA as a guideline for trained employees to train their colleagues in line ministries.

4.2.2. Output 2: Adherence to a Fixed Budget Calendar (Activities 1.4 – 1.5)

This output will be achieved through implementation of the following activities:

*Activity 1.4: Update the Budget Calendar.* While the Ministry of Finance has developed a document with guiding principles in budget preparation, the development of a formal Budget Calendar is a good practice to ensure the participation of all stakeholders in the preparation of the annual budget. Based on consultations with the Ministry of Finance and budgetary entities, this activity will contribute to the production of a draft Budget Calendar whose primary objective will be to guide and facilitate the timely preparation and approval of the budget.

*Activity 1.5: Develop a Comprehensive Budget Manual.* Together with the Budget Calendar, the Budget Manual will serve to strengthen the budget preparation process, improve its strategic focus and allow for more predictability. In this context, the Manual will outline the process for the preparation of multi-year budget estimates, the application of program-based budgeting principles and financial management legislation and regulations, the implementation of the annual budget cycle including the planning and preparation processes, the development of circulars, templates, and guidelines for such topics as capital investments, baseline budget ceilings, new spending requests, savings options, and final budget ceilings.

4.2.3. Output 3: Developed capacity for macro-fiscal forecasting, and for medium-term strategic and sectoral planning and budgeting (Activities 1.6 – 1.9)

To achieve this, the following activities will be undertaken:

*Activity 1.6: Develop a Methodology for Forward Estimates.* Forward estimates are a system of rolling three-year financial estimates of the revenues and costs of ongoing government
spending decisions, which allows the Government to establish a credible baseline for policy initiatives and ensure their sustainability over the medium term. The practice also allows the Government to identify the fiscal space available for new programs or for an increase to existing ones. The introduction and institutionalization of the practice of forward estimates will facilitate the adoption of a medium term, strategic perspective in fiscal and expenditure management.

Activity 1.7: Review the Medium Term Fiscal Framework. Based on a review of the existing medium term expenditure framework of the Government, this activity will contribute to ensuring that the top-down process of establishing a resource envelope based on the macroeconomic model and the bottom-up process of estimating the medium term cost of current programs based on baseline forward estimates are consistent with each other, and reflect the improvements introduced through the new methodology for forward estimates.

Activity 1.8: Introduce Baseline Forward Estimates for Budgetary Entities. This activity will use the methodology for forward estimates developed under activity 1.6. Over two consecutive budget cycles, the activity will aim at rolling out forward estimates in five pilot entities during the first year and seven during the second year.

Activity 1.9: Build Capacity for Developing Strategic Plans and Program Budgeting. Within the framework of strengthening policy based budgeting and medium term perspective in fiscal and expenditure planning and management, this activity will complement Activity 1.8 by introducing the principle of medium term strategic and sectoral planning and budgeting to line ministries. It is expected that the same pilot entities selected under Activity 1.8 will be the ones where these concepts will be targeted, and where medium term strategic plans will be developed.

4.2.4. Output 4: Strengthened cash planning and monitoring practices to improve budget execution (Activities 1.10 – 1.16)

The activities to achieve this output are:

Activity 1.10: Develop Models for Revenue Forecasting and Cash Flow Forecasting. The lack of a medium term perspective in fiscal and financial planning stems from the inability of the Government to rely on realistic and robust revenue and cash flow forecasts. This activity will assist the Ministry of Finance to develop and employ a credible revenue and cash flow forecasting model.

Activity 1.11 Introduce Processes for Cash Flow Planning and Forecasting. Building on the macro-level model built under Activity 1.10, this activity will support the development and introduction of detailed processes and guidelines for the Ministry of Finance to plan and forecast cash flow requirements, which will include an annual cash plan with projected monthly inflows and outflows and quarterly projections.

Activity 1.12. Enhance Software Functionality to Facilitate Cash Flow Planning and Management. The Government currently uses the FreeBalance software solution to prepare the budget and control budget execution. However, the functionality of this software system to streamline cash flow requirements planning and cash management is not currently in use. This activity will review the commitment process to ensure that adequate financial planning is in place, review historical trends on cash flow requirements and cash positions, and work with
FreeBalance to automate the application of the cash flow requirements planning and cash management model developed under Activity 1.11.

**Activity 1.13. Build Capacity in Cash Flow Requirements Planning and Cash Management.** This activity will aim at ensuring that public officials in line ministries are capable of using the new features of FreeBalance to manage cash flow requirements.

**Activity 1.14. Develop Guidelines for Commitment and Expenditure Management.** The persistence of payment arrears and administrative debt is in part due to a failure to generate and report commitments at the moment they arise, but rather at the moment of payment. The roll out of the commitment management functionality in FreeBalance to budgetary entities is incomplete, and staff continue to be unfamiliar with the tool. Based on a rapid assessment to understand the main process, system, and human resource-related issues that hinder the regularization of commitment controls, this activity will aim at developing standard guidelines for commitment controls and pilot their implementation in at least two budgetary entities.

**Activity 1.15. Build Capacity in Commitment and Expenditure Management.** This activity will help consolidate the systematic improvements achieved under the previously mentioned activities.

**Activity 1.16. Prepare Guidelines for Conducting Internal Audits.** In view of the weaknesses noted in the 2014 PEFA Assessment relating to persistent weaknesses in the internal audit environment, this activity will engage with the internal audit unit to develop guidelines for internal audit of budgetary entities in line with internationally accepted good practices for planning an internal audit, quality assurance, communication strategies, and internal controls evaluation.

**4.2.5. Output 5: Improved comprehensiveness and availability of information on taxpayer obligations, and better means of enforcing these payments**

(Activities 1.17 – 1.20)

Activities will be to:

**Activity 1.17. Conduct a Tax Administration Diagnostic Assessment (TADAT).** The TADAT diagnostic tool will be used to perform an assessment of the quality and adequacy of the key tax administration functions. The diagnostic, which has been employed successfully in many countries around the world, will build on the observations included in the 2014 PEFA Assessment that pertain to the inadequacies in the transparency and comprehensiveness of taxpayer obligations and the effectiveness of tax collection practices, and the findings will provide the baseline on which a roadmap for improvement will be built.

**Activity 1.18. Review the Tax Code.** Several pieces of legislation were approved in the last ten years in Antigua and Barbuda with the objective to facilitate trade, establish new rules for business registration, companies, and individuals. However, a comprehensive tax code would serve to consolidate and provide a more consistent framework for laws and regulations that

---

11 Tax reforms will be in line with international standards. In fact, the first tax-related activity of this programme will be to conduct a TADAT (Tax Administration Diagnostic Assessment Tool) assessment, which is an internationally accepted assessment, having been developed by the IMF, WB, EU and other donors. The assessment will inform the other tax reform activities.
have been amended. This activity will perform a desk review of the current legislation and regulations, and support the Government during its review of the Tax Code.

**Activity 1.19. Publish Relevant Tax Information.** This activity will support the Internal Revenue Department in enhancing accessibility of its online portal, and ensure the publication of all relevant tax rules, regulations, documents, forms, reports and guidelines for companies and individuals.

**Activity 1.20. Explore a Court System for Case Settlement.** This activity anticipates south-south exchanges with Jamaica to learn how the country implemented a court system to reduce the time needed to settle tax cases. Based on the exchange, a technical note will be developed to outline a potential plan for implementation in Antigua and Barbuda.

**4.2.6. Output 6: Introduced foundation for the automation of tax collection (Activities 1.21)**

To achieve this output the activities include:

**Activity 1.21 Implement an e-Payment Facility.** This activity will assess the necessary policy environment and the required processes for the development and introduction of an electronic payment facility for tax payments, and provide system design support for the development of the facility, with the ultimate objective to streamline and enhance the effectiveness of tax collection practices.

**4.3. Intervention logic**

In the context of persistent fiscal deficits and arrears, the Government is committed to reforms to PFM and revenue administration. The Government has demonstrated this commitment by accepting the findings of the 2014 PEFA Assessment, and approving the PFM Reform Action Plan subsequently formulated. In coordination with donors such as the IMF/CARTAC and the World Bank which have vast experience and in-country knowledge, the EU will provide guidance for these reforms. Steering committee meetings and continued policy dialogue will to ensure that there is continuous political support for this programme.

This programme has been designed through extensive collaboration with the Government on its priorities, and on its capacity constraints particularly as it relates to sequencing of the reform activities. The capacity building activities included will be key to successful implementation and sustainability of this action. Coordination with other donors in the field will also be critical to success. The length of this programme will support the use of a multi-year perspective and the other reforms over three budget cycles, which will help to institutionalise these international best practices (as espoused in the new and internationally recognised PEFA and TADAT frameworks) introduced by this action. In addition, the use of technology to automate processes will increase the efficiency of government operations and improve the ease of doing business with government. By mainstreaming a gender perspective, the programme will contribute to greater awareness of and solutions by government to address gender inequalities in its public policies and revenue and expenditure administration. The implementation mechanism choice (Technical Assistance contracts) will ensure enhanced policy dialogue and closer monitoring while carrying out the activities presented above, which as mentioned stem from generally accepted findings and priorities that have been agreed on following long standing and iterative engagements.
The Government's commitment and ownership of this programme and the consideration given to the critical elements mentioned during programme design will help to ensure that the programme is successful in strengthening the PFM system and improving revenue collection, thereby improving macroeconomic stability; as such this programme will strengthen Antigua and Barbuda's macroeconomic and PFM eligibility position for budget support.

5. **IMPLEMENTATION**

This action will be implemented via direct management, and through the procurement of services and limited supplies at a cost of EUR 2.4 million by international restricted tender for the completion of PFM and revenue reform activities defined above in Section 4.

5.1. **Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with Antigua and Barbuda, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2. **Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is forty-two (42) months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3. Not Applicable

5.4. **Implementation modalities**

5.4.1. **Procurement (direct management)**

<table>
<thead>
<tr>
<th>Subject in generic terms, if possible</th>
<th>Type (works, supplies, services)</th>
<th>Indicative number of contracts</th>
<th>Indicative trimester of launch of the procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Assistance and Software for Public Finance Management and Tax Administration Reform Activities</td>
<td>Services &amp; Limited Supplies</td>
<td>1</td>
<td>Fourth trimester of 2017</td>
</tr>
<tr>
<td>Audits and evaluation</td>
<td>Services</td>
<td>2</td>
<td>Third trimester of 2021</td>
</tr>
</tbody>
</table>
5.5. Scope of geographical eligibility for procurement and grants

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

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6. Indicative budget

<table>
<thead>
<tr>
<th></th>
<th>EU contribution (amount in EUR)</th>
<th>Indicative Government contribution (EUR)</th>
<th>TOTAL (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Procurement</td>
<td>2 320 000</td>
<td>0</td>
<td>2 320 000</td>
</tr>
<tr>
<td>2. Evaluation, Audit</td>
<td>60 000</td>
<td>0</td>
<td>60 000</td>
</tr>
<tr>
<td>3. Contingencies</td>
<td>20 000</td>
<td>0</td>
<td>20 000</td>
</tr>
<tr>
<td>Totals</td>
<td>2 400 000</td>
<td>0</td>
<td>2 400 000</td>
</tr>
</tbody>
</table>

Communication and visibility costs are embedded within the cost of project activities.

The activities comprise largely technical assistance which will imply costs associated with mobilizing the expertise of consultants as required, as well as costs associated with training, workshops, study trips, equipment, stationary, ICT solutions (mostly software) and any other eligible expense category that is defined under the General Conditions for Service Contracts.

5.7. Organisational set-up and responsibilities

The EU Delegation in Barbados will assume direct responsibility for the contracting of the technical assistance resources required to perform the activities described under section 4 above. Monitoring the implementation of the contracts will be the responsibility of the Delegation in Barbados and the Office of the NAO.

The Government of Antigua and Barbuda, through its Ministry of Finance, will designate a Project Coordination Unit, who will be the main contact for the Contractor for the facilitation of the design and implementation of the activities. The Contractor will work directly with the Budget Office, Internal Revenue Department, and other relevant departments of the Ministry of Finance and line ministries in advancing the technical agenda agreed to under this project.

Upon project launch, a Project Steering Committee will be established, and will include high-level technical and political representatives of the Government of Antigua and Barbuda, the EU, the Contractor, and other stakeholders involved in project implementation. To maintain
ownership of the programme, and given the nature of the activities, the Steering Committee will be chaired by a high-level representative of the Government of Antigua and Barbuda. The Steering Committee will allow the EU to oversee and validate the overall direction and policy of the programme in conjunction with the Government. The Steering Committee will be the platform through which the EU and the other stakeholders will monitor implementation progress, and any technical modifications to the scope of work will be discussed and agreed upon prior to its formal incorporation into the project. The Steering Committee will also be one avenue through which the EUD will provide feedback and guidance on issues that may emerge during implementation.

5.8. Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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

5.9. Evaluation

Having regard to the importance of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the reforms undertaken in this programme to public financial management and revenue administration will be central to budget support – the modality likely to be used for future EU bilateral programmes in Antigua and Barbuda.

The Commission shall inform the implementing partner at least thirty (30) days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner
country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, 1 contract for evaluation services shall be concluded in third trimester of 2021.

5.10. **AUDIT**

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

Indicatively, one contract for audit services shall be concluded under a framework contract at the end of the project's implementation phase.

5.11. **COMMUNICATION AND VISIBILITY**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Communication and visibility costs are embedded within the cost of project activities.
The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

<table>
<thead>
<tr>
<th>Results chain</th>
<th>Indicators</th>
<th>Baselines (2016)</th>
<th>Targets (2020)</th>
<th>Sources and means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall objective: Impact</td>
<td>1. To assist the Government of Antigua and Barbuda in its efforts to improve fiscal discipline and strategic allocation of resources by strengthening policy based budgeting and expenditure management, and enhancing the transparency and efficiency of tax administration.</td>
<td>1.1 Improvement in the Fiscal Balance to GDP ratio</td>
<td>1.1 -3.0 % of GDP in 2014</td>
<td>1.1 4 % of GDP in 2020</td>
<td>Antigua and Barbuda’s Medium-Term Development Strategy (MTDS) Monitoring and Evaluation Reports, Eastern Caribbean Central Bank (ECCB) Statistical Reports</td>
</tr>
<tr>
<td></td>
<td>1.2 Reduction in the Debt to GDP Ratio</td>
<td>1.2 98.7 % of GDP in 2014</td>
<td>1.2 Debt to GDP ratio of 80 % in 2019</td>
<td></td>
<td>Antigua and Barbuda’s MTDS Monitoring and Evaluation Reports, ECCB Statistical Reports</td>
</tr>
</tbody>
</table>

12 Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '***'.

22
<table>
<thead>
<tr>
<th>Specific objective(s):</th>
<th>Outcome(s)</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3 Actual allocations to line/sectoral ministries in line with policy (MTDS and sectoral policies)-based budget</td>
<td>1.3 While central government finances are comprehensively presented in budget documents, new policy initiatives and their budgetary implications are not analyzed sufficiently. Moreover, the lack of a medium-term outlook in fiscal affairs presents a challenge for the Government’s ability to prepare sectoral development strategies.</td>
<td>1.3 Government's strategic objectives are well communicated and the accompanying policy initiatives are comprehensively analysed and included in budget documentation, so that allocations to line ministries support the attainment of the strategic objectives. A clear overall medium-term fiscal outlook allows preparation of sectoral development strategies. These sectoral strategies adequately consider and address gender equality issues.</td>
</tr>
<tr>
<td>3. Introduce and institutionalise a multi-year perspective in fiscal planning, expenditure policy and budgeting</td>
<td>1.1 Existence of and adherence to a fixed budget calendar</td>
<td>1.1 A budget calendar is not prepared.</td>
</tr>
<tr>
<td></td>
<td>1.2 Preparation of multi-year fiscal forecasts</td>
<td>1.2 No forward estimates of fiscal aggregates are undertaken.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| | | | Statistical information needed as an input is
<p>| 1.3 Medium-term perspective in expenditure planning | 1.3 Sector strategies that exist for a few key sectors lack forward estimates and expenditures are not aligned to the available indicators, including revenues, aggregate expenditure, and the budget balance, for the budget year and two following fiscal years. These forecasts, together with the underlying assumptions, are included in budget documentation submitted to the legislature. The government prepares, at least for internal use, a range of fiscal forecast scenarios based on alternative macroeconomic assumptions. The budget documents include discussion of forecast sensitivities. The government has adopted and submitted to the legislature a current fiscal strategy that includes quantitative or qualitative fiscal objectives for at least the budget year and the following two fiscal years. | Project Unit's implementation reports | PEFA Report Contractor and Project Unit's implementation reports | Any changes in the Government's strategic objectives, as outlined in the Medium Term |</p>
<table>
<thead>
<tr>
<th>4. Improve the predictability and controls in budget execution, for both revenue and expenditure.</th>
<th>2.1 Rights and obligations for revenue measures</th>
<th>2.1 Taxpayers have access to comprehensive information on liabilities and administrative procedures for some of the major taxes, while for other taxes the information is limited. A tax appeals system of administrative procedures has been established, but needs substantial redesign to be fair, transparent and effective.</th>
<th>2.2 Entities collecting most revenues use multiple channels to provide payers with easy access to comprehensive and up-to-date information on the main revenue obligation areas and on rights including, as a minimum, redress processes and procedures. An electronic payment system for tax collection exists, and generates information to facilitate revenue risk management, audit, and arrears monitoring.</th>
<th>PEFA Report Inland Revenue Department’s website: <a href="http://www.ird.gov.ag/">http://www.ird.gov.ag/</a></th>
<th>Tax payers are educated on their tax obligations and the use of the online system, and they have the access to the required tools (computer, internet, etc)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2 Predictability of in-year budget allocation</td>
<td>2.2 Cash flow planning and monitoring are not undertaken or of very poor quality.</td>
<td>2.2 A cash flow forecast is prepared for the fiscal year and is updated at least quarterly on the basis of actual cash inflows and outflows. Budgetary units are provided reliable information</td>
<td>PEFA Report</td>
<td>Information is received from line ministries in a timely manner.</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Description</td>
<td>Status</td>
<td>Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>-------------</td>
<td>--------</td>
<td>-----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Output 2. Adherence To A Fixed Budget Calendar (Activities 1.4 – 1.5)</strong></td>
<td>Timing of formulation and approval of the annual budget</td>
<td>Limited orderliness and comprehensiveness of the budget process prevents all parties (line ministries, Parliament, etc) from contributing to the budget preparation in a timely manner.</td>
<td>Actual timelines for formulation and approval of the budget are in line with those foreseen in the budget calendar developed by this programme.</td>
<td>Parliament's website: <a href="http://laws.gov.ag/new/index.php">http://laws.gov.ag/new/index.php</a></td>
<td></td>
</tr>
<tr>
<td><strong>Output 3. Developed capacity for macro-fiscal forecasting, and medium-term strategic and sectoral planning and budgeting (Activities 1.6 – 1.9)</strong></td>
<td>The existence of medium-term fiscal framework, sectoral plans, and budget.</td>
<td>Government/line ministries do not have the capacity to adequately produce medium-term fiscal framework, sectoral plans, and budget.</td>
<td>The government/some line ministries produce a medium-term fiscal framework, sectoral plans, and budget.</td>
<td>Contractor and Project Unit's implementation reports</td>
<td></td>
</tr>
</tbody>
</table>

Priority development areas are identified by the Government for each sector.
<table>
<thead>
<tr>
<th>Output 4. Strengthened cash planning and monitoring practices to improve budget execution (Activities 1.10 – 1.16)</th>
<th>The budget outturn compared to the original budget, and the level of arrears.</th>
<th>Capacity for cashflow forecasting and management and for controlling expenditure commitments is limited, and so the budget outturn usually deviates from the original budget and arrears are generated.</th>
<th>Budget outturn is in line with the original budget and no arrears are generated during the fiscal year.</th>
<th>The requisite IT infrastructure is in place.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 5. Improved comprehensiveness and availability of information on taxpayer obligations, and better means of enforcing these payments. (Activities 1.17 – 1.20)</td>
<td>Public access to comprehensive tax information. Efficiency of tax dispute settlement. Existence of a full diagnostic of tax administration.</td>
<td>Tax information is available but not well disseminated. Time for settlement of tax disputes is lengthy. The performance of other tax administration functions are not fully diagnosed.</td>
<td>A comprehensive tax code on all relevant laws and regulations exist, and this and all other relevant tax information (guidelines, forms, etc) are published in a central location. Guidelines for implement a tax court for settling disputes are developed. An internationally accepted diagnostic of all tax administration functions is completed, and there are recommendations for improvement.</td>
<td>The requisite IT infrastructure is in place.</td>
</tr>
<tr>
<td>Output 6: Introduction of the foundation for the automation of tax collection (Activity 1.21)</td>
<td>The existence of an electronic payment facility for taxes.</td>
<td>There is no method for online payment of taxes.</td>
<td>An electronic payment facility for tax payments is developed.</td>
<td>The requisite IT infrastructure is in place.</td>
</tr>
</tbody>
</table>