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ANNEX 2

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

Action Document for 11th EDF PFM Belize

1. Title/basic act/ CRIS number	The 11 th EDF PFM, Belize, CRIS number: FED/2015/039-230 financed under the European Development Fund			
2. Zone benefiting from the action/location	Caribbean, Belize The action shall be carried out at the following location: Belize			
3. Programming document	The 11 th EDF Multiannual Indicative Programme 2014-2020 for cooperation between Belize and the EU			
4. Sector of concentration/ thematic area	Public Finance Management	DEV. Aid: YES		
5. Amounts concerned	Total estimated cost: EUR 1 350 000 (5 % of the National Indicative Programme 2014-2020) Total amount of European Development Fund contribution is EUR 1 350 000.			
6. Aid modality(ies) and implementation modality(ies)	Project Modality through: <ul style="list-style-type: none"> • Direct management (service contracts) 			
7 a) DAC code(s)	151 Government and civil society, general 15111 Public Finance Management			
b) Main Delivery Channel	Private consultancy			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			
10. Sustainable Development Goals (SDGs)	<p>The public finance management (PFM) Programme contributes primarily to the progressive achievement of:</p> <p>SDG 16: To promote just, peaceful and inclusive societies</p> <p>SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all</p> <p>SDG 17: Partnership for the goals</p>			

SUMMARY

As reported by the two consecutive Public Expenditure and Financial Accountability (PEFA) Assessment (2008 and 2013), performance of the public finance management (PFM) reform remained generally weak, with low transparency and accountability, thereby leaving public finances vulnerable to misuse. The latest 2013 PEFA assessment indicates that Belize still faces many challenges in public finance management and the lack of certain key reform interventions within a range of other key PFM institutions (i.e., Ministry of Finance, Ministry of Economic Development, Contractor General Department, Office of Auditor General, etc.).

The momentum for PFM reform appears to have increased since the commencement of PFM – Reform Action Plan (PFM – RAP) in July 2015 with support from the Caribbean Regional Technical Assistance Centre (CARTAC). There is plenty of room for improvement and the action plan can be further optimized as long as enduring weaknesses can be addressed through a more collaborative and coordinated effort within Government and under broader discussions with relevant donors.

In the light of the above, the aim of the 11th EDF PFM Project is to contribute to the improved management and oversight of public finances by building the organisational and operational capacity of an internal audit unit within Ministry of Finance (including pilot units across the government), strengthening Auditor General and Contractor General capacities and setting up of a PFM Working Group / Oversight Committee to guide and monitor the implementation of the PFM Action Plan, among others.

1 CONTEXT

Country context

The macroeconomic situation in Belize has weakened in 2016 compared to previous years. Real GDP growth slowed from 4.1 % in 2014 to less than 1 % in 2016 driven by lower oil exports and decreased agricultural and fishery production (Hurricane Earl). The unemployment rate increased to 11 % in September 2016 from 10 % in September 2015 mainly driven by an expanded labour force. The decline in oil and other commodity prices led to deflation in 2015, but the inflation rate turned positive in early 2016 on the back of higher food prices and fuel tax.

The overall fiscal deficit expanded to 8 % of GDP in FY2015/16 from 2.4 % of GDP in FY2014/15 mainly as result of partial settlement of liabilities related to the nationalized companies (BEL and BTL) and drove the public debt up to an estimated 90 % of GDP in 2016. The Government has just renegotiated the terms of the Super Bond for the third time, a debt that accounts for nearly 50% of the country's total debt. The banks have lost a significant number of correspondent banking relationships (CBRs) which increased the cost of doing business to the detriment of economy.

On the positive side, the performance in the tourism sector continues to be robust. Tourism and agriculture are the main sources of income and employment in Belize. Tourism employs 28% of the population and represents 21 % of GDP while agriculture employs 10 % of the labour force and contributes 13 % of GDP, mostly through exports of sugar and tropical fruits.

Poverty in Belize has substantially increased in recent years due to a stagnant economy and the impact of natural disasters. The latest Country Poverty Assessment showed that during the 2002-2009 period, the overall poverty rate increased from 34 % to 41 %, while extreme poverty increased from 11 % to 16 %.

Belize's main development challenges are rooted in its high vulnerability to external shocks, including terms of trade, natural hazards and impacts of climate change, while the government's ability to address these challenges is constrained by high debt levels (92% in 2016) and limited fiscal space. Withdrawal of Correspondent Banking Relationships (CBRs) and low capital buffers in the banking system are key threats to financial stability.

1.1.1 Public Policy Assessment and EU Policy Framework

The Belizean authorities' new Growth and Sustainable Development Strategy (GSDS) is a detailed implementation plan that translates the vision articulated in the long term national development framework for 2010-2030 (Horizon 2030) into specific goals and policy actions for the period 2015-2018. Its overarching objective to improve the quality of life for all Belizeans both in the short as in the long term is anchored in 4 Critical Success Factors among which of relevance for the current action is Enhanced governance and improved citizen security.

Public Finance Management System

In 2008, the first Public Expenditure and Financial Accountability (PEFA) Assessment, commissioned by the European Commission, concluded that Belize's Public Finance Management System was performing below the average standard and in some areas is well below the standard. A repeat 2013 PEFA assessment noted that a general strengthening trend is gathering pace, notably in budget preparation, debt recording and reporting, controls over budget execution and transparency of donor operations. However, several concerns emerged

especially in the system of fiscal transfers to municipal governments, revenue administration, cash flow forecasting, payroll control, procurement, internal audit, annual financial statements and capacity constraints in Office in Auditor General.

In addition, the status of the Public Finance Management System of Belize has been evaluated as part of an EU - funded mission (ECORYS) in autumn 2016 whose general aim was to assess Belize's eligibility to receive Budget Support under the 11th EDF. The report concluded that it is not yet the case, as the macroeconomic stability criterion was not satisfied. Though the PFM criterion was met, based on a mini-PEFA exercise, outside the scrutiny of the PEFA Secretariat, performed by the PFM expert, little progress was noted in 2016 as compared to PEFA 2013 scores (out of the 28 indicators, 2 obtained a better score while 2 deteriorated).

In 2015, the Caribbean Regional Technical Assistance Centre (CARTAC) supported the government in drafting a PFM Action Plan tied to the results of 2013 PEFA and comprised a set of actions aimed at improving of key PFM areas, such as procurement, chart of accounts, debt management, treasury, tax, customs and budget. However the elections in 2015, delayed many reform activities and resulted in structural changes to Ministries and departments, therefore, the PFM Action Plan had been reorganised in 2016 in order to take stock of these changes. The main areas of the PFM RAP and associated objectives are as follows:

- a). Budget: improve Budget Preparation and Execution and develop a multi-year policy-based budget;
- b). Chart of Accounts: improve classification by implementing new chart of accounts;
- c). Customs: improve tax payer administration, improve functionality of risk management, improve Voluntary Compliance Program, modernisation of customs institutional and legal framework, improve Post Clearance Audit (PCA) function;
- d). Debt: improve quality of debt data and the debt management function;
- e). Internal audit Unit: create internal audit unit, plan for internal audit activities and initiate internal audit activities;
- f). General MoF: reform PFM legislation, prevention and management of expenditure payment arrears;
- g). Procurement: link procurement objectives to government policy documents, begin process of establishing procurement department, continue work on reforming public procurement;
- h). Public Sector Investment Programme (PSIP): improve PSIP process planning, monitoring, and manuals;
- i). State Owned Enterprises (SOE): oversight of SOEs;
- j). Tax: improve tax payer administration and compliance, improve IT Systems;
- k). Treasury: strengthening and institutionalization of Cash Management, Centralized consolidation of government cash resources, Improvement of quality and timeliness of annual financial statements, Clear Bank reconciliation backlog, Improvement in the effectiveness of Internal Control;

As mentioned in a number of documents assessing the state of play of PFM (PEFA assessments, EU ECORYS mission, UNDP's Macro-assessment of PFM systems of Belize), the Government of Belize has been implementing PFM reform for a number of years based on

PEFA assessments and subsequent PFM Action Plans drafted with support from IDB (2009) and CARTAC (2015-2016) but progress has been slow reflecting capacity constraints, as well as perhaps political and economic constraints. At the moment, performance of PFM still reveals lack of certain key reform interventions Contractor General and Office of Auditor General while an internal audit function is still not in place.

1.1.2 Stakeholder analysis

The main stakeholders in this programme are government institutions, regional partners and international partners such as:

- Government partners: Ministry of Finance - responsible of PFM implementation, the Office of the Auditor General - responsible of checking the accounts of all entities that collect, disburse or transact in any way with public money and the Contractor General Department - in charge of monitoring/overseeing the public procurement process and complaints process, Ministry of Economic Development – National Authorising Officer and Parliamentary commissions overseeing the budget execution.
- Regional partners: Supporting Economic Management in the Caribbean (SEMCAR) and CARTAC and other relevant thematic organizations which have been active in the region and are very familiar with the country situation
- Other international donors: World Bank, Inter-American Development Bank.

The ultimate beneficiaries will be the citizens of Belize (women & men; boys and girls) who will benefit from improved quality, efficiency and better service delivery as result of strengthened PFM system. As the action aims at strengthening the key PFM functions (internal audit, external audit, monitoring procurement), accountability and transparency should be strengthened as well

1.1.3 Priority areas for support/problem analysis

Both the PEFA assessments and the dialogue with the Belizean authorities revealed there is still plenty of room for improving the performance of PFM.

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 from the GoB's PFM Reform Plan. The government staff size is limited and reforms are implemented by staff along with their operational duties; there is no team dedicated to the PFM Reform. As a result, some reforms are not being implemented while other occurring within other MoF departments.

Therefore, legal changes are needed to implement many of the PFM RAP reforms, including the internal audit unit, Auditor General and Contractor General. For this reason, the project includes a cross cutting foundation on PFM legislation in the form of advice on legal drafting offered to Ministry of Finance in these areas. As SEMCAR and CARTAC/IMF assisted the Government in drafting PFM legislation, the project shall build on and closely follow up on the advice already provided.

As noted by the 2 consecutive PEFA assessments, Belize is the only country in the Caribbean region with no Internal Audit Unit in place, in particular due to the lack of appropriate legislative framework. By lacking this function, the independent monitoring of legality, integrity, support documents, and compliance with accounting standards and financial rules and procedures remains non-existent. The Government has been taking steps for many years

in order to set-up the IAU but currently, this is still not in place (indicator PI 21/PI 26 internal audit). The Ministry of Finance admitted that it was unable to determine if Accounting Officers are in compliance with the Finance and Audit Act, consequently, the control of public expenditure is illusive. A strong internal audit unit in the Ministry of Finance would support budget execution via proper procurement guidelines and effective accounting standards. Therefore the EU could support the country in establishing IAU and pilot internal audit units in key spending ministries across the government.

The activity of Auditor General and Contractor General is constrained by staffing and financial resources; therefore a smarter, more effective and efficient work plan and ethic could significantly improve the quality of work and service delivery. The EU support will focus on assessing the legislative framework, reviewing the procedural framework, providing recommendations and defining a roadmap for implementation to improve their work related methods. This could contribute to improve the work flow making the AGD more efficient and reducing the long delays in the submission of audit report to Parliament (indicator PI 26, external audit) while stronger more definitive guidelines for the conduct of CG work would significantly improve the quality of work delivery (indicator PI 19, procurement controls).

The major shortcoming in the PFM system comes from the lack of coordination on PFM reform, donors' fragmented approach and lack of financial support for implementation. PFM is a broad field and several organisations are providing technical assistance both at regional and country level (CARTAC, SEMCAR, FMC and IDB). The Government has not established a platform for dialogue on PFM where bilateral issues can be discussed along with other donors and there is no annual or bi-annual IDP meeting to discuss development and governance matters. Therefore, the EU could offer support in setting up a PFM mechanism composed of authorities and donors to be led by the Ministry of Finance, preferably by a unit charged with the responsibility of PFM reform. The EU could support further the PFM coordination mechanism to identify prior PFM activities financed by donors and not yet implemented. Realistic targets will need to be identified and support from donors needs to be clearly mapped out in order to avoid duplication of efforts.

As recommended by QSG 1, the EU Delegation will launch an Advisory Technical assistance (funded under the 11th EDF TCF) aimed at developing the Parliamentary Oversight Functions, namely, technical, training and institutional support to the Public Accounts Committee to enhance their capacity to provide effective oversight of the budget execution thereby improving transparency and accountability on the management of public finances (according to PEFA 2013, both PI-27 Legislative scrutiny of the annual budget law and PI-28 Legislative scrutiny of external audit reports scored D). In addition, in order to improve CSOs capacity, the EUD could finance at first, a mapping of the CSOs acting in Belize in different areas and secondly, to prepare and implement projects aimed at building their capacity and skills in the three focal areas of EDF: health, energy and governance/PFM.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
High turn-over of staff in MoF and not sufficient or low qualified staff in the supported entities	H	Capacity building measures within TA contract; reform plan makes work more attractive
Lack of ownership of the PFM reform	H	Involve all actors in planning and implementation
Weak implementation capacity	M	Capacity building component included
Limited political will to implement PFM reforms	H	High level political dialogue
Assumptions		
<ul style="list-style-type: none"> - Legal framework completed for supported entities - Stable macroeconomic environment - The Government of Belize remains committed to inclusive growth and reduce inequalities - CARTAC funding / regional programme continues for PFM Action Plan to be implemented - Staff maintain their posts 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Important lessons have emerged from the implementation of PFM projects funded by different donors that were considered in the design of the programme:

- The implementation of PFM and macroeconomic reforms are more likely to be successful when complementarities and coordination between the government and international donors is best exploited. The EU will work closely with the other donors to ensure that the new PFM project will complement their programmes and attain synergies in the various interventions.
- Political support has been sometimes lacking, which has resulted in delays in implementing important reforms, including the PFM Reform or adoption of new laws. Therefore, continued support will be instrumental for achieving progress in many areas that require better organisation from departments and improving the legal framework.
- One of the key challenges in the implementation of the previous EU funded programmes was the severe capacity constraints, particularly in terms of not sufficient or low qualified staff in the supported entities. The programme will also place strong emphasis on capacity building where possible, as this will also help to ensure sustainability.

- Besides the limited financial resources and staff shortages, the slow implementation of PFM reforms in Belize is also the result of a very fragmented donor support while no a donor coordination group in the PFM area makes implementation and monitoring of actions difficult. Taking stock of the experience with other countries, the EU will support setting up an internal PFM mechanism composed of senior personnel from different departments representing key PFM areas that will execute, monitor and oversee the overall implementation of the PFM Action Plan. In addition, a platform for dialogue with international donors where bilateral issues on development and governance matters can be discussed along with other donors on PFM issues should be put in place by the government.

3.2 Complementarity, synergy and donor coordination

The EU is one of Belize's biggest donors with a contribution of 30 % of total donor assistance. A number of donor-supported capacity building projects have been taking place in recent years, aimed at strengthening the PFM system. The actions proposed will complement and build on past actions funded by different international development partners (IDPs). Most active IDPs in the PFM and related sectors:

- *Caribbean Regional Technical Assistance Centre (CARTAC)*, Phase V (2017-2022) aims at implementing a new Chart of Accounts, improving the budget processes, including preparation of medium term budget framework and training of staff in cash management, and improved analysis. The Accountant General and Ministry of Finance staff, with CARTAC's support, continues to improve the comprehensiveness and content of the financial statements to make them IPSAS compliant.
- *Supporting Economic Management in the Caribbean (SEMCAR)* focused on identifying the key changes in policies, institutional reforms, improvements in formal processes, and actual work practices that are needed to take place quickly in tax, customs, and PFM to effectively implement the ICT systems. Its second phase will continue on focusing on IT solutions to be implemented in the PFM system.
- *Financial Management in the Caribbean (FMC)* - currently supporting the Belizean treasury.
- *Inter-American Development Bank (IDB)* has been assisting with taxation, trade, and public procurement. The Bank continues to help with the training of senior public officers in public procurement practices. Several officers have been certified up to Level three by the Chartered Institute of Procurement & Supply and, there are plans in September 2017, for a further workshop to take the training to Level four when successful officers will receive the Diploma in Strategic Public Procurement. The Bank is also committed to assist with further work on trade and tax reform following the completion of an IDB-financed Report during the first quarter of 2016.
- *CARICOM* - procurement legislation

3.3 Cross-cutting issues

Good governance: The project will strengthen the PFM system and review legislation and procedures, as well as will make roles and responsibilities of key PFM institutions clearer and more transparent. In this way, the project will contribute towards sustainability of the PFM reform efforts, but also support the anti-corruption efforts which as a pre-requisite for an improved PFM.

Gender: The area of gender in public financial management is not an area well covered in Belize. A gender analysis to be performed in the near future and a TCF funded project are expected to provide a mapping of information gaps and knowledge, as well as of CSOs present in Belize by field of intervention, in this way providing the EU with opportunities to support actions to mainstream gender in PFM actions. However, at the moment, this project is expected to have a positive impact on gender equality by improving both the quality and targeting of service delivery.

Climate change and environmental sustainability: This programme does not specifically address environmental issues.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The **overall objective** of the PFM programme is to achieve a more efficient public finance management.

The **specific objectives** are:

1. To improve the legal framework corresponding to strengthening the internal and external audit and contractor general;
2. To strengthen PFM oversight and control functions

The project aims at achieving the following results:

- R 1 - Improved PFM legal framework
- R 2 - Set-up IAU and pilot units across government
- R 3 - Strengthened AG's and CG's capacity
- R 4 - Improved PFM coordination

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG 16: To promote just, peaceful and inclusive societies but also promotes progress towards SDG 8: Promote inclusive and sustainable economic growth and SDG 17: Partnership for the goals to revitalise the global partnership for sustainable development. This does not imply a commitment by Belize benefiting from this programme.

4.2 Main activities

The identified actions to be undertaken under the present PFM project are:

Specific objective 1: To improve the PFM legal framework corresponding to strengthening the internal and external audit and contractor general

Activity 1.1: Support in drafting legislation and related regulations to provide the IAU with authority;

Activity 1.2: Draft, review and propose recommendations on the legislative framework to enhance autonomy of the Auditor General Office;

Activity 1.3: Draft, review the legislative and policy framework governing the activity of Contractor General and propose recommendations.

Specific objective 2: To strengthen PFM oversight and control functions

Activity 2.1: Set up of IAU – Support in developing the organisation chart, establish roles and responsibilities and to create pilot internal audit units in key spending ministries across the government (linked to outcomes of activity 1.1);

Activity 2.2: Build capacity - Identify training needs, prepare training plan and organise training (on tools and techniques, software – licenses, etc.) and provide the IAU staff with skills and practical experience to develop its capacity in line with International Audit Standards in carrying out the audits;

Activity 2.3: Organise the IAU work and support in implementation - Prepare internal audit plan, charter and manual; Establish operational procedures; Identify the audit tools; Initiate, plan and perform IA activities; set up of Internal Audit Committee; Monitor and evaluate the IAU in order to identify and address malfunctions and improve procedures and activities.

Activity 2.4: Support to the Office of Auditor General (OAG) to improve its working procedures, auditing strategy, resources management processes, audit methodologies and communications with stakeholders to ensure that the OAGs mandate is consistent with International Standards for Supreme Audit Institutions. This may include as well support for Strategic Audit Planning, Management of Audit Activities, Quality Assurance and Quality Control, Financial and Performance audit (linked to outcomes of activity 1.2);

Activity 2.5: Support to Contractor General Department to review and propose improvements to the technical framework and define a roadmap and improving monitoring of procurement contracts (linked to outcomes of activity 1.3),

Activity 2.6: Define training needs and organise necessary training to both departments;

Activity 2.7: Support in setting-up of a PFM coordination mechanism;

Activity 2.8: Support in planning, implementation and monitoring of activities and results as detailed in the PFM Reform Action Plan.

4.3 Intervention logic

The project has been designed in collaboration with the Government of Belize based on its priorities identified in the PFM Reform Action Plan and aims at improving financial management systems, including internal controls, external audit, procurement monitoring and overall PFM sector coordination. These PFM areas are expected to facilitate PFM oversight and controls, which along with updated regulations and working procedures, will translate into using the scarce resources in a more effective manner and provide potential for improved efficiency in implementation of projects and delivery of services.

Good coordination with other donors in the field as well as amongst implementing partners representing key PFM areas will also be critical to success, in particular given very fragmented donor support and the lack of a coordination group in the PFM area.

5 IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 36 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 Implementation modalities

Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical assistance (international tender)	Service	1 contract	Q3 FY2018/19
Final evaluation	Service	1 contract	Q1 FY2021/22

5.4 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 subject to the following provisions.

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.

5.5 Indicative budget

	EU contribution (EUR)
5.3 Procurement (direct management)	1 300 000
5.8 – Evaluation	50 000
Total	1 350 000

5.6 Organisational set-up and responsibilities

The EU Delegation in Jamaica as contracting authority will launch the call for tender to procure the technical assistance required to perform the project activities. Monitoring the implementation of the contracts will be the responsibility of the EU Delegation and NAO.

The Government of Belize, through its Ministry of Finance, will designate a PFM 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 relevant departments of the Ministry of Finance in advancing the technical agenda agreed to under this project.

Upon project launch, a Project Steering Committee will be appointed by Financial Secretary, and will include technical and political representatives of the Government of Belize, 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 Belize. 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 EU Delegation will provide feedback and guidance on issues that may emerge during implementation.

5.7 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 (for project modality) or the list of result indicators (for budget support). 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).

5.8 Evaluation

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

The 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, one (1) contract for a final evaluation shall be concluded under a framework contract in the first quarter of FY2021/22.

5.9 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.

5.10 Communication and visibility

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

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

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

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

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To assist the GoB in its efforts to improve the public finance management system which corresponds to the objective of Belize's Growth and Sustainable Development Strategy (GSDS) "Enhanced governance and improved citizen security"	PEFA scores for: i. Internal Audit (PI-26) ii. External Audit (PI-30) iii. Procurement management (PI-24) iv. Donor practices	PEFA 2013 scores: i. Internal Audit (PI-21, D) ii. Procurement (PI-19, D) iii. External Audit (PI-26, D+) iv. D-1 D, D2 C and D3 C	PEFA 2019/20: improve PEFA scores i. Internal Audit (PI-21, C) ii. Procurement (PI-19, C) iii. External Audit (PI-26, C) iv. improve donors coordination	National documents, Progress report on PFM Action Plan status, MoF reports, IDPs reports, PEFA	
Specific objective(s): Outcome(s)	SO1: To improve the legal framework corresponding to strengthening the internal and external audit and contractor general	Status of legislative acts related to internal and external audit, and contractor general	Finance and Audit Reform act (and regulations) not updated	The legal framework is reviewed, updated, approved and applied	Parliament's website http://www.nationalassembly.gov.bz/	Effective leadership and commitment to PFM reforms by MoF
	SO2: To strengthen PFM oversight and control functions	1. Number of IAU and the number of pilot units in key spending ministries 2. Status of the Organisational Structure 3. Status of the Internal Audit Charter	0 for all indicators	1 for all indicators	Government documents, IAU IDPs reports	Effective leadership and commitment to PFM reforms by MoF

¹ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

		<ul style="list-style-type: none"> 4. Status of the Internal Audit Committee 5. Status of the A Internal Audit Manual 6. Status of the Training plan 7. Status of the M&E framework 				
		<ul style="list-style-type: none"> a). Status of working procedures, b). Status of auditing strategy, c). Status of resources management processes, d). Status of audit methodologies e). Status of technical framework, f). Roadmap defined, g). Improved monitoring of procurement contracts 	OAG and CG do not have the adequate technical framework in place	The new working procedures are drafted, approved and implemented	OAG and CG procedures	Effective leadership and commitment to PFM reforms by MoF
		Status of the PFM coordination mechanism	No PFM coordination mechanism in place	One PFM coordination mechanism in place	Minutes of the meeting, PFM RAP progress reports	Effective leadership and commitment to PFM reforms by MoF
Outputs	O 1: Legal framework for PFM reviewed, updated, approved	<ul style="list-style-type: none"> • Status of the Legal framework for PFM related to IAU, AGD and CGD 	Idem for the corresponding indicator	Idem for the corresponding indicator	Idem for the corresponding indicator	
	O2: Internal Audit Unit and pilot units set up	<ul style="list-style-type: none"> • Number of Internal audit Unit with support of this Action • Number of pilot units in place with support of this Action 	Idem for the corresponding indicator	Idem for the corresponding indicator	Idem for the corresponding indicator	

	O3: Improved Capacity of Auditor General and Contractor General	<ul style="list-style-type: none"> • Status of audit procedures & manuals. • Status of Contractor General procedures & manuals 	Idem for the corresponding indicator	Idem for the corresponding indicator	Idem for the corresponding indicator	
	O4: PFM coordination mechanism in place	<ul style="list-style-type: none"> • Status of a PFM coordination mechanism • Activities performed to implement the PFM Action Plan 	Idem for the corresponding indicator	Idem for the corresponding indicator	Idem for the corresponding indicator	