

As per OECD Disability DAC codes identified in section 1.1, this Action is labelled as D0 although the interests and needs of persons with disabilities will be taken into consideration throughout the Action.

Reduction of inequalities

As per the Inequality Marker, this Action Document has been labelled as an I-1. The Action will contribute to the reduction of inequalities through sound public financial management, by means of fair, accountable and transparent public finance systems. The anti-corruption component of the Action will contribute to strengthen accountability regarding the use of public funds to reduce inequality. An effective and transparent PFM system can contribute significantly to reduce inequalities by promoting equitable resource allocation, targeted fiscal policies, improved service delivery, and enhanced accountability and oversight.

Democracy

The Action aims to contribute to strengthening democracy and the rule of law through improving PFM governance and fighting corruption. It will strengthen the country's PFM systems and contribute to public participation in economic governance and transparency. It will also strengthen Parliament, IGF and CSOs to demand accountability from the Government and improve transparency of public expenditure and strengthen the democracy dynamics.

Conflict sensitivity, peace and resilience

The Action will contribute to getting public finance management processes on track in ways that encompass sound public budgeting, execution, and accountability to support reconstruction and poverty reduction objectives that are vital to building a well-functioning state and producing a durable peace.

Disaster Risk Reduction

The Action will support the country to strengthen post-Covid-19 recovery and resilience as well as the mitigation of the direct and indirect impacts of the Russia-Ukraine war on the availability and access to financial resources on regional and global markets. The implementation of a resilient PFM system and enhancing the fight against corruption will promote the rationalization of available and already limited resources to reinforce national response mechanisms and disaster resilience financing.

Other considerations if relevant

The Action includes a significant digital governance component aimed at increasing PFM transparency and accountability: enhancement of the financial management information system SIGFiP, treasury management system, macroeconomic software for the simulation of macroeconomic impacts, state property, and integrated system of prior inspection of acts, contracts, and management accounts for the Court of Accounts.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External (economic) environment	Risk 1 Change in senior positions within the Government due to political decisions creating instability in political support for reforms.	H	M	So far, the Government has underscored the need for reforms that may prove to be more progressive. Mitigation of the risk requires policy dialogue at the highest level.
	Risk 2 Government is not able to curb the fiscal imbalances between expenditures and revenues and new debt stock becomes unsustainable.	H	H	The Government is committed to fiscal consolidation, but it may not be willing to take the necessary measures. Mitigation of the risk requires policy dialogue at the highest level.