

measures and corrective actions, including the realignment of the exchange rate to market-clearing level.

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

### 2.3.3 Public Financial Management

Since 2020, the new government has engaged in the wide range of reforms to enhance the country's PFM framework, geared at improving revenue collection, fostering fiscal discipline and enhancing transparency and accountability. This has been extensively supported by an EU PFM flagship programme, as well as by Gesellschaft für Internationale Zusammenarbeit (GIZ), IMF and the World Bank. If weaknesses remain, in particular related to debt management, oversight of State Owned Enterprises (SOE), revenue collection, commitment controls, public procurement, and bank reconciliation, the government has been able to establish a robust track record of reforms.

Key achievements on regulatory reforms include the introduction of a new PFM Reform Strategy in 2023, and the adoption of a revised PFM Act in 2022 and related regulations in 2023. Expenditure and fiduciary risk improvements involve the implementation of a new SAP-based IFMIS since 2021, enhanced commitment controls with the introduction of quarterly allotment, progress on fiscal reporting and arrears management, and the rationalisation of bank accounts within a core Treasury Single Account structure. Revenue collection advancements encompass the introduction of new tax measures, significant progress in the roll-out of Tax Administration Information System (Msonkho Online), and legislative revisions including related to VAT and tax administration. The recent Tax Administration Diagnostic Assessment Tool (TADAT) assessment conducted in 2023, is showing progress compared to last assessment in 2015 (12 areas progressed and 3 declined out of total of 26), and a post-TADAT action plan is under implementation.

Moreover, the new IMF ECF arrangement includes several PFM related benchmarks and targets, which will help further sustain the current reform momentum, with a view to supporting the country's commitment to applying fiscal discipline, containing domestic borrowing and improve public fiscal management.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

### 2.3.4 Transparency and Oversight of the Budget

The entry point for budget support is met as the enacted budget is published within the legal deadline. The Appropriation Bill (May 2023) and Budget Estimates for FY2023/24 were approved by the Parliament and published on 8 May 2023. Moreover, the hearings of the Public Accounts Committee at Parliament are broadcasted on national television and radio, citizen's budgets are also regularly published as well as the annual reports of the National Audit Office and the Anti-Corruption Bureau.

Key elements of the national accountability system are in place. The National Assembly has well established procedures for the budget scrutiny process, set out in the Constitution and its Standing Orders, even though the scrutiny period is very short and capacity is low for a proper evaluation. The National Audit Office (NAO) broadly fulfils its mandate, although it remains mostly limited to financial audits. The audit reports are available online, although with delays. The Public Accounts Committee at Parliament holds public hearings on key findings of audit reports. The legislature issues recommendations on actions to be implemented by the executive and thereafter report back to the Committee on the resolution of the recommendation. However, the main issue on the oversight side has to do with the limited implementation of audit recommendations by MDAs, and lack of follow-up by the Ministry of Finance. The finalisation of a dashboard to compile all audit recommendations and their status should enable the NAO to increase the pressure on MDAs with many outstanding recommendations. In addition, the appointment of a new Auditor General in August 2023 after a vacancy of more than four years (which required a legal amendment to streamline the qualifications for the Auditor-General) will most certainly be instrumental to making progress in this area.