MANAGING NATURAL RESOURCE WEALTH TOPICAL TRUST FUND

PHASE I (2011-2017) COMPLETION REPORT

DECEMBER 14, 2017

MNRW
TRUST FUND

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CONTENTS

ABBREVIATIONS AND ACRONYMS

CEMAC	Central African Economic and Monetary Community
EI	Extractive Industries
EITI	Extractive Industries Transparency Initiative
EU	European Union
FARI	Fiscal Analysis of Resource Industries
LEG	Legal Department
LTO	Large Taxpayer Office
MNRW	Managing Natural Resource Wealth
MOOC	Massive Open Online Course
PFM	Public Financial Management
RBM	Results Based Management
RMTF	Revenue Mobilization Trust Fund
RTAC	Regional Technical Assistance Center
SC	Steering Committee
STX	Short-Term Expert
TA	Technical Assistance

EXECUTIVE SUMMARY

The Managing Natural Resource Wealth Topical Trust Fund (MNRW-TF) was set up to help low and lower-middle income countries build capacity to achieve better developmental outcomes from mining and petroleum activities through improved economic management. This report reviews the program performance during 2011-2017.

The thematic fund applied a modular approach integrating work on the design and implementation of the extractive industry fiscal regime; revenue administration; macro-fiscal and public financial management; natural resource funds; and statistics. Technical assistance and capacity building projects were developed taking into account country-specific circumstances within the respective modules.

The technical assistance activities were reinforced by an analytical work program across the five modules. This focused on identifying good practice approaches and distilling lessons from experiences. The country-level project activities were also reinforced by regional workshops providing peer learning opportunities.

The MNRW-TF has been reasonably successful in achieving its results. There were many excellent achievements across a range of countries, offset by challenges in some countries with difficulties in achieving traction and sustaining progress. There were fewer activities than initially anticipated under the modules on natural resource funds and statistics.

The MNRW-TF was well-funded with contributions from seven donors. The execution of activities fell short of approved budgets, and rigidities in resource allocation delayed corrective reallocation of funds. As a consequence, the thematic fund ended with an unspent cash balance.

An independent mid-term evaluation found that the overall performance had been solid with many successful technical assistance projects. The evaluation also noted that the research and workshops contributed to the dissemination of policy guidance.

There are cross-cutting lessons from the first phase that have been taken on-board in the second phase of the trust fund. These include steps to (i) develop more effective ways to deliver policy advice and capacity building while enhancing synergies between program modules; (ii) facilitate an evolving engagement with beneficiary countries in the second program phase; (iii) apply more flexibility in the project resource allocation to avoid a build-up in committed but unspent funds; and (iv) explore innovative ways to collaborate with other TA providers.

I. INTRODUCTION

1. **The Managing Natural Resource Wealth Topical Trust Fund (MNRW-TF) was launched in 2010 to help countries build capacity to manage natural resource wealth effectively**.[1] The first phase of the program covered April 2011 – April 2017, having been extended by one year. The program was funded by US$24.5 million contributed by Australia, the European Union, Kuwait, the Netherlands, Norway, Oman and Switzerland.

2. **The MNRW-TF was designed to help resource-rich developing countries realize the full development potential of their natural resources.** Many unfortunately fail to do so, especially countries that have significant extractive industries—oil, gas, and solid minerals. Prudent custodianship of these resources, remaining cognizant of the need to save for a rainy day or future generations, can enlarge the fiscal space available to finance public goods and services needed to support sustainable development and poverty reduction. However, in practice, governments often fail to properly address the institutional and policy challenges that come with natural resources, and development outcomes for these countries have been disappointing—a characteristic sometimes referred to as the "resource curse".

3. **The MNRW-TF applied a holistic approach in supporting resource-rich countries improve their economic management.** The goals of the MNRW-TF Phase I were to assist countries with extractive industries (EI) in the following areas that are all integrated:

- *Module 1: EI Fiscal Regimes, Licensing and Contracting*. To design and implement fiscal regimes (encompassing a range of fiscal instruments including taxes, royalties, production sharing and government participation) to provide a fair sharing of reward and risk between the investor and the government as the resource owner.

- *Module 2: EI Revenue Administration*. To support efforts to improve the administration of, and compliance with, resource taxes and other specialized fiscal instruments while building capacity to manage sector specific compliance risk.

- *Module 3: EI Macro-Fiscal, PFM and Expenditure Policy*. To build capacity to design and implement macro-fiscal policy and medium term budget frameworks in countries that are highly dependent on large and inherently volatile resource revenues including fiscal rules that guide the allocation of natural resource revenues between savings and investment.

- *Module 4: Natural Resource Asset and Liability Management*. To strengthen investment management frameworks for countries with financial assets accumulated from natural resource revenue to address stabilization and intergenerational savings objectives.

[1] In the past, thematic funds were mostly referred to as trust funds. This report will use the term thematic funds.

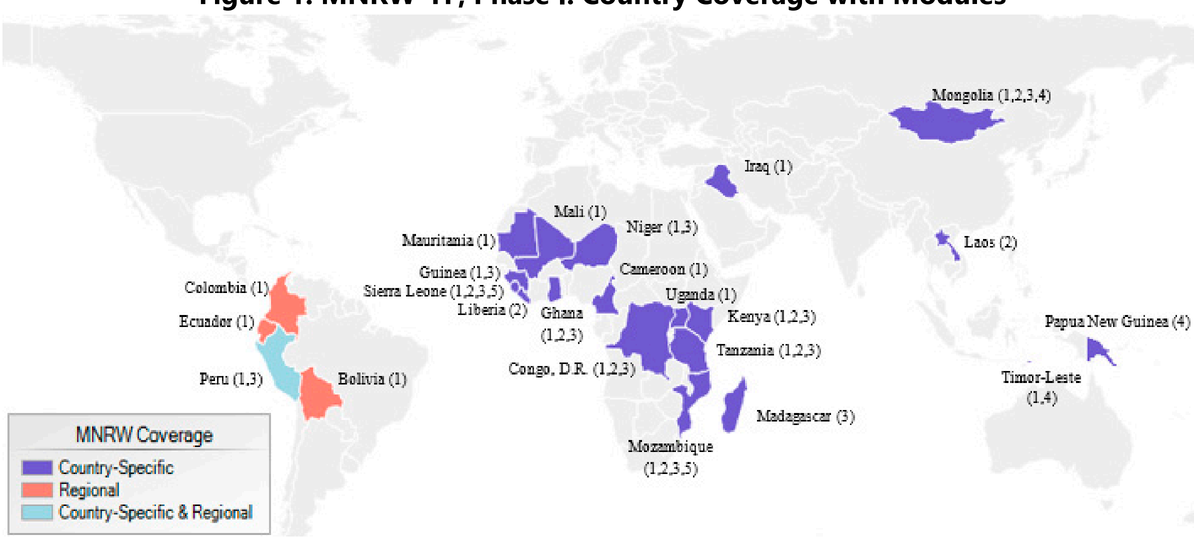
- *Module 5: Statistics for Managing Natural Resources.* To improve statistics that inform sound macroeconomic policy decisions on the extraction of natural resources and their management.

- As a crosscutting theme, the thematic fund activities were expected to enhance *fiscal transparency*, thus promoting good governance and an attractive investment climate, and encourage governments to reach out to civil society, and complement the implementation of the Extractive Industries Transparency Initiative (EITI).

4. **The modular approach reflects a holistic view of how natural resource management policies and institutions interact throughout the decision making and value chain.** To operate effectively in such a mode requires interaction and collaboration across functional areas within the recipient governments as well as by technical assistance (TA) providers.

5. **Phase I of the MNRW-TF has been successfully implemented**. However, rigidities in the allocation of funds for projects contributed to underspending relative to budget plans. Overall there were 45 TA projects in 24 countries; some countries had multiple modules (Figure 1). Geographical coverage was dominated by Africa with more limited project engagement in Asia-Pacific and Latin America and hardly any in the Middle East. For most projects, significant progress was demonstrated in strengthening the economic and fiscal management of natural resources. Coincidentally, many of these projects were in countries with recently discovered mineral and petroleum resources that were motivated by a desire to avoid a repeat of the mistakes of the past made by other more established producers. In other countries, sustaining progress and traction proved more challenging.

Figure 1. MNRW-TF, Phase I: Country Coverage with Modules



Note: The number in parenthesis indicates project module under the MNRW-TF.

II. Implementation of MNRW-TF Phase I

A. Technical Assistance Projects

6. **The thematic fund used a modular approach** that was carefully designed to reflect the decision-making and value chain underpinning the management of natural resources that governments actually follow. There were cross-cutting themes for the delivery of TA projects summarized below. Annex 1 includes the strategic logframe progress.

- **Module 1:** Projects at the country level supported the design and implementation of fiscal regimes for mining and petroleum with a view to maximizing government revenue over the life of the project while preserving incentives for investment and production. This focused on both taxes and more specialized fiscal instruments such as royalties, production sharing arrangements and government participation. Policy advice was underpinned by fiscal simulations using the Fiscal Analysis for Resource Industries (FARI) methodology to provide a balanced sharing of resource rent between the government and investors. In many countries, this involved engaging with a broader set of counterparts than is usual for tax policy work including sector ministries and national oil companies in addition to finance ministries and revenue authorities.

- **Module 2:** Projects worked with revenue administrations in developing more efficient collection of extractive industries' revenue, focusing on institutional responsibilities, collection and integrity functions. In most countries, this supported the establishment of specialized natural resource revenue units; often focus was on building capacity for revenue agencies to apply sector-specific revenue risk management approaches. In a few countries, interest emerged in using a model-based approach for risk management applying the FARI tool. There have been challenges in getting traction in some countries where the revenue collection roles are fragmented across multiple agencies (e.g., royalties collected by a sector regulator or production sharing contracts managed by a national oil company).

- **Module 3:** Country-specific projects focused on developing frameworks for macro-fiscal policy and budget management enhancing the credibility over the medium term based on realistic resource revenue estimates and balancing sustainability and absorptive capacity constraints. In some countries, the macro-fiscal framework and an appropriate fiscal policy rule has been underpinned by building up capacity for natural resource revenue forecasting. Applications of the FARI methodology have proven conceptually beneficial for this, although sustaining this effort has proven challenging. It has been a challenge to maintain the scope of the project focus on natural resource revenue management, given the encompassing nature of macro-fiscal and PFM reforms.

- **Module 4:** Country projects focused on supporting countries establishing natural resource funds to manage financial assets accumulated from savings of natural resource revenues. Partly recognizing that there was not as much demand as anticipated under this module and reflecting a strategic reprioritization of TA skills within the IMF, TA delivered under this module was eventually terminated.

- **Module 5:** The overarching focus was on developing capacity to provide statistics on natural resources. With an initial focus on developing standardized templates and methodologies for statistics on resource revenues, there were relatively few country-level projects in the first phase.

B. Analytical Work

7. **The MNRW-TF supported policy-oriented research and analytical work on managing natural resource wealth identifying good practice approaches and distilling lessons from experiences.** There was a close synergy between the TA activities and the analytical work: topical issues emerging during TA missions helped guide the formulation of the analytical work program, while the analytical work facilitated the provisions of consistent and credible advice through country-level TA. Significant work has been done including:

- Publication of two flagship books providing policy guidance on the design and implementation of the petroleum and mining fiscal regimes: *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*; and *International Taxation and The Extractive Industries*. Initial draft papers were discussed by fiscal experts and country officials during conferences organized at the IMF.

- The release of two handbooks on: *Administering Fiscal Regimes for Extractive Industries: A Handbook*; and *Sovereign Asset-Liability Management Guidance for Resource-rich Countries*.

- Public release of a version of the IMF's *Fiscal Analysis for Resource Industries (FARI) model*, together with an accompanying Technical Notes and Manual. The FARI model is a modeling framework developed to perform EI fiscal analysis, and can be used for assisting in the design of EI fiscal regimes, revenue forecasting, and revenue administration.

- Development of a *statistics template* for collecting data on government revenues from natural resources which has been field-tested in several countries. In a significant confirmation of the importance of the template, the EITI announced it will collaborate with the IMF in using the template to improve transparency.

- Release online of a draft guide on specific compilation issues for natural resources in macroeconomic statistics.

C. Training, Peer Learning and Workshops

8. **The MNRW-TF has financed four successful regional conferences on EI fiscal issues** held in East Africa, Asia-Pacific region, and the Andean region (2 conferences), with between 60 and 90 participants at each conference. A planned conference in West Africa was delayed following the regional Ebola outbreak, but is now under preparation under Phase II of the MNRW-TF. These conferences provided a peer learning forum for participating countries to exchange views and experiences on the fiscal challenges and macroeconomic considerations they face in relation to natural resources, while also learning from the experience of international experts. They also provided a forum for presenting the analytical work that was completed with MNRW-funding, broadening the scope of knowledge sharing in the EI field. The regional workshops were designed to include country presentations by officials from participating countries. In addition, a conference was held in Washington DC to discuss international issues for the EI sector, with the papers being used as a basis for a book on *International Tax Issues for the Extractives Industries*.

9. **Training has successfully supported the building of capacity.** Two face-to-face courses on Managing Natural Resource Wealth were delivered at the Joint Vienna Institute, while the preparation of the related online course was initiated. To build capacity in managing macroeconomic frameworks, the first two stages of the customized training program for selected officials from CEMAC countries were successfully completed in January 2017. On energy subsidy reforms, the 2017 offering of the massive open online course (MOOC) was completed.

D. MNRW-TF Program Performance

10. **This section assesses the performance across the different modules at an aggregate level against the initial expectations set out in the 2010 program document.** In line with the 2010 MNRW-TF program document, 83 percent of the thematic fund budget was spent on the direct delivery of technical assistance (Table 1). This in many cases also included country-specific training that was delivered as an integral component of the technical assistance. This was followed by analytical work or research projects and workshops and training. Spending on these two categories each amounted to about 4-5 percent of the total thematic fund spending. The composition of TA differed with a relatively higher share of TA activities in Modules 1 and 3, with relatively fewer activities under Modules 2, 4 and 5.

11. **Actual spending came in under the approved budgets across all TA modules.** The actual expenditure of US$20.8 million under the MNTW-TF amounted to 85 percent of the available funding (Table 1). While the total approved budgets of US$24.5 million were close to the total available funds, actual spending aggregated across all modules fell short of the approved budget amounts by US$3.6 million.

Table 1. MNRW-TF Phase I, Program Implementation by Category
(In thousands of U.S. Dollars, as of October 31, 2017)

	Indicative Expenditure Envelope, per 2011 Program Document	Approved Budgets, as of April 30, 2017	Actual Expenses, as of October 31, 2017	Share of Total Indicative Expenditure Envelope	Share of Total Approved Budgets	Share of Total Actual Expenses	Actual Expenses Relative to Approved Budgets
Direct TA	**20,635**	**19,771**	**17,216**	**83%**	**81%**	**83%**	**87%**
Of which:							
Module 1: Fiscal Regimes	4,952	7,041	6,525	20%	29%	31%	93%
Module 2: Revenue Administration	7,222	4,241	3,856	29%	17%	19%	91%
Module 3: Macro-Fiscal	3,921	6,303	4,960	16%	26%	24%	79%
Module 4: Asset Liability Management	1,857	469	469	8%	2%	2%	100%
Module 5: Statistics	2,683	831	519	11%	3%	2%	63%
TA Project Management		886	886		4%	4%	100%
Research Projects	**750**	**1,456**	**1,007**	**3%**	**6%**	**5%**	**69%**
Workshops & Training	**1,200**	**1,268**	**860**	**5%**	**5%**	**4%**	**68%**
Small projects		**103**	**104**		**0.4%**	**0.5%**	**101%**
Project Management	**526**	**285**	**285**	**2%**	**1%**	**1%**	**100%**
Steering Committee	276	65	65	1%	0.3%	0.3%	100%
Independent Evaluation	250	220	220	1%	1%	1%	100%
Trust Fund management fee	**1,618**	**1,602**	**1,363**	**7%**	**7%**	**7%**	**85%**
Total	**24,729**	**24,485**	**20,839**	**100%**	**100%**	**99%**	**85%**

12. **A closer look at the individual projects points to quite significant differences between projects**. For many projects, spending was well aligned with initial budget estimates (Table 2). In others, there were significant expenditure shortfalls. This is explained by a combination of (i) initial budget estimates exceeding the actual costs of delivering the projected activities; or (ii) difficulties in some cases in getting the expected traction with the authorities in support of project implementation.

Table 2. MNRW-TF Phase I, Program Implementation by Project
(In thousands of U.S. Dollars, as of October 31, 2017)

Description (Module)	Approved Budget as of		Actual Expenses to Date[1]	
	Dec 2016	Apr 2017	Amount	% of Endorsed Budget
Direct TA (A)	**19,682**	**19,771**	**17,216**	**87**
Andean Regional (1)	623	623	575	92
Cameroon (1)	371	338	286	85
Democratic Republic of Congo (1)	442	412	412	100
Democratic Republic of Congo (2)	468	468	468	100
Democratic Republic of Congo (3)	787	861	677	79
Ghana (1,2,3)	88	88	88	100
Ghana (1)	275	275	236	86
Ghana (2)	219	219	90	41
Global (5)	749	662	351	53
Iraq (1)	73	73	73	100
Kenya (1)	622	622	622	100
Kenya (3)	385	226	133	59
Kenya (2)	0	85	88	104
Lao PDR (2)	602	569	569	100
Liberia (2)	207	207	150	73
Madagascar (3)	807	757	520	69
Mali (1)	338	338	169	50
Mauritania (1)	268	268	268	100
Mongolia (1)	311	311	311	100
Mongolia (2)	1,295	1,295	1,295	100
Mongolia (3)	702	883	897	102
Mongolia (4)	181	156	156	100
Mozambique (1)	760	760	737	97
Mozambique (2)	622	622	607	98
Mozambique (3)	403	363	148	41
Mozambique (5)	94	94	94	100
Niger (1)	106	106	106	100
Niger (3)	664	784	739	94
Papua New Guinea (4)	172	172	172	100
Peru (3)	664	587	587	100
Peru TA Seminar (3)	0	117	47	40
Republic of Guinea (1)	270	270	270	100
Republic of Guinea (3)	612	728	687	94
Scoping Mission Project	240	240	100	42
Sierra Leone (1)	616	616	517	84
Sierra Leone (2)	398	398	341	86
Sierra Leone (3)	591	675	598	89
Sierra Leone (5)	74	74	74	100
Solomon Islands (1)	171	171	171	100
Tanzania (1)	685	685	528	77
Tanzania (2)	291	291	160	55
Tanzania (3)	310	147	90	61
Timor-Leste (1)	468	412	412	100
Timor-Leste (4)	141	141	141	100
Uganda (1)	521	521	390	75
Uganda (3)	175	175	175	100
General Project Management[23]	820	886	886	100
Research Projects (B)	**1,431**	**1,456**	**1,007**	**69**
1. Developing a Compilation Guide on Natural Resources	284	371	325	88
2. Development of new IMF Guide on Resource Revenue	86	86	26	31
3. Enhanced Results Based Management Framework	72	9	9	100
4. FARI Model Public-Release	261	261	135	52
5. Mining tax administration	434	434	341	78
6. Natural Resources Asset and Liability Management	43	43	43	100
7. Progressivity in Natural Resource Taxation	187	187	63	34
8. Resource revenue database and government revenue	64	64	64	100
9. Savings and consumption guidelines	0	0	0	0
Workshops (C)	**744**	**608**	**608**	**100**
1. Cross-border issues in resource taxation	161	145	145	100
2. Fiscal Management of Oil and Natural Gas Wealth in West	120	0	0	0
3. Management of Natural Resource Wealth in Sub-Saharan	100	100	100	100
4. Natural Resource Taxation in the Asia-Pacific Region	203	203	203	100
5. Oil revenue management framework for new producers	161	161	161	100
Training (D)	**659**	**659**	**252**	**38**
1. CEMAC Training on Developing and Operating	285	285	68	24
2. Training for MRCs	374	374	183	49
Small Projects (E)	**57**	**103**	**104**	**101**
1. Annual Subscription for Evaluate Energy	19	19	20	108
2. Oil and Gas Taxation Database	38	38	38	100
3. Oil and Gas Taxation Database (Renewal)	0	47	46	99
Steering Committee Meetings	131	65	65	100
Evaluation	220	220	220	100
Subtotal (A)+(B)+(C)+(D)+(E)	**22,924**	**22,883**	**19,476**	**85.1**
Trust Management Fee	**1,605**	**1,602**	**1,363**	
Total	**24,529**	**24,485**	**20,839**	

13. **At the aggregate level, the shortfall between approved budgets and actual spending partly was exacerbated by rigidities in allocating resources.** After projects were approved by the Steering Committee and funds had been committed to a project, the funds could not easily be reallocated to other projects, even if it turned out that the initial project costs were overstated or there was insufficient traction. This resulted in situations where new project proposals were put in reserve due to insufficient uncommitted funds despite there being significant budget execution shortfalls at the aggregate level. There would have been benefits from having had a more dynamic approach to resource allocation facilitating a timelier reallocation of funds.

14. **Budgets and expenditure for the modules on revenue administration (Module 2), asset management (Module 4), and statistics (Module 5) were below the indicative program expenditure envelopes.** Given that all TA is demand-driven, this illustrates the challenges ex ante in predicting demand for TA. A more dynamic resource allocation would have made the fund nimbler by being able to respond more swiftly to changes in demand. In some cases, there may be a logical sequencing of TA priorities: for example, for new and emerging producers, the immediate priority was often to first design and implement a fiscal regime (module 1) and then only thereafter turn to building capacity for revenue collection under the fiscal regime (Module 2). There were also some supply-factors at stake: it proved more difficult than initially anticipated to identify revenue administration experts with hands-on experience of administering mining and petroleum revenue systems. In some cases, this also reflected evolving IMF corporate TA priorities (e.g., a move away from providing TA on asset management and natural resource funds investment policy).

E. Key Achievements and Challenges at Project Level

15. A summary of the final project assessment is included in Appendix 2 for each of the TA projects under the MNRW-TF Phase I. This provides a description of individual project objectives, the results or achievements, and challenges to design or implementation that were incurred. Table 3 highlights key results achieved for the country-level TA projects.

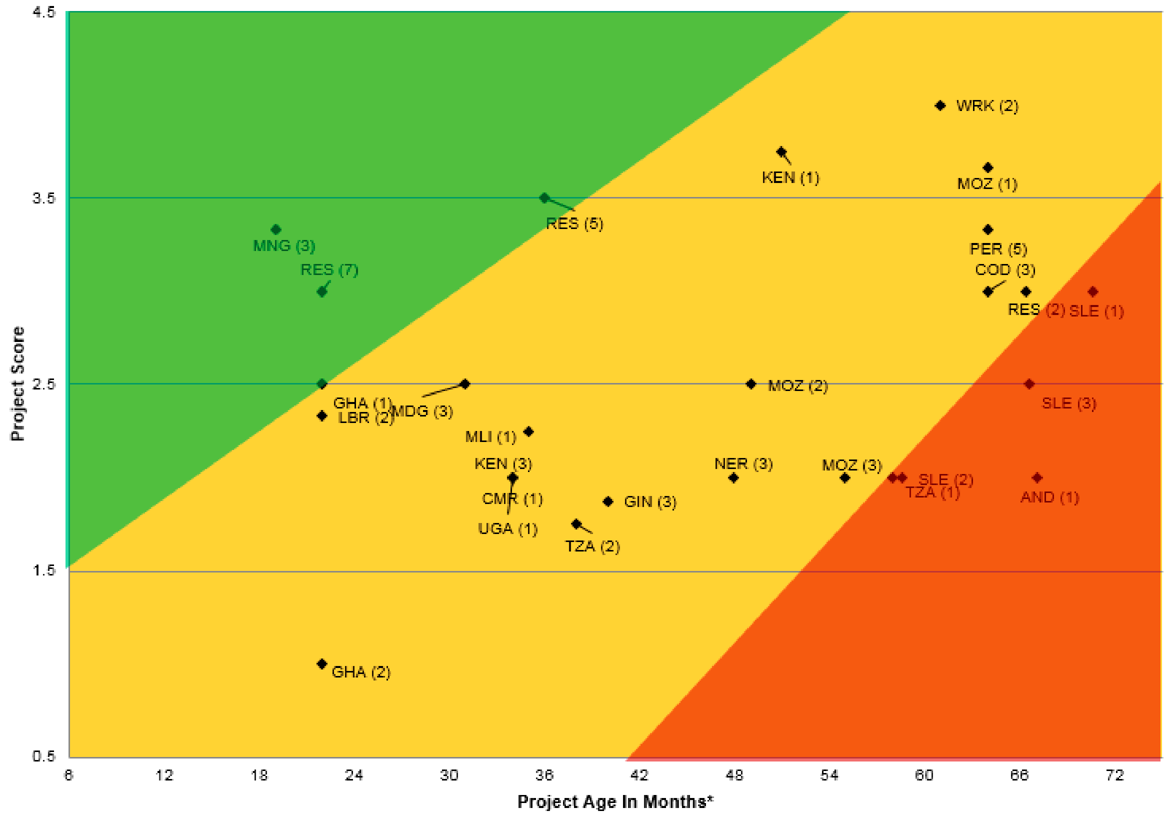
Table 3. MNRW-TF Phase I: Key Results Achieved by Projects (Modules 1-3)

Country	**Module**	**Key results achieved**
Cameroon	Module 1	New Mining Code introduced balancing the government and investor take.
Congo, D.R. of	Module 1	Draft mining code prepared, although not adopted, and revenue forecasting framework for 15 mining projects developed.
Congo, D.R of	Module 3	Improved revenue forecasting and medium-term fiscal frameworks, although budget credibility remains low.
Ghana	Module 1	Revenue forecasting framework developed for petroleum underpinning the implementation of the macro-fiscal framework in the Petroleum Revenue Management Act with estimation of Benchmark Revenue.
Ghana	Module 2	Formation of petroleum group within the Large Taxpayer Office has led to greater focus on identifying risks, although compliance strategy is not yet in place.
Guinea	Module 1	Revised fiscal provisions of the Mining Code adopted by the National Assembly while the VAT regime for mining has been improved.
Guinea	Module 3	Revenue forecasting framework and capacity to prepare medium-term budget framework.
Kenya	Module 1	Design and implementation including through legislative amendments of new petroleum and mining fiscal regime; capacity on FARI modeling.
Lao, P. D. R	Module 2	Establishment of a Natural Resources Unit in the Tax Department.
Liberia	Module 2	Establishment of natural resources group in the Liberia Revenue Authority with the development of capacity for risk assessment and compliance.
Madagascar	Module 3	Progress made on the medium-term budget preparation process.
Mali	Module 1	A new Petroleum Code adopted with a simplified and more progressive fiscal regime.
Mongolia	Module 2	Strengthened performance of the Large Taxpayer Office, including of mining companies.
Mongolia	Module 3	A reinforced medium-term fiscal framework; implementation of the Fiscal Stability Law and the Integrated Budget Law.
Mozambique	Module 1	A new fiscal regime for mining and petroleum has been adopted and initial capacity in fiscal modeling (FARI)
Mozambique	Module 2	Establishment of natural resource tax unit in the large taxpayer office; commenced work on integrating fiscal modeling and compliance strategy.
Mozambique	Module 3	Establishment of macro-fiscal unit although delays hampered progress in building capacity for macro-fiscal management.
Niger	Module 3	Improved capacity for medium-term fiscal framework incorporating improvements to the natural resource revenue forecasting.
Peru	Module 3	Improvements to the fiscal rule, macro-fiscal framework and medium term budget framework.

Country	Module	Key results achieved
Sierra Leone	Module 1	Preparation of draft Extractive Industries Revenue Act introducing a new fiscal regime for mining and petroleum; Mineral Revenue Forecasting Unit in place.
Sierra Leone	Module 2	Establishment of Extractive Industry Revenue Unit with capacity building focused on risk assessment and compliance strategies.
Sierra Leone	Module 3	New PFM legislation has been enacted into law and improved capacity for preparing medium-term fiscal frameworks incorporating fiscal rules.
Tanzania	Module 1	Amendments to the Income Tax Act introduced tax regime for mining and petroleum although less progress on model production sharing contract review.
Tanzania	Module 2	Establishment of Extractive Industry unit within the revenue authority and training on petroleum and mining compliance risk management.
Tanzania	Module 3	Adoption of Petroleum Revenue Management Act.
Timor Leste	Module 1	Framework to calculate the Estimated Sustainable Income for the macro-fiscal framework.
Uganda	Module 1	Adoption of an upstream mining and petroleum fiscal regime and introduction of a new model production sharing agreement.

16. **Efforts were made to strengthen the use of results based monitoring (RBM) of performance.** The program period of Phase I of the MNRW-TF coincided with a period when the IMF gradually introduced a result-based monitoring (RBM) framework for externally financed TA. As an interim measure, projects under Modules 1, 2 and 3 were assessed by a simplified RBM approach using a scoring of individual project outcomes. Figure 2 reports the aggregate score for each of the projects against the length of the project. The bulk of the projects received a "medium" score (between 1.5 and 2.5). Mongolia and two research projects—all mature projects (more than 48 months)—achieved higher scores (between 2.5 and 4.0), although a few mature projects with relatively less traction had scores of below 2.5. In some countries, such as Tanzania and Sierra Leone, projects were kept open even after initial progress had slowed down in the hope that traction would eventually be regained.

Figure 2. MNRW-TF Phase I: Aggregate Project Score (Modules 1, 2 and 3 and Research)



F. Financial Performance of the MNRW-TF Phase I

17. **The MNRW-TF Phase I was fully financed by contributions from Australia, the European Commission, Kuwait, the Netherlands, Norway, Oman and Switzerland.** The seven donors contributed a total of $24.5 million to the fund (Table 3). The frontloaded disbursements of funds provided a positive cash balance throughout the program period (Table 4). However, with underspending relative to the approved budget plans there are unspent funds of $3.7 million (Table 5). The residual funds from Phase I will be rolled over to Phase II with SC members' consent. At the FY17 Annual SC meeting, it was established that the Netherlands, Norway and Switzerland were able to roll-over their pro rata share of the residual Phase I funds to Phase II (in the case of the Netherlands and Switzerland, the rollover will be additional to their Phase II funding commitment). Australia cannot roll-over and their pro rata contribution will be returned. The situation with other partners is being confirmed bilaterally.

Table 3. MNRW-TF, Phase I: Financial Contributions

	Agreement Signed Date	Agreement Currency	Agreement Amount	In U.S. Dollars: Contributions Received	Contribution Expected: Requested	Contribution Expected: Future Contributions
Total Received				**24,494,380**	**-**	**-**
Australia	06/08/2011	AUD	5,000,000	5,326,308	-	-
European Commission	12/08/2011	EUR	5,000,000	6,087,913	-	-
Kuwait	01/27/2011	USD	250,000	250,000	-	-
Netherlands	06/13/2012	USD	1,999,982	1,999,982	-	-
Norway	12/06/2010	NOK	30,000,000	4,830,177	-	-
Oman	06/27/2011	USD	1,000,000	1,000,000	-	-
Switzerland	02/14/2011	USD	5,000,000	5,000,000	-	-
Interest				**56,578**		
Workplan Budget				**24,484,631**		
Funding Surplus				**66,326**		

Table 4. MNRW-TF, Phase I: Cash Flow Statement

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Inflows	**1,625**	**12,777**	**5,009**	**1,021**	**1,929**	**377**	**1,816**	**18**	**24,572**
Australia	-	5,326	-	-	-	-	-	-	5,326
European Commission	-	4,300	-	-	-	-	1,788	-	6,088
Kuwait	125	125	-	-	-	-	-	-	250
Netherlands	-	-	2,000	-	-	-	-	-	2,000
Norway	500	1,025	999	1,017	926	363			4,830
Oman	-	1,000	-	-	-	-	-	-	1,000
Switzerland	1,000	1,000	2,000	-	1,000	-	-	-	5,000
Interest Earned	0	2	10	4	3	14	27	18	78
Outflows	**0**	**2,147**	**3,679**	**3,672**	**3,812**	**3,980**	**3,386**	**162**	**20,839**
Expenses	0	2,147	3,679	3,672	3,812	3,980	3,386	162	20,839
of which Trust Fund Management Fee	0	140	241	240	249	260	222	11	1,363
Cash Balance	**1,625**	**12,256**	**13,586**	**10,936**	**9,052**	**5,448**	**3,878**	**3,733**	**3,733**

Table 5. MNRW-TF, Phase I: Statement on Remaining Balances

	Agreement Information				Received Contributions	Balance Distribution
Partners	Signed Date	Currency	Amount	U.S. Dollars	U.S. Dollars	U.S. Dollars
Australia	08/06/2011	AUD	5,000,000	5,358,483	5,326,308	811,770
European Commission	08/12/2011	EUR	5,000,000	6,706,009	6,087,916	927,845
Kuwait	27/01/2011	USD	250,000	250,000	250,000	38,102
Netherlands	13/06/2012	USD	1,999,982	1,999,982	1,999,982	304,812
Norway	06/12/2010	NOK	30,000,000	5,038,545	4,830,177	736,156
Oman	27/06/2011	USD	1,000,000	1,000,000	1,000,000	152,408
Switzerland	14/02/2011	USD	5,000,000	5,000,000	5,000,000	762,038
Grand Total				25,353,018	24,494,383	3,733,130

G. Governance Arrangements

18. **A Steering Committee comprising representatives of the external donor partners guided the MNRW-TF work.** This Committee provided strategic guidance and contributed to setting policies and priorities, endorsed annual work plans, and monitored program performance

and achievements. In all instances, technical assistance needs and work plans were identified and prioritized in discussions between beneficiary countries and the IMF.

19. **The Steering Committee model generally worked well**. Emphasis was on providing high level guidance and oversight while operational responsibility for the delivery of the program rested with IMF staff. At the project level, there was coordination and collaboration with donor countries that had their own bilateral capacity building in related areas to ensure that these activities were complementary.

III. MID-TERM EXTERNAL EVALUATION

20. **An independent evaluation of the program period from 2011-2014 was undertaken by DevTech Systems in 2015.** The evaluation found that the overall performance of the projects had been solid and relatively even across evaluation criteria. The overall average rating of the projects during the evaluation period was Good (on a scale of Excellent, Very Good, Good, Modest and Poor), with more than a third of the projects rated Very Good, including three projects rated close to Excellent, and over 50 percent of the projects rated Good.

21. **The evaluation pointed to several factors that contributed to the implementation of successful TA projects.** These include pre-project proposal mission or extensive discussions with the authorities to design the TA; focused, realistic and well-defined objectives and outcomes in line with existing capacity and potential capacity building; joint preparation of action plans and project sequencing with timelines and milestones; continuity of engagement, including through the intensive use of STXs; and strong emphasis on, and TA resources devoted to, capacity building and hands-on training.

22. **The evaluation found that the research and workshop components delivered some important products that contributed to the dissemination of findings related to policies and practical guidance on resource management relevant to MNRW-TF eligible countries.** However, the evaluation also noted that in some cases, a greater focus on the issues faced by low income and lower middle income resource-rich countries would have enhanced the relevance of the projects to beneficiary countries and the thematic fund's work.

23. **The independent evaluation identified areas to improve systems and processes, which would contribute to accelerate the pace of implementation of the projects, and increase the effectiveness and efficiency of TA delivery under the fund** (see Table 6). This would further enhance the MNRW-TF's contribution to help countries maximize the benefits from their natural resources. All the recommendations are strategic on different aspects of the thematic fund, and many recommendations are complementary.

Table 6. MNRW-TF Phase I: Mid-Term External Evaluation, Key Recommendations and Follow-up

Key Recommendations	Follow-up for MNRW-TF Phase II
1. Appoint a full time supra-manager in FAD financed by the TF to enhance standardization, the RBM system, technical aspects of the projects, and distill lessons across projects.	Program secretariat functions continue to be carried out jointly by ICD and FAD, but additional capacity has been added to FAD to manage the MNRW-TF, exploiting synergies with the RMTF.
2. Consider providing TA support on MCM and STA modules under non-TF IMF TA.	Modules 4 and 5 remain in MNRW Phase II but with revised functional focus in Module 4.
3. Improve synergies and coordination among FAD modules and with LEG.	Efforts are made to integrate policy and legislative aspects of the projects, including LEG expert participation in project activities.
4. Improve project budgeting to reduce the over costing of projects.	Project budgeting has been standardized, and while this has not indicated systemic problems with overbudgeting of projects, it is an issue that will continue to be monitored closely.
5. Proposal to deal with inactive projects (move inactive projects to reserve list and transfer unused budget funds back to the fund; terminate projects that were never launched within one year and of projects on the reserve list after one year).	It is proposed that at the end of each fiscal year, the project portfolio will be reviewed, unspent resources under each project for the year will be released back to the resource pool for reallocation, including to new projects. In addition, projects lacking traction will be terminated or cut back.
6. Strengthen project design, planning and TA delivery through scoping missions, more focused and realistic objectives, outcomes and time frames, defining milestones and preparing road maps, more in-depth risk analysis, delivering more hands-on TA, and aiming at continuity of engagement and capacity building.	Inclusion of a small project line for scoping missions has been helpful to strengthen the project formulation, especially in countries where there were no previous project activities. A new standardized project proposal template now includes RBM objectives, outcomes, milestones and a risk matrix.
7. Increase participation of RTACs and regional advisors.	RTAC advisor participation is done on a case-by-case basis.
8. Enhance the use of research projects and workshops to achieve TTF objectives.	Regional workshops are used as an integrated part of the TA delivery. This will be reinforced by online training on macroeconomic management of natural resources.
9. Enhance the RBM as a monitoring tool by disaggregating outcomes and objectives in the log frame used in the top-bottom approach and using one set of scores for the bottom-up approach.	All projects have now migrated to a new RBM-based system, CD-PORT, allowing aggregation and monitoring of bottom-up outcomes, objectives, and milestones.
10. Measures to enhance the efficiency of reporting to the SC.	Reporting has been standardized between the MNRW-TF and RMTF

IV. LESSONS LEARNT

24. **There are cross-cutting lessons from the MNRW-TF Phase I implementation that could beneficially guide the management of Phase II of the thematic fund**.

25. **Develop more effective ways to deliver policy advice and capacity building while enhancing synergies between the MNRW modules**:

- Use scoping missions selectively to strengthen project design, this is particularly important for new beneficiary countries with no previous MNRW TA project.

- Transition from top-down RBM to standardized bottom-up RBM with outcomes, objectives, verifiable indicators drawn from a standardized library and milestones that can still be monitored and tracked at the aggregate level.

- Strengthen linkages through the program modules. One example is to use FARI modeling as a bridging tool. For example, model based revenue forecasting could provide the input for rules-based fiscal frameworks; or there could be integrated projects between the fiscal regime and revenue administration modules using FARI modeling for revenue risk assessments.

- Use regional conferences as fora that foster peer-learning between government officials guided by experts.

- More proactively and strategically publicize and disseminate analytical work including through training and other capacity building efforts.

- Integrate more consistently capacity building with policy advice. This is particularly pertinent in the case of countries with successor projects from Phase I. Where basic reform changes have been implemented, there can be an increased focus on building capacity by integrating training and workshops into missions that are providing policy advice.

- Explore ways to more effectively provide training and capacity building at the country-level including addressing the need to sustain capacity, ensure consistency in participation of counterparts, ensure basic foundation skills, address retention challenge, and foster collaboration between government agencies.

- Coordinate revenue reforms and technical assistance strategies supported under the MNRW with other TA provided, including under the RMTF.

26. **Adapt and evolve the engagement with beneficiary countries as the MNRW-TF moves into Phase II**:

- Where there are remaining capacity needs, continue to work with countries that had projects in the Phase 1, but with a deepening of the engagement into more targeted areas.

- Broaden the country coverage of the MNRW TF by exploring interest from countries that are eligible for support under the MNRW but did not have a project in Phase 1.

- Ensure that MNRW projects remain clearly focused on natural resource management while refraining from widening the scope too broadly towards more general issues.

- For countries that do not yet have production of minerals or petroleum, apply a more strategic allocation of TA resources. For example, with prospective development of resources, sequence support by ensuring an appropriate fiscal regime is in place first followed by capacity building for revenue administration and then a framework for managing the revenue flow (PFM, macro-fiscal).

27. **To avoid a repeat of the build-up in committed funds coinciding with under-execution, there is a strong case for more flexibility in project resource allocation.** Two changes will be proposed to the MNRW Steering Committee to address this; it should be noted that the proposed changes are identical to the procedural changes that were endorsed by the RMTF Steering Committee in December 2016:

- At the end of each fiscal year, IMF staff will review the project portfolio and transfer unspent resources under each project for the year back to the unallocated thematic fund pool. In addition, projects lacking traction for more than one year will be terminated or scaled back. The addition to uncommitted funds can then be tapped into by new projects or extension of existing projects, including if traction is regained under existing projects. The new projects or extension of existing projects will be subject to Steering Committee approval.

- Provide more flexibility to adjust project budgets by increasing the ceiling allowing increases in project spending of up to 25 percent (from 10 percent currently) without requiring prior Steering Committee approval.

28. Explore innovative ways to deepen collaboration with other TA providers working in related areas:

- Leverage MNRW resources by seeking opportunities to collaborate more closely with other development agencies with specialist experience and programs supporting improved management of natural resources (for example, Norad Oil for Development).

- Ensure visibility of donors supporting the MNRW including by highlighting the funding source on TA reports and briefing donors in countries with TA activities.

Appendix 1: MNRW-TF Phase I Strategic Log Frame

Managing Natural Resources Wealth Trust Fund Strategic Log Frame					
Strategic Objective Assist low and lower-middle income countries to derive maximum benefit from their oil, gas and mineral resources					
Objectives	**Verifiable Indicators ***	**Baseline Indicators**	**Progress on Indicators**	**Means of Verification**	**Risks/ Mitigating Actions**
1. Extractive Industry (EI) fiscal regimes in participating countries that improve revenue flows to host governments over project life-cycles, while providing predictability and stability to EI companies, and preserving attractive returns to investment and production.	In a substantial portion of participating countries: ■ Adoption of new or amended EI fiscal regimes that improve host government revenues, either through tax law, Production Sharing Contracts (PSCs), investment agreements, or other means.	To varying degrees, TF countries currently have EI fiscal regimes that do not maximize government revenue consistent with providing adequate financial incentives for EI investors, lack transparency in their fiscal regimes, and/or do not have adequate capacity to address these problems.	More than two thirds (23 out of 33) of the targeted module outcomes have already been fully achieved or largely achieved. In addition, one-third (10 out of 33) of the targeted country-module outcomes have been partially achieved and out of which 5 projects have been proposed to be rolled to MNRW phase 2.	■ Assessed by aggregating annual assessment undertaken by relevant project managers of progress toward project objectives in module 1 of each country (EI Fiscal Regimes, Licensing and Contracting). ■ Assessed with any external information sources available.	■ Reduced government commitment to reform. ■ Lack of resources for government ministries. ■ Resistance from vested interests, including EI companies.
2. Efficient collection of EI revenues due to	In a substantial portion of	To varying degrees, TF countries currently	Over one quarter (8 out of 28) of the targeted country-module	■ Assessed by aggregating annual assessment	

host governments of participating countries under existing EI fiscal regimes, whether by law or contracts.	participating countries: ■ Development of EI revenue administration in line with international standards, including an efficient Large Taxpayer Office (LTO) ■ Development of audit capability related to EI ■ Improvements in ratio of taxes collected to taxes due related to EI.	have inadequate information systems, collection procedures, audit procedures, taxpayer services, and/or do not have adequate capacity to address these problems.	outcomes have already been fully achieved or largely achieved. In addition, over one-half (17 out of 28) of the targeted country-module outcomes have been partially achieved, out of which 2 projects are being proposed for roll over and other still being discussed with recipient countries.	undertaken by relevant project managers of project objectives in module 2 of each country (EI Revenue Administration). ■ Assessed with any external information sources available.	
3. Development of effective Public Financial Management (PFM) systems in participating countries for handling host governments' EI revenues and the expenditures arising from those revenues.	In a substantial portion of participating countries: ■ Management of EI revenue is accomplished through medium-term fiscal frameworks in line with international best practice. ■ Annual budget processes specifies important PFM	To varying degrees, TF countries currently have inadequate macro-fiscal frameworks, macro models, budget processes, revenue forecasting models, and/or do not have adequate capacity to address these problems.	About 42 percent of (11 out of 26) the targeted country-module outcomes have already been largely achieved. Almost another 46 percent (12 out of 26) of the targeted country-module outcomes have been partially achieved.	■ Assessed by aggregating annual assessment undertaken by relevant project managers of project objectives in module 3 of each country (EI Macro-Fiscal, Public Financial Management and Expenditure Policy). ■ Assessed with any external information sources available.	

	parameters (such as a structural surplus or non-commodity fiscal deficit) ■ Budget classifications and charts of accounts incorporate specific EI details in line with international standards.			■ Publication of final template and guidance.	
4. Building an integrated approach to sovereign asset-liability management, through appropriate management of assets and liabilities; and promoting sound and transparent management of sovereign assets based on international standards. Prepare a guide for resource rich countries on	In a substantial portion of participating countries: ■ Development of investment strategies and strategic asset allocation taking into account liability management. ■Assessment of governance structure and institutional framework. ■Conduct assessment of Santiago Principles implementation and propose recommendations.	Generally, there is a lack of comprehensive investment strategy and assessment of governance structure and institutional framework.	A handbook, entitled "Sovereign Asset-Liability Management: Guidance for Resource Rich Countries" (*Guidance*) was published in April 2014. The Guidance was used in providing advice to Timor-Leste and Mongolia on the management of their respective sovereign balance sheets. In particular, it was used in assessing and outlining options with regard to asset allocation strategy, governance structure and Santiago Principles implementation. ■	■ Assessed by aggregating annual assessment of project objectives in each country module 4 (Natural Resource Asset and Liability Management). ■ Assessed with any external information sources available.	MCM will not undertake any further SWF TA work or outreach activities following its decision to disengage from this area.

sovereign asset-liability management issues					
5. Development and maintenance of improved national statistics on natural resource activities in participating countries, with respect to both government finance and national account statistics. Develop a compilation guide for macro-economic statistics on natural resources	In a substantial portion of participating countries: ■ Preparation and publication of disaggregated national accounts and government finance statistics identifying natural resource transactions.	Overall coverage of the mining sector for value added estimation is not comprehensive and data for compilation of value added from mining activity is of poor quality.	**Sierra Leone**. A MOU between National Mineral Agency and Statistics Sierra Leone was drafted to ensure data availability. Estimates of exports were improved, and more enterprises were captured in extractive industry estimates. Experimental estimates reveal the share of the iron ore industry's output to GDP is understated by more than 5 percentage points. **Mozambique** Updated data suggest GDP could be underestimated by as much as 10 percent. The finance minister has requested the revisions to be implemented when national accounts are rebased to 2017.	■ Assessed by aggregating annual assessment of project objectives in each country module 5 (Statistics for Managing Natural Resources). ■ Assessed with any external information sources available. ■Template successfully applied to four countries, and pilot data sets collected.	Weak collaboration with data providers. ■ Lack of capacity and resources for statistics. ■ Failure of policy makers to use the template tables for decision making. ■Collaboration with EITI and other stakeholders to foster sustainable results. ■ Advertise within the Fund and with external stakeholders to raise the profile and demand for these data for surveillance.

			Compilation Guide. Six template tables have been developed by IMF staff and publicly posted with feedback sought from stakeholders. The share of value added has been compiled for seven countries, including Chile (15.8%) and Zambia (13.6%), to illustrate the significance of natural resources to their economy.		
			Draft template and guidance standards for natural resource revenue statistics officially adopted by the EITI in its summary data template in February 2015. IMF pilot studies underway.		
Portfolio Indicators (no outcomes)** ▪ Percentage of endorsed work plan budget expended is greater than 84.5 percent (as at April 2017). ▪ 93 percent of country modules rated as "on track" in annual/mid-year SC reports (excluding projects not started). *** ▪ 48 percent of outcomes achieved. ▪ 45 percent of outcomes largely or partially achieved. *Verifiable indicators are set for a multi-year period, but can be tracked annually, or assessed as part of the evaluation process. **Percentages to be set in discussion with the SC. ***"On track" judged when activities are implemented as planned and outputs are achieved as planned.					

Appendix 2: MNRW-TF Phase I – Summary of Country Projects

29. **Cameroon (Module 1):** The project aimed at supporting the design and implementation of reforms to the mining and petroleum fiscal regime, and building capacity to use analytical tools for fiscal regime analysis and revenue forecasting. A new Mining Code was adopted by Parliament at the end of the project, although progress on drafting a new Petroleum Code was slower. A challenge encountered related to the fragmentation of responsibilities among stakeholders; progress on establishing an inter-agency group was slow.

30. **Congo, D.R. (Modules 1, 2, 3):** The Module 1 project aimed at strengthening the fiscal regime for mining, building capacity for policy design and analysis; and assisting in macro-fiscal management through improved revenue forecasting. A draft Mining Code was submitted to Parliament but was eventually suspended. A mining modeling framework was applied to 15 mines. The Module 2 project sought to to support the streamlining of the natural resource revenue administration, which was fragmented across several institutions. Progress was mixed with no decision made on transferring revenue collection responsibilities to the tax authority. The project under Module 3 focused on improving medium-term budgeting and strengthening macro-fiscal functions. Despite improvements in revenue forecasting methods, budget credibility remains weak which required heavy reliance on cash management tools, which limited progress on improving the macro-fiscal functions.

31. **Ghana (Modules 1, 2):** The Module 1 project aimed at improving the fiscal regime for extractive industries and to build capacity for petroleum revenue forecasting. The latter was to support the annual calculation of the benchmark revenue as required by the Petroleum Revenue Management Act. Training centered on a tailored revenue forecasting model using the FARI methodology. Capacity building was delivered to an inter-agency group, although sustaining progress proved challenging. A new Income Tax Act was enacted reflecting mining and petroleum tax policy advice. The Module 2 project sought to assist the Ghana Revenue Authority in developing and implementing a compliance strategy for mining and petroleum taxpayers. While training activities were undertaken, including the use of FARI modeling to identify risks, management commitment to the project waned hampering progress.

32. **Guinea (Modules 1, 3):** Under the Module 1 project, the fiscal provisions of the Mining Code were redrafted and eventually adopted by the National Assembly. The VAT regime for mining was also strengthened. These changes were critical to attract new investment in the sector. Under the Module 3 project, emphasis was on building capacity for revenue forecasting and the formulation of a medium-term budget strategy. There was also a focus on enhancing fiscal surveillance of public entities. Despite progress, there is still need to enhance the credibility of the medium-term budget documents and the budget process.

33. **Kenya (Modules 1, 2,3):** Under Module 1, the project supported a reform process to modernize the fiscal regime for extractive industries. Key achievements include the implementation of new income tax legislation for mining and petroleum and a draft model

production contract. The project also supported capacity building on fiscal modeling and revenue forecasting. A project under Module 3 supported the development of a prudent macro-fiscal framework incorporating extractive industries revenue. This also provided advice on the design of a natural resource fund. A project under Module 2 to build capacity for revenue administration started toward the end of Phase I and has continued into Phase II.

34. **Lao, PDR (Module 2):** Some progress was achieved, notably through the establishment of a Natural Resource Unit in the Tax Department that is now profiling and actively managing all taxpayers involved in the natural resource industries. One challenge encountered was the absence of explicit support on strengthening the fiscal regime for the natural resource sector.

35. **Liberia (Module 2):** The purpose of the project was to assist the Liberia Revenue Authority develop capacity to administer revenue from extractive industries, including compliance management strategy and risk assessment processes. A key outcome was the establishment of a natural resource group in the revenue authority, and the development of an audit manual.

36. **Madagascar (Module 3):** With potential for extractive sector exploration and development, focus under this project was on developing a medium-term budget framework, including the potential natural resource revenues. Emphasis was also made on strengthening fiscal transparency.

37. **Mali (Module 1):** The project aimed at reforming the mining and petroleum codes while developing capacity fiscal regime modeling and revenue forecasting. The FARI model was customized and applied to six mining projects in Mali, with training provided to an inter-agency modeling group. The overall security environment limited progress. While the new Petroleum Code was adopted, the lack of support from all stakeholders, including the private sector, has limited progress on adopting the revised Mining Code.

38. **Mauritania (Module 1):** The project focused on modifications to the general tax regime and its application to mining. A new Mining Code had been adopted just prior to the start of the project. The technical assistance was reoriented toward reforms in the general tax system with a bearing on mining taxation. Efforts were also made to strengthen inter-agency collaboration between the Ministry of Finance and the Ministry of Mines.

39. **Mongolia (Modules 1, 2, 3):** The Module 1 project aimed at supporting reforms to introduce a rationalized and more stable fiscal regime for mining and petroleum. At the request of the authorities, the initial focus was mainly on petroleum and included drafting of a new Petroleum Law. There was also a focus on international tax issues that are critical for mining including the impact of double tax treaties and offshore transfers of interest. The Module 2 project supported the general strengthening of the large taxpayer office, which encompassed large mining companies. The LTO now provides strong organization on and risk management approach to administering large mining companies. Less progress than envisaged was made on

developing an international tax compliance strategy. The Module 3 project aimed at strengthening the medium-term fiscal framework and advise on the establishment of a sovereign wealth fund with the legislation approved in 2016. Progress was made on implementing a Fiscal Stability Law and an Integrated Budget Law.

40. **Mozambique (Modules 1, 2, 3, 5):** The Module 1 project aimed at developing a new fiscal regime for mining and petroleum, which was adopted by Parliament in 2014. Capacity building on fiscal regime modeling and revenue forecasting was a key component of the project, albeit progress was hampered by delivery challenges. The Module 2 project assisted the revenue authority in establishing a natural resources division and supporting the development and implementation of compliance and risk management strategy. Initial work was done in using FARI modeling to underpin the risk assessment. The Module 3 project aimed at strengthening awareness of macro-fiscal policy issues and options. A macro-fiscal unit was created in 2016. Initial diagnostic work was done in identifying reform priorities, although implementation was lagging.

41. **Niger (Modules 1, 3):** The Module 1 project provided support for amending the Mining and Petroleum Codes. There was limited progress on implementing the recommended reforms, partly reflecting counterpart changes. Moreover, efforts at strengthening The Module 3 project aimed at enhancing macro-fiscal capabilities in the ministries of finance and budget. This included building capacity on developing a medium-term fiscal framework and improve revenue forecasting.

42. **Papua New Guinea (Module 4):** The project aimed at assisting the government in developing a legal framework, investment mandate, governance and institutional framework for the establishment of a sovereign wealth fund. Progress was hampered by an evolving policy stance by the government on the SWF.

43. **Peru (Module 3):** The purpose of the project was to support the sustainable management of natural resource revenue, including through the establishment of a sovereign wealth fund. During project implementation focus centered on the design of macro-fiscal policy framework and the design of fiscal rules in the new Fiscal Responsibility and Transparency Law. The project also addressed the intergovernmental distribution of mineral fiscal revenue.

44. **Sierra Leone (Modules 1, 2, 3, 5):** The Module 1 project aimed at reforming the mining and petroleum fiscal regime and to build capacity for fiscal policy analysis, forecasting and fiscal simulations in the extractives sector. Following extensive TA support, a new draft Extractive Industries Revenue Act was submitted to Parliament in 2013, although progress stalled following the regional Ebola outbreak and lack of consensus on some aspects within the government. Initial capacity building on fiscal regime analysis and revenue forecasting was provided to an inter-agency Mineral Revenue Forecasting Unit. The Module 2 project helped set up an Extractive Industries Revenue Unit and prepare a detailed medium term action plan focusing on risk assessment and compliance strategies. Progress was hampered by the delay in adopting the new

fiscal regime legislation. The Module 3 project aimed at developing a medium-term macro-fiscal framework integrating mineral revenue forecasting. Progress was made on developing the policy framework and related PFM legislation. A challenge has been encountered in terms of absorptive capacity for internalizing the implementation of recommendations including related to the recommended fiscal rule.

45. **Solomon Islands (Module 1):** This project supported the implementation of previous FAD mission recommendations on the design of the mining fiscal regime. A new mining fiscal regime was enacted in 2014. The commitment to the project eventually waned due to the turnover of key counterparts.

46. **Tanzania (Module 1, 2, 3):** The Module 1 project advised on reforms to the petroleum fiscal regime, including support for legislative amendments. Progress was hampered by lack of an effective mechanism to foster policy cohesion between key government agencies. Amendments to the Income Tax Act introduced a specialized mining and petroleum tax regime was adopted by Parliament in 2016, although there was no corresponding progress on reforms to the model Production Sharing Agreement. Modeling using the FARI methodology, including of a natural gas development, was an integrated part of the TA. However, as the authorities were receiving bilateral capacity building on modeling this featured less prominently in the project. The Module 2 project supported the Large Tax Department in compliance and risk management for the natural resource sector. This also included clarifying roles and responsibilities of the various government agencies involved in the sector. During the project, a specialized Extractive Industries unit was established as well as an international group. Management changes in the revenue authority impacted the delivery of TA toward the end of the project. The Module 3 supported the formulation of a macro-fiscal framework for resource revenue management. This provided input for the preparation of a Ministry of Finance policy paper on natural resource revenue management. A Petroleum Revenue Management Act was enacted in 2015, including provisions on budget management and establishment of a natural resource revenue fund.

47. **Timor Leste (Modules 1, 4):** Under the Module 1 project, a revenue forecasting framework was developed for calculating the annual Estimated Sustainable Income, a key component of the macro-fiscal framework. There was less traction on reforming the petroleum fiscal regime. Under the Module 4 project, initial technical assistance was provided on investment policy for the Petroleum Fund.

48. **Uganda (Modules 1, 3)**: The Module 1 project supported reforms to the mining and petroleum fiscal regime. This includes amendments to the Income Tax Act in 2015 and the development of a new model Production Sharing Agreement in 2016. Additional policy advice was provided on fiscal issues related to the petroleum midstream and downstream sectors. Capacity building on FARI modeling was deferred reflecting that the sector ministry was receiving support from a bilateral development partner. The Module 3 project support was provided for drafting a new public finance act incorporating petroleum resource revenue which was enacted in 2014.

49. **Andean Regional (Module 1)**: TA support for reforms of the mining and petroleum fiscal regimes for countries in the Andean region (Bolivia, Columbia, Ecuador, and Peru). TA under the project was partly delivered through two well-attended regional workshops.