Mid-Term External Evaluation of the Managing Natural Resource Wealth Topical Trust Fund

Submitted to the International Monetary Fund

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Final Report

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ANNEX I. CASE STUDY COUNTRIES

II.1 KENYA

Background

Kenya has no oil or gas production as yet, but significant onshore oil discoveries were made during 2012 and 2013, in addition to one offshore gas discovery in the Lamu Basin. By May 2012, 45 exploration blocks had been allocated to a range of companies. Oil developments in Uganda and South Sudan additionally make Kenya a possible site for major oil transportation and processing facilities. Each of the oil, gas and transportation possibilities presents significant challenges. Cross-border transportation and processing infrastructure requires not only a policy framework but also international agreements with partner countries.

Kenya has now identified major mineral sands deposits (host for titanium ores) along the coast, with significant production anticipated at Kwale. Production of niobium and rare earths is planned. Deposits of coal, iron ore, manganese, gold, and other minerals are known but not yet proven. Kenya has so far had little mineral production beyond soda ash and some fluorspar, building materials, and small scale gold.

When the list of eligible countries was drawn up initially, there was no evident serious resource potential, and the country was not an EITI candidate and no active steps were being taken in that direction.

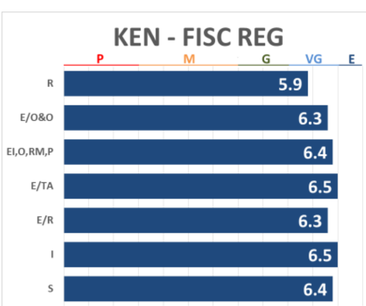
Engagement with authorities

The petroleum work was conducted by the mission with Treasury, the Ministry of Energy and Petroleum (MEP), the National Oil Corporation of Kenya (NOCK) and the Kenya Revenue Authority (KRA), while the mission's work on mining was mainly with National Treasury (NT). Engagement with the MEP has been extremely good throughout the implementation of the project Treasury has substantially followed the mission’s advice. Cooperation with the Ministry of Mining (MOM) has been good. The missions interacted intensively with NOCK, where there is good capacity. A NOCK official has regularly briefed the Minister of Energy and Petroleum on the revisions to the PSAs.

Capacity

Capacity is particularly weak in the MOM and in the Petroleum Department of the MEP. All concerned are aware of these limitations. In addition to providing workshops, the project has intensive advisory relations with MEP and NT, and with KRA, the main aim being to provide tools useful in future.

EI FISCAL REGIMES



Project dates: February 2013-July 2015
Budget: US$618,000

Comments: The project was endorsed by the SC in December 2012 and ~~it~~ was launched in February 2013. The project budget was adapted to provide for the completion of the project during 2014. It is possible, however, that some extension may be needed if milestones are missed or legislation is somehow impeded. The project will overlap with the proposed module 3 project, particularly in use of models of EI projects prepared in module 1. By October 2014, budget execution amounted to 88 percent.

Background: The previous government had indicated plans to revise the current mining act (dating from 1940, though revised); the proposed bill, however, fell with the dissolution of the assembly prior to the March 2013 elections. The new government established a Ministry of Mines separate from the previous Ministry of Environment and Natural Resources.

Objectives: The project aimed to support Kenya in designing and implementing a package of reforms to the petroleum and mining fiscal regimes; and to advice on fiscal issues that will need to be addressed to enable a major gas project or transit pipelines to proceed.

Identification of risks: The project proposal identified as potential risks to the project an ineffective coordination between MOF, MOE, MME, the KRA, and relevant state-owned companies; difficulties in making necessary structural changes in institutional responsibilities, in moving Government's proposed legislation through the National Assembly, and in coordinating reforms with urgent need for negotiations over oil, gas and mineral projects; lack of capacity for government staff to manage parallel reforms in mining and petroleum, as well as ongoing general tax reforms; and prolonged disputes over localization of shareholdings or transfers of interest.

Evaluation of DAC Criteria

Relevance: 5.9

Extractive industries have only recently assumed major importance in Kenya. At the 2012 Annual Meetings the Ministry of Finance requested the IMF to support the government's efforts to reform the legislation and the fiscal regimes for petroleum and mining. FAD also held consultations with government ministries and development partners on the project in Nairobi in October 2012. Kenya was not on the TTF's list of eligible countries and was not an EITI candidate, although candidacy was understood to be government policy. The project would be complementary to the East African projects under the TTF and FAD TA. Kenya's legal and fiscal framework for mining and petroleum needed modernization, and the regulatory oversight of the sector also needed improvement. FAD had provided TA on general tax policy in 2010 and 2011, but had not advised on EI matters it had extensive involvement over many years with PFM reform. The project would work in consultation with other TA providers such as the World Bank, AfDB and AusAid. To further coordination with donors, the government had established an inter-agency committee, chaired by the Investment Secretary, Ministry of Finance, while development partners had established a coordination group on EI, in which the IMF Resident Representative participates.

Effectiveness on Outcomes and Objectives: 6.3

Outcomes have been achieved to a large extent within the original time frame and reflecting proper identification of risks and implementation of appropriate TA delivery forms. The program of EI fiscal regime reform has followed essentially the recommendations of this project. The new Production Sharing Agreement (PSC) scheme, which is with the MEP, implements a scheme according to details set out in technical notes prepared under the project.

On legislation, the project, in collaboration with NT and KRA, completed a full draft of new income tax provisions for mining and petroleum, with the revised Income Tax legislation published in late 2014; and provided a full review of the draft Mining Bill, with the NT adopting the advice provided, and legislation enacted in 2014. The project also provided comments to the new Petroleum Bill prepared with assistance from the World Bank.

On capacity building, the project has trained government officials on the FARI model and transferred petroleum FARI simulation models to the agencies, with NOCK operating it actively. The project received a high profile at the "Kenya Rising" conference in Nairobi in September 2013 and again at the EAC workshop on fiscal management of oil and gas in East Africa in January 2014.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 6.4

The project was launched with a full diagnostic mission in February 2013. The mission held extensive consultations across government, with the private sector, and with civil society representatives. The mission made detailed and sequenced recommendations, with proposals for follow-up activities. Following the March 2013 elections and the formation of a new government, full missions were fielded in July and September, with a third visit by the legal drafting expert in October. A one-day visit by the project manager followed in January 2014, and a one-week mission took place in November 2014, which aimed at concluding the project.

On legislation, the project provided active drafting assistance and frequent commentaries to assist country officials in the government agencies in the preparation of draft legislation and the new model PSC.

On capacity building, training on FARI modeling was provided by workshops held during the February, July and September 2013 missions, a week-long training workshop in November 2013, and a workshop held during the November 2014 mission. Officials had an adequate level of pre-existing basic skills and were motivated, so there was a strong take up of the model. Agencies such as NOCK are already actively using the model and staff capacity in the NT is under enhancement to do so. In addition to providing workshops, the project had intensive advisory relations with MEP, NT and KRA with the main aim of providing tools useful in the future. FAD is working on a simpler FARI model to facilitate take up by country officials. The project is also working with the World Bank to facilitate take up of the FARI model into the Bank's proposed six-year KEPTAP project.

Two reports and an explanatory memorandum on the "pay-on-behalf" system were prepared under the project. The first report issued in May 2013 attempted to distinguish between short-run measures capable of urgent implementation from the medium-term reform of overall petroleum and mining regimes for the future. The second report issued in July 2013, a set of technical notes, included a road map that was an adaptation of a roadmap already done by the MEP. The mission did the same with the MOM. Ownership of the roadmap was better at the MEP because they were already underway.

To address some of the potential risks, the project encouraged lateral communication among the key agencies (Treasury, MEP, MOM and KRA), and achieved regular dialogue and built strong relations with the Cabinet Secretary and the Principal Secretary, though their focus is not primarily fiscal. The Presidency was aware of the project. The project also extended consultation to private companies and CSOs when possible. The diagnostic mission held extensive consultations across government, with the private sector, and with civil society representatives.

Commitment of NT, MEP, and KRA to reforms of EI fiscal regimes has been strong since the new government elected in 2013 reformed the structure of government, with the project working actively with all three. An abrupt change of the Mines Commissioner in July 2013 removed continuity. Agencies such as the NOCK are actively using the FARI model and staff capacity in the NT is under enhancement to do so. These activities included detailed calculation examples of the alternative fiscal regimes for petroleum.

Efficiency of TA Delivery: 6.5

The project has achieved to a large extent the outcomes and objectives, within the original budget and timing. The project set out formal timelines for milestones in the reform program. The TA delivery forms included workshops, hands-on assistance, advisory relations with government officials, review of drafts, creation of lateral communication channels among the key agencies involved in the project, regular dialogue at Cabinet Secretary level, and consultations with private companies and CSOs. The project team held extensive consultations across government, with the private sector, and with civil society representatives which contributed to fast track approval of the legislation by Parliament. The workshops were pitched at the right level, which contributed to the motivation of the government officials involved. The participation in the workshops of an expert in basic skills such as Excel or in giving hands-on assistance to MOM in this area could have improved the participation of MOM and strengthened further the overall capacity of the country. The FARI model is being simplified to accommodate for weaker capacity at present in the MOM and the Petroleum Department at MEP. The project was not extended and the outcomes almost fully achieved with exception of adequate capacity building at the MOM, which was only created after the March 2013 elections, in part due to weak capacity and limited participation in the workshops. The budget was not modified, and has been executed by almost 90 percent.

Efficiency of Reporting: 6.3

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: 6.5

The program of EI fiscal regime reform being implemented by the government has followed essentially the recommendations of the project. Key results have been achieved, including the preparation of a lay draft for a revised PSC model that was subject to a wide internal engagement and which is in the last stages of implementation; enactment of the Mining Act 2014; and publication of the revised Income Tax legislation for EI. The significance of the project has been publicly recognized when it received a high profile at the "Kenya Rising" conference in Nairobi in September 2013 and again at the EAC workshop on fiscal management of oil and gas in East Africa in January 2014. Capacity on FARI modelling has been built and is operational in government agencies providing support to the actual implementation of the enacted legislation. Coordination with World Bank assistance to be provided in the KEPTAP project will further training and implementation of the FARI model.

Sustainability: 6.4

The project contributes to sustainable legislation and contracts, and to developing the necessary understanding of the policy issues involved and the required analytical and modeling skills to support the implementation of the legislation and the new PSC. In the petroleum area, the project is working with the World Bank to facilitate take up of the FARI model within the framework of the Bank's proposed six-year KEPTAP project, including capacity building for the MOM and the Petroleum Department of the MEP. The TTF has a role by extending work in Kenya to module 3. One risk regarding sustainability could be the reaction of mining or petroleum companies to the reforms. The project has consulted with companies and the outcomes have been generally positive.

VIEWS OF GOVERNMENT OFFICIALS

Kenyan officials praised highly the quality of the IMF TA they were receiving on fiscal regimes. They highlighted the high professional level of the TA.

Senior officials emphasized that the TA had been demand driven. The authorities wanted a coherent EI framework based on international best practice. When the urgent need to upgrade the fiscal regime in view of prospective developments in the petroleum sector arose, they turned to the IMF, and the IMF responded promptly and efficiently.

On the sequencing of the project, officials noted that the IMF had consulted them about their preferences for a roadmap, and the project's sequencing and milestones were jointly agreed, including for the process to amend the Income Tax Act. The work schedule was clear, with missions and STX visits informed in a timely manner to all interested agencies. Officials appreciated that the project had a structure, with agendas sent in advance and clear objectives.

Officials strongly appreciated the continuity of the activities and the intensive, frequent interaction with the TA under the project. This had helped keep momentum and achieve results in the relatively demanding time frames preferred by the authorities. Officials were pleased with the interactive nature of the TA; the IMF sought the authorities' comments on proposals and reports.

Officials at the technical level were very satisfied with the FARI model and with the training the IMF had provided to transfer this technology and knowledge to Kenya. Aspects of the FARI work that technical staff had appreciated included the IMF making FARI user friendly and customizing it to Kenyan conditions; and the ample time devoted by the project to interactive FARI training (two one-week formal classroom training workshops, plus several shorter workshops and visits from a FAD FARI expert to help build FARI capacity in the agencies through hands-on work, and to transfer the model). The Kenyan side assembled an inter-ministerial technical team for FARI, comprising officials from the NT, KRA, MOM, MEP, NOCK and the Ministry of Planning to attend the FARI training offered, gain experience, and begin to use the model on their own. A few officials would have welcomed more training time on the FARI. Officials at several agencies indicated that they were already using the FARI model in their own work and that they no longer depended on the IMF.

Officials at agencies other than the NT appreciated the support the IMF had provided to the NT to build petroleum-related capacity. They indicated that it was in Kenya's interest to have a NT with strong resource-related capacity. The NT's capacity in this area was initially weak, and with the project's support and training, and the NT's efforts to hire staff with resource background, capacity at the NT was strengthening rapidly.

Officials highlighted the IMF's flexibility in responding to the authorities' needs, some of them urgent and at short notice. Some officials commented that they viewed the IMF as a partner. For example, on a fiscal regime issue where opinions across agencies were divided, the IMF organized a small seminar where officials from the agencies involved and an IMF expert presented their views to clarify the points to be resolved.

Some senior officials thought that regional advisors with resource expertise, in particular from AFRITAC East, would be very helpful.

Officials who attended Workshop 1 in Arusha, Tanzania were very satisfied with the format and contents of the event. They thought that providing ample room for presentations from African officials enhanced peer-to-peer learning and sharing of experiences, which they found useful. Some officials commented that they would be interested in an IMF regional workshop on the FARI experience, and in an IMF regional seminar on mining and petroleum revenue administration.

Representatives from other TA providers active in Kenya in related areas were pleased with IMF cooperation, including the briefings and debriefings provided by IMF TA missions to inform them of their work. They also noted that the IMF advised them of forthcoming missions in advance.

II.2 MONGOLIA

Background

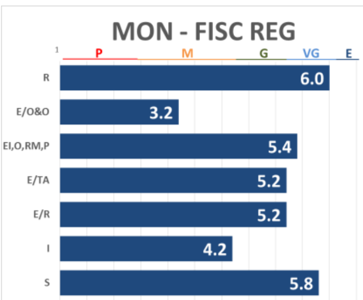
Mongolia is a resource-rich lower-middle income country. By the time of TTF involvement, the country was still making the transition from decades of central planning. Mongolia has vast mineral resources, and more limited petroleum potential. Starting in the past decade, a boom in mineral exploration confirmed the existence of large mineral deposits -- notably copper, coal, uranium, iron ore and gold. Mining output is being boosted by the start of commercial operations at the large Oyu Tolgoi copper and gold mine, and expansion of coal production at the Tavan Tolgoi mine. There is also some oil production (some 14,000 b/d). The share of mining in GDP is about 20 percent, and mineral exports represent more than 90 percent of total exports. Mining revenues in 2012-2013 were about 6 percent of GDP, or about 16-17 percent of total central government revenue. Mongolia became an EITI compliant country in 2010.

Technical assistance under the TTF

The TTF has supported three projects in Mongolia under Modules 1, 2 and 3. TTF activity started with a project on fiscal regimes for the resource sector launched in October 2011. This project was terminated and removed from the Work Plan in December 2013. The resource revenue administration project under Module 2 was launched in February 2012 and is active. Finally, the macro-fiscal and PFM project under Module 3, which involves three components, was launched in May 2013 and is also active.

The aggregate endorsed budget of the three projects as of October 2014 (considering the actual expenditure under the terminated Module 1 and the budgets for Modules 2 and 3) was US$ 2,520,000 (excluding TTF management fee), or 12 percent of the TTF's total direct TA endorsed budget. Mongolia has the largest individual country budget in the TTF.

EI FISCAL REGIMES



Project dates: October 2011 - March 2014
Budget: US$601,520

Comments: The project was placed in the reserve list in March 2011 and was activated shortly thereafter. The project was terminated in December 2013. Actual expenditure on the project was 52 percent of budget.

Background: The fiscal regimes governing the extraction of natural resources had been changed frequently in the past, and many of the changes posed problems. Although general legislation was nominally in place, successive governments tended to make special agreements with investors (including for very large projects), often weakening the expectations of government revenues from future projects. Past lack of transparency contributed to those difficulties. In addition, existing legislation and regulations were poorly constructed and were difficult to implement for both the authorities and mineral developers. By 2011, Mongolia urgently needed a standard framework for mining taxation, and the development of capacity to implement such a framework.

FAD TA on resource revenues had been provided prior to the start of the project. TA in 2007 provided strategic advice on Mining Tax Regime and a Stabilization Fund. In 2010 TA on Reform of Mineral Fiscal Regime assessed the fiscal regime for mining and advised the government on options for improvements. Regarding fiscal management, the IMF and the World Bank had provided TA on the design of a Fiscal Stability Law (FSL), a medium-term fiscal framework (MTFF), and a Fiscal Stability Fund in 2010.

Objectives: The project aimed at refining fiscal regimes for mining appropriate to Mongolian circumstances; maintaining wealth generated from development of natural resources for future generations, which was changed in the mid-2012 Project Assessment (PA) to transparent management of mineral revenues consistent with PFM principles. It was noted in the PA that the objective was changed to be more consistent with similar objectives throughout TTF projects and to avoid pre-judging how government revenues should be used.

Identification of risks: The project proposal identified as potential risks to the project continued political and investor pressure to agree to special deals; difficulty moving Government's proposed legislation through Parliament; lack of availability of complementary capacity to negotiate if necessary; difficulty in sustaining political commitment to transparency and fiscal stability; and political pressure to spend the wealth currently.

Evaluation DAC Criteria

Relevance: 6.0

Against the background of previous resource-related TA, at the 2011 IMF/World Bank Spring Meetings the Minister of Finance urgently requested TA under the TTF's Module 1 to rationalize the fiscal regime for mining and to preserve the wealth generated from resource projects. Given that past TA missions had been productive, that Mongolia's performance under an IMF-supported arrangement in 2009-10 had been strong, and that the current commitment of the authorities and interest in the TA were judged to be high, the prospects for productive outcomes from the project were seen to be encouraging.

The U.S. Treasury's OTA, the World Bank and the Asian Development Bank had funded or were funding TA on mining by the time of the start of the project. The OTA and the IMF had ongoing tax administration projects aimed at strengthening tax administration capacity in the mining sector, among other things. The IMF project was funded by the Japanese sub-account. The World Bank had a mining sector project addressing legal reform, mining cadaster, and institutional and capacity strengthening; these projects did not include financial modeling or revenue estimation. Thus, the project was seen as complementary to, and having no overlap with, other TA initiatives.

Effectiveness on Outcomes and Objectives: 3.2

Objective 1

Once the project got underway, at the request of the authorities much of the work in the initial phase of the project focused on petroleum fiscal regimes rather than mining (or fiscal wealth management). Progress in a number of areas was brisk, and the initial phase of the project contributed to some achievements toward project objectives.

New Petroleum Law. A new Petroleum Law was prepared with TA support. It incorporated many of the TA's recommendations aimed at achieving stable, equitable and efficient fiscal terms for petroleum development. The law was eventually passed in July 2014. The process from the work on the law in 2011-12 supported by the TA to its adoption took about two and a half years, largely because of the need, first, to reach internal consensus, and second to reach consensus in Parliament. The process was also delayed by legislative elections in 2012 and a presidential election in 2013.

Analysis and modeling of existing petroleum fiscal regimes. Modeling work to analyze the current and proposed petroleum fiscal regimes in the draft Petroleum Law was completed during the first mission.

Petroleum PSAs. Mongolia has 21 PSAs. The TA evaluated the existing PSAs and provided a model PSA. The authorities are currently developing a model PSA using the TA's recommendations. It is expected to be sent to Cabinet soon.

In addition, the TA addressed two key international tax issues that are part of the fiscal terms for mining and petroleum, and also supported capacity building.

Renegotiation of double tax agreements (DTAs). The TA identified major problems with some DTAs negotiated long before the project, which put Mongolia at a severe disadvantage and hampered the country's ability to achieve an equitable and transparent share of mining and petroleum projects. With technical support from the project, the government reviewed 19 DTAs. In 2012, the government renegotiated four particularly costly DTAs. The project also developed a Model DTA.

Taxation and regulation of foreign transfers of interest in Mongolian mines. Mongolia's lack of ability to tax or regulate a foreign transfer of interest in a Mongolian mine was identified by the project as an important fiscal issue. The TA offered potential solutions to this problem.

Capacity building. In its early stages the project made an important contribution to capacity building in relevant ministries and agencies through intensive engagement, workshops on modeling, hands-on joint work, and sharing of materials.

The project provided initial support for the development of a revenue estimation and forecasting model for major mining projects. Workshops on modeling were provided. However, only modest progress was made, in part because the MOF did not assign adequate staff resources to the work.

After the initial phase, the project was unable to make headway on the reforms needed to change and improve the fiscal terms for mining - the project's main objective. This required changes in the Corporate Income Tax (CIT) and the Minerals Law, developing a Model Investment Agreement (MIA) that should be a key component of fiscal terms going forward, developing benchmark pricing for royalty payments, and further work on modeling mining fiscal regimes for budget forecasting and analytical purposes. Amendments to the CIT that benefited from the support of the project, the Module 2 project, and other TA providers were tabled, but had not been adopted by Parliament by late 2014. The other reforms were not attained.

The TA efforts in mining fiscal regime reform took place in a complex institutional and political environment. On the institutional side, there were differences of view between the MOF and the Ministry of Mineral Resources and Energy (MMRE, now the Ministry of Mining), including about whether a MIA was necessary, and other issues: the two ministries that in practice were responsible for sectorial tax policy had different objectives. Personnel changes in some institutions affected continuity and commitment to the reforms. The MOF was also weakened when a number of its functions and responsibilities were assigned to a newly created ministry.

On the political front, widely different views about the fiscal terms that should be applied to the mining sector hampered advance. Legislation with strong fiscal terms was passed in May 2012. As foreign investment declined steeply, a New Investment Law was enacted in October 2013 that included large tax incentives to foster investment, including tax stabilization. By this point, the authorities no longer wished to proceed with a MIA. Elections also complicated TA efforts. In light of the lack of progress despite repeated efforts to restart the project, lack of commitment, and the judgment that in the prevailing environment further progress was not possible, the project was terminated in December 2013.

Objective 2

The TA provided preliminary advice about implementation of the FSL. The framework for calculating transfers to and from the Fiscal Stability Fund was to be incorporated into the forecasting model, which as noted above was not completed. No substantive progress was made toward the achievement of this objective.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.4

The project involved two missions and four STX visits. The activities were concentrated at the beginning of the project, when work proceeded at a fast pace on the petroleum side, DTAs, the taxation of foreign transfers of interest, and other issues. The project stalled when efforts by the TA to address key aspects of the fiscal regime for mining consistent with project objectives met with the factors and difficulties discussed above.

In the initial phase of the project, there was continuity of engagement and interaction with officials, including in terms of STX visits. The approach helped achieve timely results. The TA provided information to the authorities about international practices in relevant areas. Workshops were held on revenue modeling. Detailed comments and suggestions were provided on successive drafts of legislation and regulations, and the TA responded to the authorities' questions and requests. Responsiveness to some questions from the authorities on general taxation issues with a bearing on the resource sector helped maintain continued relevance. During the process leading to the formulation of the draft new Petroleum Law, the TA helped resolve institutional differences between the MOF and the MMRE.

A significant part of the outputs of the TA was in the form of mission advice in the field, hands-on joint work, workshops, STX outputs, and advice from HQ. The only TA report of the project, on fiscal regimes for the petroleum and mining sectors, was produced by the first mission. It was informative and concrete, and included prioritized recommendations. Much of the subsequent work undertaken by the authorities in the areas described in the previous section and the related TA support evolved from issues and recommendations in the report. The report was translated into Mongolian and had wide impact; it is still used by some government officials, as discussed below.

There were no TA coordination issues under the project. IMF staff met with other TA providers in Mongolia, including the World Bank.

In the project proposal, pressures to agree special deals and difficulties moving proposed legislation forward in Parliament were identified as factors posing risks to the fiscal regimes component of the project. The timely passage of the Petroleum Law and the mining reform objectives in the project were affected by difficulties in Parliament. These difficulties, however, reflected a wider lack of consensus in Mongolia on aspects of the development of the resource sector, and in particular the different emphasis that various groups placed on foreign investment, state participation, and fiscal revenue. These issues had not been fully settled by the time of the TA. Inter-agency differences of view were not explicitly acknowledged as a potential risk in the project proposal. In the case of petroleum, the TA mitigated the risk that materialized, by working with the ministries and providing information to help reach consensus. In the case of the mining fiscal regime, the disagreements between ministries about whether a MIA was necessary proved to be more profound, and once the New Investment Law was passed the project was not able to make further headway.

Efficiency of TA Delivery: 5.2

The efficiency of TA delivery was affected by issues not fully foreseen at project inception, in particular the unsettled policy environment that affected the latter part of the project and that in the event led to its termination. The authorities' initial emphasis on the petroleum sector, also not foreseen, was met by a quick redirection of efforts and benefited from the availability of qualified STXs who were able to work in Mongolia, supervised by HQ.

The hands-on approach in the early part of the project was an efficient way to contribute to results. Continuity of engagement and an effective use of STXs appear to have been instrumental in helping the authorities make progress and resolve differences of view, and contributing toward capacity building.

The project was terminated in December 2013, three months before its original end-date. Budget execution was 52 percent. The decision to terminate the project was efficient from the point of view of the assignment of TTF resources. By late 2013 the prospects for further progress and achievement of results against the project's objectives looked uncertain, particularly in light of the passage of the New Investment Law.

Efficiency of Reporting: 5.2

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

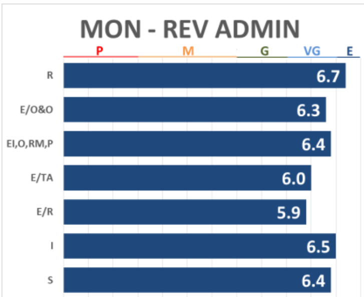
Impact: 4.2

The project was not able to contribute to a comprehensive reform of the mining fiscal regime as initially envisaged. But it had some positive impacts. First, some measures had wider impact, such as the renegotiation of DTAs that helped protect the Mongolian tax base, and the formulation of a new Petroleum Law. Second, the project helped build capacity in fiscal regime topics among staff in ministries and agencies. The beneficial effects of the TA on improvements in capacity are visible years after the provision of the TA: a number of officials interviewed by the evaluation team continue to benefit from materials provided by the TA and from the TA's analysis and advice for the discharge of their responsibilities, for the training of new staff, and as aides for university teaching.

Sustainability: 5.8

There are good prospects for the sustainability of the few reforms achieved. The capacity building results of the project have already shown strong sustainability and this is expected to continue.

EI REVENUE ADMINISTRATION



Project dates: February 2012 - January 2014
Budget: US$806,965

Comments: The project was added to the Work Plan in January 2012. It was extended twice: to April 2014 in May 2012, and to April 2015 in December 2013. The original budget was also increased twice, at the time of the project extensions: first by 38 percent to US$1,278,000, and then by 23 percent to US$1,574,234.

Background: In Mongolia, tax revenue is highly concentrated. In the last few years, some 400 enterprises have contributed, on average, about 60-70 percent of domestic tax revenue. Among those enterprises, there are some 200 large mining companies. To secure the tax base and improve the investment climate, the Mongolian Tax Administration (MTA) created a LTO broadly in line with pre-TTF IMF recommendations. At the time of the inception of the TTF project, the LTO already included a special organizational focus for mining companies. It comprised a mining audit unit within the LTO's audit division, a Mineral Resources Division, and some taxpayer service staff who were to specialize in mining taxpayers.

Pre-TTF FAD revenue administration TA focused on strengthening the LTO. A 2010 FAD diagnostic mission reviewed the operations of the LTO and proposed a strategy for increasing its effectiveness. The strategy was officially endorsed and follow-up TA to implement it was requested. FAD assigned a peripatetic tax administration expert to manage the implementation of the strategy in collaboration with the U.S. Treasury's Office of Technical Assistance (OTA) and the World Bank. A 2011 mission found that the authorities had put in place a strong foundation for an effective LTO, but that much remained to be done, particularly in developing specialized administrative programs for mining companies.

Objective: The project aimed at assisting the Mongolian Tax Administration to strengthen the administration of mining companies which represent the backbone of Mongolia's tax base and account for a large share of the country's investment.

Identification of risks: unwillingness of natural resource institutions and other agencies to release information on mining companies (licenses, transactions, etc.) to the large taxpayer office; failure to enact changes to the mining provisions in the tax legislation; lack of continued political commitment to implement the IMF's recommendations; lack of continued close cooperation among donor agencies.

Evaluation DAC Criteria

Relevance: 6.7

The project addresses country and government needs given the importance of mining revenues for public finances and the need to improve their administration and earlier diagnostics. Once the MTA had established an organizational focus for mining companies in the LTO prior to the TTF, the next step was to enhance the LTO's operational programs for these companies by developing specialized administrative programs, which is the focus of this project. The MTA also anticipated implementing expected changes in the mining provisions in the tax legislation, and the project envisaged support in this area as well.

The project built on substantial earlier IMF TA, including TA undertaken shortly before the inception of the TTF project, which had revealed strong commitment from the authorities, evidenced in a good track record. The project had synergies with two other IMF TA projects in Mongolia: the TTF project on fiscal regimes under module 1, and FAD's large taxpayer project funded by Japan, and implemented in cooperation with the

U.S. Treasury's OTA, which supports the overall strengthening of the LTO. The project is coordinated with the OTA and the World Bank, which was financing the purchase of computer equipment to be piloted at the LTO. The project was therefore complementary to the TA from other providers with no overlap.

IMF staff visited Ulaanbaatar soon after the request was received, to clarify the authorities' objectives for the project. The first mission following project endorsement determined the sequencing of the project in conjunction with the authorities.

Effectiveness on Outcomes and Objectives: 6.3

The project was designed to achieve objectives in a number of mining revenue administration areas. Progress under the project has been substantial and major results have been obtained. As of mid-2014, in four areas covered by the project - organizational and staffing arrangements, tax compliance strategy, audit program, and information for tax administration - project objectives had been fully achieved, with timings that were broadly consistent with project completion dates. Progress on the implementation of the anticipated changes in the tax legislation depends on the enactment of the amendments to the CIT submitted to Parliament, which as of late 2014 had not taken place. In the areas of taxpayer services and policy coordination among agencies involved in the mining sector, although progress has been made, further improvements are needed.

The project has contributed to a significant strengthening of mining tax administration. In particular,

- The functional responsibilities of the LTO's mining units have been implemented as proposed by the project. The staffing of the LTO's mining units is considered to be broadly appropriate.
- The criteria for assigning large companies (including in mining) were refined. Large taxpayers were selected for inclusion in the LTO, including some 200 large mining companies accounting for 40-45 percent of domestic collections.
- The LTO formulated a mining sector compliance management strategy with a framework for risk assessment and mitigation. An important share of large mining companies has been risk assessed and categorized into risk groups.
- The LTO's capacity for auditing mining companies has been strengthened substantially. Extensive training was provided to mining tax auditors.
- Improved taxpayer services have reduced compliance costs for mining companies.
- Information sharing between agencies has improved. The MTA has established better working relationships and exchange of information with the mining and petroleum sectors, and has arranged agreements on exchange of information between the LTO and other agencies.

The support of the Ministry of Finance to the project has been strong. The tax department's management has been committed to the reforms.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 6.4

The project involves a structured and sequenced approach to reform, a very high degree of continuity of activities, and intensive engagement.

The project has a well-defined structure that contributes to its effectiveness. It works under a sequenced action plan discussed and agreed with the authorities. The action plan has milestones and related start/finish dates for key deliverables. Early in the process, the authorities established a Steering Committee and appointed counterpart teams to work with the project-funded advisors. Management and officials monitor progress in the implementation of recommendations under the action plan. They also monitor quantitative indicators, such as percentage of tax returns filed by the due date.

The continuity of activities has been a key feature of this project. A sizeable part of the TA is carried out by STXs supervised by FAD. The STXs make planned visits to Mongolia agreed in advance with the authorities, with detailed action plans and deliverables determined in conjunction with the authorities. In FY 2014 there was a HQ-led mission and nine STX visits. The project has a lead large taxpayer advisor who works closely with the STXs. The project coordinates closely with the work of OTA revenue administration experts.

The TA reports that review the implementation of large taxpayer reforms have chapters on the administration of large mining companies. The reports have been prepared with intervals of about a year. The reports' sections on mining administration review progress in implementing the reforms, provide information on the stages of implementation of the various activities (planning, development, implementation and completion), and assess implementation quality. Prioritized recommendations are proposed for the period ahead.

Capacity development has been an important cross-cutting objective of the project, given low initial levels. The hands-on approach involved in frequent STX visits has a training aspect. In addition, complementary downstream technical advisors from the OTA have provided training, working under the umbrella of the action plan.

The project has reached out to relevant stakeholders. Consultations have been held with large mining companies to elicit their views on how to reduce compliance costs and improve taxpayer services. The views of the companies were used to help inform subsequent TA activities.

Staff rotation at the LTO has been a concern. LTO staff trained under this project, including auditors, have been sought by accounting firms or even by other parts of the MTA. The TA has provided suggestions to help address the problem.

Coordination with the World Bank and OTA has been very good. The TA providers consult frequently to ensure complementarity and avoid overlap. Both OTA and World Bank staff have indicated to the evaluation team their satisfaction regarding IMF TA coordination on this project.

The only risk identified in the Project Proposal to have materialized is the lack of enactment of changes to mining provisions in the tax legislation. As indicated under Module 1, amendments to the mining provisions of the CIT were submitted to Parliament, but by late 2014 they had not been enacted. In preparation for the passing of the amendments, however, the TA has provided information to the authorities on international practices regarding the management of changes in tax legislation. The project addresses other risks. For example, the need for continued management commitment and for timeliness of reform delivery are mitigated through the agreed action plan and the creation of the Mongolian senior level Steering Committee that monitors progress.

Efficiency of TA Delivery: 6.0

The project has the largest budget in the TTF's portfolio. From the launch of the project in February 2012 to April 2014 the project delivered two HQ-led missions and 18 STX visits. The project was extended twice, in total by 15 months from its original time frame of 24 months. The budget was also increased twice, by a combined 95 percent. The first project extension and budget increase took place shortly after the project was launched in 2012. They were requested following initial visits by STXs that revealed that the LTO had a very low capacity in mining tax administration, and it was judged that the project would require additional resources and time to ensure achievement of project objectives and outcomes. The second budget increase and extension of the project were requested in December 2013, following a request from the Minister of Finance to extend the project to ensure that the ongoing revenue administration reforms take full root.

Budget execution by October 2014 stood at 64 percent. With six months to go at that point to the currently planned end of the project, this suggests that final execution may be some way below budget.

The approach to TA delivery under this project has been an efficient way to achieve substantial results. The operational modality of continuity and intensive engagement has helped maintain a strong reform momentum across a broad range of reform areas, and has provided incentives for good reform performance against agreed-upon milestones and timelines monitored by the tax directorate's management and by the TA. This is particularly important for efficiency given the interconnected nature of some of the reforms, where slippages in one reform area may affect progress in other areas and cause inefficiencies.

Efficiency of Reporting: 5.9

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

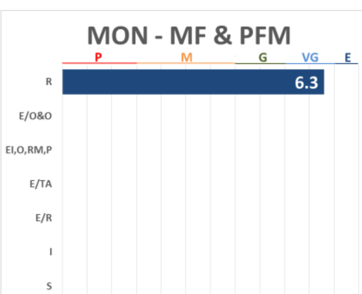
Impact: 6.5

There is early evidence of favorable broader impact of the reforms. For example, nearly 100 percent of large businesses are filing on time. The amount of additional taxes assessed by the audits has increased by a factor of four from 2012, and the results are broad based. A first survey of large taxpayer perceptions, which included large mining companies, revealed a good level of satisfaction with the services provided by the LTO.

Sustainability: 6.4

The degree of political support, strong ownership, the commitment of the authorities to the project's objectives, and the significant efforts made to ensure timely progress, augur well for the sustainability of the reforms. The absence of significant gaps given the project's integrated and sequenced approach to the reform provides additional assurances. An area that requires attention is changes in senior and technical LTO staffing. The potential loss of qualified personnel trained under the project could pose risks. This issue requires the LTO to enhance its focus on its human resources strategies and policies.

EI MACRO-FISCAL AND PUBLIC FINANCIAL MANAGEMENT



Project dates: May 2013 - May 2015
Budget: US$635,500

Comments: The project was endorsed in December 2012 and launched in May 2013. It was extended to April 2016 in December 2014.

Background: Mongolia was affected by the global financial crisis and the decline in copper prices in 2009. Expansionary policies during the preceding resource boom had left the economy vulnerable to exogenous shocks. An IMF-supported program was successfully implemented in 2009-10. However, from 2011 the fiscal position once again eroded despite the authorities' own efforts to put in place a new fiscal framework to improve fiscal management.

Against this background and the prospect of higher resource revenues, there was a need to strengthen fiscal management. First, the existing medium-term fiscal framework (MTFF) suffered from problems with its contents, coverage and structure, and did not include risk and contingent liability analysis or alternative scenario analysis. Second, significant deficiencies in cash management had been identified, including the resort to an indirect form of cash rationing through budget allocations that followed volatile revenue, and data shortcomings. Finally, the authorities were very interested in establishing a sovereign wealth fund (SWF) to help smooth macroeconomic conditions and promote long-term savings, and were considering options at the time of project inception.

In 2010 the IMF and the World Bank provided TA on the design of a Fiscal Stability Law (FSL), a medium-term fiscal framework (MTFF), and a Fiscal Stability Fund. Mongolia had also received TA on cash management from other TA providers. The World Bank had provided TA toward establishing a SWF.

Objectives: Against the background of projected higher natural resource revenues, the project aims to reinforce the medium-term fiscal framework (including improving methodologies for fiscal projections, enhancing macro-fiscal analysis capacity of staff and establishing a consistent presentation format over several years); strengthen capacity to manage cash; and guide establishment of a SWF.

Identification of risks: (assumptions) continued commitment to implement policies underlying the 2010 FSL; trained staff members remain with the MOF and there is an adequate number of trained staff to properly carry out their duties; coordination between the MOF departments and between MOF and the Bank of Mongolia is good; and provide assistance in a timely manner to influence the debate on the nature of a new sovereign wealth fund.

Evaluation DAC Criteria

This project was launched in May 2013. Therefore, only the relevance of the project is evaluated.

Relevance: 6.3

The project addresses country needs. The projected rise in resource revenues over the medium term in a context of past swings in fiscal performance requires a strengthening of fiscal management. The project has three focused and well-defined objectives.

Strengthening the MTFF would help enhance a medium-term perspective for annual budgeting. The TA focuses on improving the format and expanding the content of the MTFF document to include contingent liabilities and alternative macroeconomic scenarios, improving methods of analysis and forecasting, and strengthening capacity. Progress is already evident: following TA advice, the 2015 budget incorporated much improved analysis of fiscal risks and contingent liabilities.

TA on cash management seeks to address long-standing problems that have hampered the efficient use of resources. The TA seeks to establish an institutional means of collecting information and coordinating decisions between relevant agencies. It also focuses on setting up methodologies for forecasting short-term revenues and expenditures, and establishing minimum cash balance levels and procedures for the management of excess cash balances. Improvements have already been made with STX support in data collection and forecasting.

As regards the SWF, by the time of project inception, the internal process of formulation of a draft law had advanced. This gave an opportunity for the TA to make concrete suggestions for improvement. The project used this opportunity to provide an early assessment of existing SWF draft legislation and advice for improvements. The TA centers on the purpose, governance, and policies affecting flows in and out of the fund. The overall aim is to maximize the contribution the fund can make to achieve sustainable budget spending and countercyclical fiscal policy.

The project was well sequenced with respect to Module 1 though, in the event, the project under Module 1 was terminated some months after the launch of this project.

In terms of TA coordination, there were no known plans from other TA providers to provide assistance on the MTFF. There is World Bank TA on Treasury, under a sub-component of a multi-sector World Bank project, but there is no overlap with IMF TA. The World Bank had been providing TA on the SWF, and the Asian Development Bank and the U.S. Treasury had also been involved, but the Minister of Finance requested the IMF to take the lead. The project is well coordinated with World Bank activities in Mongolia.

VIEWS OF GOVERNMENT OFFICIALS

Officials were highly satisfied with the TA received across the three modules. They highlighted the quality of the TA, its responsiveness, flexibility, continuity and sequencing where relevant, the training received, and TA coordination. They also noted the TA's efforts, in some cases, to help inter-agency coordination.

The TA was perceived as being of high quality, professional and effective. Officials indicated that as a result of the advice received from the TA, important improvements were made in laws and regulations, and in systems and procedures. They noted the benefits they derived from the TA sharing international experience and information about other countries with them.

Officials praised the responsiveness and flexibility of the TA. They felt the IMF had been responsive to their needs and questions, including in terms of remote advice and timely response to queries, either from IMF HQ or from the STXs. They also noted that the IMF adapted its advice to Mongolian circumstances and conditions. In cases where the TA was informed that some recommendations might not work well in the Mongolian case, the TA adapted its advice and considered other solutions.

Officials strongly emphasized the importance they attach to TA continuity and the role played by STXs in that regard for the timely advance of reforms and capacity building. They were generally highly satisfied with the continuity of the TA and the support received from frequent STX visits. They noted the structured and sequenced work done by the STXs, which in several components of the TA involves jointly designed and agreed work plans with deliverables, adequate lead time for preparation before STX visits, a hands-on approach by the STXs during the visits, the short reports left by STXs at the end of their visits, and the work plans agreed for the period ahead leading up to the next visit.

Training provided by STXs in the form of workshops and some classroom training was appreciated. It was seen as having contributed to the development of local skills and, more broadly, to institutional development. Examples mentioned by officials include: in Module 1, extensive training on financial models; in Module 2, the training of mining auditors; and in Module 3, workshops on cash management. Officials also noted the hands-on training provided by the STXs.

No TA coordination issues were reported. Officials were satisfied by the efforts made by the IMF, the OTA and the World Bank to coordinate their activities, ensure complementarity and avoid overlap.

In the case of Module 1, officials noted that the TA tried to help improve inter-agency coordination in the drafting of the NPL. The TA supported a local working group charged with the drafting responsibilities where there were institutional differences of view about objectives. It provided modeling of alternatives, information on international best practice which in the view of officials carried weight, and sought cooperative solutions.

Several officials noted a long-term contribution made by Module 1 TA toward capacity building. Some TA materials, including the TA report that was translated into Mongolian and other materials left by missions and STXs, are being used by officials in their work, to train incoming staff, and as background for teaching at the university.

Few perceived TA weaknesses were reported. Some officials felt that some reforms needed more time than envisaged, but that through learning by both sides initially ambitious plans were subsequently adapted. Some workshops were felt to have been too short given the range of issues and questions from officials. A few officials would have wanted to have the TA's technical experts on site more often.

II.3 TANZANIA

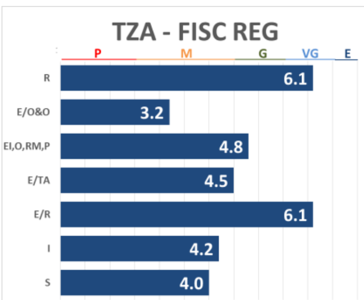
Background

Tanzania is a low-income country richly endowed with natural resources, including petroleum, gold, silver, gem stones, copper, iron ore, nickel and coal. In the last few years natural gas has emerged as one of the most important prospective extractive industries. A string of gas discoveries in Tanzania's deep offshore waters generated considerable expectations. While the discoveries are scattered over a large geographical area, which will increase development costs, over the next decade Tanzania has good prospects of becoming a major producer and exporter of natural gas. Tanzania became an EITI candidate country in 2009, and an EITI compliant country in 2012.

Technical assistance under the TTF

The TTF has two projects in Tanzania under modules 1 and 2 endorsed before April 2014. The project on fiscal regimes for the oil and gas sector (Module 1) was launched in July 2012. The resource revenue administration project under Module 2 was launched in March 2014. A Module 3 project for the development of a PFM framework for resource revenue management was endorsed in June 2014. As of October 2014, the aggregate budget of the first two projects was US$ 1,316,000 (excluding TTF management fee), or about 6 percent of the TTF's total direct TA budget.

EI FISCAL REGIMES



Project dates: July 2012 **-** June 2014
Budget: US$834,815

Comments: The project was placed in the reserve list in May 2012 and was activated in August 2012. The project was extended to June 2015 in June 2014. Budget execution by October 2014 was 54 percent.

Background: At the inception of the project Tanzania was entering a period of rapid development of its petroleum sector. Large recent offshore gas discoveries were likely to result in major gas development. A range of challenging issues had to be addressed for such a major project to go ahead, particularly as the existing PSAs were silent on how gas was to be commercialized. The upstream fiscal regime, put in place more than 30 years ago, needed revision. Separate negotiations produced each PSA, and terms varied. Development of mid-stream and downstream infrastructure required a new regulatory and fiscal framework.

FAD provided extensive resource-related TA prior to the start of the TTF project. TA was provided on the mining fiscal regime in 2011, and on mining and petroleum, including an initial review of the PSA and income tax rules applying to the petroleum sector in 2012, shortly before the launch of the TTF project.

Objectives: The specific objective of the project is to reform the fiscal regime for the petroleum (oil and gas) sectors. The Project Proposal indicated that the project aims to support Tanzania in undertaking a detailed review of the petroleum (oil and gas) fiscal regime and particularly fiscal issues that need to be addressed for a major gas development to proceed. The project will address other aspects of the petroleum fiscal regime and, if necessary, build on previous work on the mining fiscal regime. Capacity building of Tanzanian officials will be a key focus.

Identification of risks: Ineffective coordination between the MOF, the Ministry of Energy and Minerals (MEM), and the Tanzania Petroleum Development Corporation (TPDC); difficulty making necessary structural changes in TPDC/industry regulator; difficulty moving Government's proposed legislation through Parliament; difficulty coordinating reforms with urgent need for negotiations over LNG projects; lack of capacity for government staff to manage parallel reforms in mining and petroleum, as well as ongoing general tax reforms.

Evaluation DAC Criteria

Relevance: 6.1

In view of the prospects for rapid development of the gas sector, there was an urgent need to review the fiscal regime and address a number of challenging issues for a large gas project to go ahead. The country had limited capacity to address these challenges, particularly at the MOF, and would require extensive support which the project set out to provide.

Following discussions with the authorities on issues of natural gas management at the IMF/World Bank Spring Meetings, a formal request for assistance under the TTF for Modules 1, 2 and 3 was received from the Ministry of Finance in June 2012. Regarding the commitment of the various agencies that would need to be involved, it was understood that the request was endorsed by the MEM, the Tanzania Revenue Authority (TRA) and the TPDC. The Project Proposal noted that it would be important for all agencies to be committed to coordinating closely on reforms. Some assurance was provided by a workshop with participation of the main agencies that would be involved in the project, held as part of the February 2012 FAD TA mission, which suggested that the process of coordination had been successfully initiated.

Tanzania's performance under successive IMF-supported programs was generally satisfactory. The country had received extensive FAD TA in relevant areas in the recent past, though uptake by the authorities had been slow.

The project needed to be coordinated with TA providers active in relevant areas in Tanzania. Norway was providing assistance in mining tax administration and mine project modeling and revenue forecasting, which required the project to be closely coordinated with those initiatives. The World Bank, working with DFID, was developing an enhanced role in the petroleum sector, including in providing support for the LNG project.

Effectiveness on Outcomes and Objectives: 3.2

Until recently, progress under the project was very limited. The project has moved forward in some areas in the last few months, but much remains to be done toward the achievement of project objectives.

The initial mission made an assessment of the upstream petroleum fiscal regime, laid down the main issues for a fiscal regime for a major gas development, covered a range of specific fiscal regime topics, and provided recommendations in those areas (October 2012). The second mission provided specific technical notes at the request of the authorities (March 2013). In terms of the fiscal regime, the project proposed a shift toward generally applicable terms in the future, with biddable terms, and streamlining and simplification of the PSAs with a fiscal regime more reliant on overall economic results than the existing daily rates of production. The project modeled alternatives and set the existing regime in an international context. Models were developed and handed over to agencies.

The approach across agencies to the project's initial outputs showed marked differences. While the project was well received by some institutions, including the MOF, the approach of the MEM and TPDC showed less engagement, and significant coordination difficulties between agencies remained.

Progress on the development of gas policy and legislation after the initial TA was slow. The MEM released a revised draft of a gas policy, which took limited account of the advice provided. The model PSA published in 2013 for a licensing round did not incorporate project recommendations.

Following a period of lack of progress and of engagement, at the IMF/World Bank 2014 Spring Meetings the authorities expressed renewed interest and requested further support under the project. The project has moved forward since, including a mission in September-October 2014. The mission contributed to review of the new model PSA; a revised upstream and LNG contract model was conveyed in a workshop; and contributions were made to domestic fiscal issues. Work with the TRA and the MOF resulted in full drafts of revised income tax and petroleum additional profit tax legislation that can now move ahead, and contributions were made on VAT for EIs. While these are important forward steps, much work remains to be done to achieve the project's objective of reform of Tanzania's fiscal regime for petroleum, including for major gas projects.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 4.8

The project has gone through three phases. The initial phase involved the provision of analysis and recommendations with two missions in late 2012 and early 2013, with varying engagement and take up from the various agencies involved. This was followed by a period of lack of formal activity, which lasted for over a year. Activity resumed in August 2014 with a STX visit for legal drafting support, and a mission in September-October 2014.

The project was affected by a number of factors. They include policy fragmentation; inter-agency cooperation issues; limited engagement, until recently, on the part of the sectorial resource agencies; and lack of capacity at the MOF, normally the TA's main interlocutor. Timeliness was also hindered by the proposed introduction of a new Constitution and the approach of elections in 2015.

The Project Proposal indicated that it would be important for the project for all agencies to coordinate closely on reforms. In the event, the approach to the project differed among agencies, with varying degrees of cooperation from the MOF, the TRA and others, but less engagement in the sectorial institutions. Moreover, there were difficulties in lateral communication across agencies. A multi-donor scoping mission on natural gas policy and TA needs in October 2012 that included the IMF provided a draft action plan with a coordination mechanism that was discussed with the authorities, but the mechanism is yet to be implemented.

Capacity in the MOF on resource-related fiscal issues has remained very weak. While MOF management has been supportive, the lack of capacity hindered the ability of the MOF to take a more proactive role. A question that arises is whether, during the period the project stalled, it would not have been possible to maintain engagement and contribute to capacity building through focused and hands-on activities, including work with MOF officials and other agencies where capacity is weak, which also would have helped promote inter-agency cooperation and move the project forward.

The initial and comprehensive TA report provided, inter alia, detailed analysis and modeling of large gas projects, and laid out the wide range of issues, reform needs, and strategic decisions confronting the authorities. The usefulness of the report to the authorities would have benefited from a preliminary prioritization and sequencing of its sizeable list of recommendations. The report indicated that a follow-up mission would review in detail with the authorities the timing and phasing of tasks, and responsibilities for them and TA requirements. Subsequently, technical memoranda were prepared to address questions and issues raised in workshops and discussions during the second TA mission, but greater initial emphasis on sequencing, particularly given the scale of the task facing the authorities and capacity constraints at the MOF, would have been helpful.

The TA provided models and model estimates and conducted several workshops. The take up of the modeling tools provided has been limited. Officials had received training in the use of a resource revenue model provided by Norwegian TA, and had gradually gained experience with that model. There was some hesitation to adopt the model provided by the TA, despite several workshops, and take up was slow.

The Project Proposal laid out a number of specific risks that could affect the project, including ineffective coordination, resistance to structural change, and lack of capacity to manage reforms on several fronts. These risks materialized, to a greater or lesser extent, over the course of the project. By mid-2014 the project was proposing mitigation measures to address political support and management commitment issues by trying to focus on receptive agencies, at their request, and build outwards from that where possible. The simplification of fiscal regimes, promotion of standardization and transparency in contracts, and encouragement of cross-agency cooperation were mitigation measures that could help address capacity constraints. The development of skills, however, was seen as requiring the complementary efforts of government and development partners.

Other TA providers in Tanzania appreciate the efforts the IMF has made to ensure good TA coordination and flow of information. The missions have met with other TA providers in the field and briefed them about their plans and activities.

The prospects for the project look brighter, but the political calendar could affect timeliness. Working relations with the resource sectorial agencies are much improved since the request for re-engagement in 2014, and some key senior personnel changes have helped the TA gain receptiveness and move the project forward in the last few months. On the other hand, the proposed introduction of a new Constitution and the approach of elections in 2015 (likely in October) could affect timely progress. The TA's approach is to prepare technical solutions that can be considered and implemented by a new administration and parliament after the elections.

Efficiency of TA Delivery: 4.5

The efficiency of TA delivery was affected by commitment issues in some agencies, insufficient inter-agency cooperation, and weak capacity, all of which had been identified as risks to the project at the time of project inception, and which led to the stalling of the project for an extended period before activity resumed. As noted above, a question is whether it would not have been possible to try and maintain engagement, help build capacity, and move the project forward further, even if in small steps, through more hands-on activities. While this would have increased project costs, it could have helped improve earlier the prospects for attainment of project objectives and provide badly needed capacity building. The project has delivered three HQ-led missions and two STX visits (one of them in conjunction with a mission). Budget execution by October 2014 was 54 percent. The project, initially planned to span two years, was extended by a year to June 2015. Given the approach of elections, the prospect of important legislation and contract decisions being deferred to a new administration cannot be discarded.

Efficiency of Reporting: 6.1

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

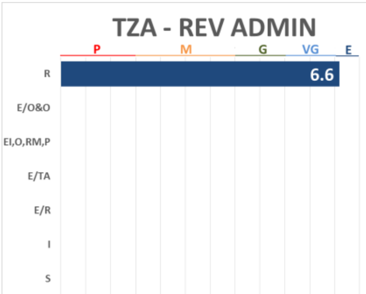
Impact: 4.2

The project has delivered significant technical input for the use of the authorities, including full drafts of revised tax legislation which can now move forward, contributions to the review of the new Model PSA, and substantial analysis and modeling of the LNG project. The project has also made a contribution in raising awareness, particularly at the MOF, about the issues to be resolved for a large LNG project to go ahead, and more broadly about the importance of stronger engagement to make progress. The much improved working relations with MEM and TPDC in the period following the authorities' request for re-engagement in 2014 are an important development, and provide some evidence of greater awareness even if coordination difficulties among agencies remain.

Sustainability: 4.0

Sustainable legislation and contracts are key for sustainability; on both, progress has been slow but prospects are now more encouraging. The simplification of fiscal regimes could make an important contribution, including for the work of the TRA. Institutional capacity building, particularly at the MOF, and the development of skills would help provide further assurances of sustainability; it requires efforts of government and other TA providers. A new constitution could have implications for the EIs and legislation might have to be adapted, depending on the substance of constitutional reforms.

EI REVENUE ADMINISTRATION



Project dates: March 2014 - February 2016
Budget: US$481,000

Comments: The project was placed in the reserves in December 2012. It was activated in June 2013. The budget was reduced by 40 percent in December 2014. Budget execution by October 2014 was 14 percent.

Background: The TRA's Large Taxpayer Department (LTD) is currently responsible for around 400 large taxpayers, including 25 mining and petroleum companies. The agency has to prepare for the anticipated increase in revenues associated with the development of the gas sector.

FAD delivered two revenue administration missions to the TRA in 2012, including a resource revenue mission that focused on establishing the scope of the tax administration TA to be delivered via this project. The mission also provided recommendations that would assist in improving the efficiency and effectiveness of natural resource tax administration operations.

Objectives: The project aims at strengthening natural resource administration capacity, particularly within the LTD of the TRA.

Identification of risks: Lack of cooperation from other government agencies with responsibilities for natural resource regulation; lack of political commitment to implement the IMF's recommendations; internal resistance within the TRA to set up a specialist natural resources unit in the LTD.

Evaluation DAC Criteria

This project was launched in March 2014. Therefore, only the relevance of the project is evaluated.

Relevance: 6.6

Revenue from natural resources will play a growing role in Tanzania given recent gas discoveries. The TRA needs to strengthen its management of existing taxpayers in the resource sector, and step up its preparations to administer the large increases in resource revenues expected from the development of the gas sector.

The TRA received earlier FAD TA, on general tax administration and on resource revenue administration. New management in the TRA has shown commitment to the project and interest in implementing the TA's recommendations. Capacity is weak; OTA and Norwegian TA are providing input to expand and develop capacity for EI management.

The relevance of the project was enhanced by a scoping mission, discussions with the authorities about the ground to be covered in the initial stages of the project, and early coordination with other TA providers.

Revenue administration experts on the October 2012 fiscal regimes mission made a preliminary assessment of the EI revenue administration, and discussed the possible content of the TTF TA with the TRA. This helped structure the project around the areas most in need of strengthening. The project focuses on four key areas: compliance management, capacity development, clarification of roles and responsibilities of the various government agencies involved in the resource sector; and governance and transparency. In discussions held at the IMF/World Bank Annual Meetings in 2013, the scope of the work of the initial TA mission was agreed with the authorities.

The project is being coordinated with other TA providers working with the TRA on resource revenue issues. Norad's Tax for Development and the Norwegian Tax Administration, the OTA, and AFRITAC East provide TA and training in various areas of resource-related revenue administration. IMF staff liaised with these TA providers and discussed the scope of the project to seek complementarity and avoid overlap. Future work will be planned in consultation with Norwegian officials in Tanzania and the OTA. In particular, much of the project's work following the initial mission is planned to be carried via STX assignments. These assignments will be planned in consultation with Norwegian officials and the OTA.

VIEWS OF GOVERNMENT OFFICIALS

Officials were appreciative of the IMF's TA. They indicated that the TA had provided them valuable information and advice. The TA reports had given them useful material which they had benefited from in their internal deliberations, and the opportunity to learn from best practices. In particular, the advice on the LNG project was helpful and had considerable value added. Some officials felt that the reports should have prioritized and sequenced the recommendations to make them more useful. Officials noted the positive support from the TA, including from a STX, to assist them with changes to the Income Tax Law.

Many officials indicated that they would have desired more interaction and engagement. They emphasized the importance of continuity in the TA, and the high value they would attach to more intensive support from STXs. Many officials felt that the TA should have been more structured and involved more frequent contact. They would also have welcomed more thorough and interactive discussion of complex issues during missions, particularly given the existing capacity levels.

While the workshops were appreciated, some officials felt they were too short, particularly given that a number of topics covered were new to them. In general, there was a feeling that more could have been done for capacity building.

Many officials had gained experience with a revenue forecasting model provided by Norwegian TA, and felt that the FARI model was quite different. There was hesitation on the part of a number of officials and technical staff to change models and adopt the FARI model. Some also felt that the workshops on the FARI should have been longer.

A number of officials thought that it would be useful for AFRITAC East to have natural resource expertise. They thought this could strengthen continuity and provide useful training and hands-on interaction.

Finally, officials were highly appreciative of the workshop on fiscal management held in Arusha in January 2014. They highlighted the quality of the presentations and the participation of international experts. Officials were particularly happy with the strong participation of officials from other countries in the region and the fact that many presentations were made by those officials. This feature of the workshop had allowed them to learn about other countries' experiences and interact with colleagues from the region on issues of much relevance to Tanzania.

ANNEX II. DESK REVIEW COUNTRIES

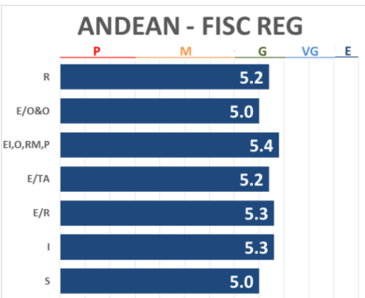
III.1 ANDEAN REGIONAL

Background

The regional project in Latin America has as its core the eligible Andean countries (Peru, Bolivia, Ecuador, and Colombia) and other eligible countries in the region where IMF TA on natural resource wealth has begun, but has not taken firm hold. In past TA, strong interest in regional exchanges arose—so the plan was to start in that mode, and develop individual country programs, where feasible, from that base.

The Andean region is rich in mineral resources, including oil and gas. Bolivia and, especially, Peru are mineral producers of world significance. The four named countries are all oil and gas producers, with gas of special importance to Peru and Bolivia. In different ways, each country faces the challenge of encouraging new exploration and development, while meeting strong aspirations to see the major share of resulting revenues accrue to the state. Each country also has significant issues of fiscal decentralization, anchored to distribution of resource revenues.

EI FISCAL REGIMES



Project dates: October 2011-February 2014
Budget: US$623,150

Comments: The project was included in the initial work plan. In December 2013, the project was extended to April 2014, and in June 2014 it was extended to June 2015. As of October 2014, the budget had been executed by 60 percent.

Other TTF Modules: In March 2011, projects for a module 3 for Bolivia and Peru (in reserves) and a module 4 for Peru (in reserves) were also endorsed. Despite earlier engagement with Bolivia (there were other FAD missions in 2009 and 2010 that were well-received), the authorities made no further request for TA, and expressed no interest. In November 2011, module 3 for Bolivia was dropped and module 3 for Peru was activated. Module 4 for Peru was in the reserve list when the list was abolished in June 2013.

Background: The countries covered by the project have experienced relatively frequent changes in fiscal regimes for minerals and petroleum, although those in Colombia and Peru have been stable for at least a decade.

Objectives: The aim of the project was to commence with review of best practice at a regional level, and then develop targeted TA for those countries that indicated the strongest demand. Specifically, the project sought to enhance capacity to design sustainable and transparent fiscal regimes for mining and petroleum in the Andean Region that yield the maximum for public use consistent with maintaining incentives to private investors.

Identification of risks: The project proposal identified as potential risks to the project continued political and investor pressure to agree to special deals; difficulties in moving government's proposed legislation through Parliament; and the lack of complementary capacity to negotiate where necessary.

Evaluation DAC Criteria

Relevance: 5.2

The project was to begin with work in Peru, because the Peruvian authorities had expressed considerable interest in beginning the analysis of their fiscal regimes as quickly as possible. After Peru, work was likely to proceed in Colombia. At the 2011 IMF Annual Meetings the Colombian delegation requested TA on natural resource fiscal regimes implementation. The project would focus on the development of the fiscal regimes for mining and petroleum activities, and would complement work under modules 2 and 3. It would also combine, where appropriate, with the module 3 work program in Peru. In all the countries there had been substantial TA activity before the TTF, but not on natural resources. The four countries had been heavy demanders and good users of FAD TA and staff had established good rapport with the authorities. Bolivia is coordinated with the TPA-TTF. FAD has undertaken recent work on PFM, revenue administration or tax policy in each of these countries. Other TA providers are not specifically focused on integration of the fiscal aspects of management of resource wealth. SECO has provided PFM support in Peru.

Effectiveness on Outcomes and Objectives: 5.0

Developments under the project in Peru, Bolivia, and Colombia proceeded at a strong pace. In Peru, mining tax legislation was signed into law in September 2011. Prior to its enactment, the project had completed a detailed analysis of the Peruvian fiscal regime for mining, and provided recommendations on new regional royalties. Colombia passed a tax reform in December 2012, and some of the recommendations of the June 2012 mission on transfer pricing issues and capital gains taxes were incorporated into the new law. However, no changes were made to the overall fiscal regimes for petroleum and mining. In Bolivia, a mission revised the Mining Code, a project of reform, and tax legislation and proposed changes to improve the effectiveness of the fiscal regime. The Project of reform is being analyzed by Congress and has not been approved.

On capacity development, one of the outcomes of the project, defined as having High Priority in the project proposal, was set aside, resulting effectively in a change in the project scope. This setting aside notwithstanding, an important input in terms of enhancing capacity was delivered in the form of a Regional Conference. The Conference aimed at building technical capacity among participating government officials by providing them with practical tools to assess and evaluate fiscal regimes for extractive industries. It provided a forum for participating countries to exchange views and experiences on the challenges and macroeconomic considerations they face in evaluating and administering their fiscal regimes for EI. International experts discussed economic principles and other considerations for the design, implementation, and evaluation of fiscal regimes for EI. The IMF First Deputy Managing Director, together with the Peruvian Minister of Finance, participated in a concluding round table.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.4

The countries had expressed interest in FAD inputs on the topic of fiscal regimes, but preferred the format of exchange of knowledge about international practices, through conferences, workshops, and regular interaction, rather than by the conventional mission format. The project was discussed by FAD with officials of all four revenue authorities in April 2011 in Washington, D.C.

On Peru, the project worked from HQ on the new regional royalties, but had no mission on the Mining Code. On Colombia, a mission in June 2012 prepared a TA report on fiscal regimes for mining and petroleum. On Bolivia, there was a TA mission in December 2012 on the mining code and the mining sector that prepared a TA report. No activity has taken place with Ecuador.

A Regional Conference (about 70 delegates) in Lima in March 2014 organized under the project, in collaboration with the Ministry of Economy and Finance of Peru, brought together government officials from the four countries, staff from other development institutions, industry experts, and academics.

Efficiency of TA Delivery: 5.2

Working with several countries contributes to the effectiveness of the project because there are economies of scale, and countries can learn from each other in the context of regional conferences and workshops making it a powerful form of capacity building. The TA delivery forms of the project have been appropriate given the existing capacity in the countries and significant progress was achieved at a comparatively low cost. The exchange of experiences by officials from the four countries with FAD before the project was launched, and a good rapport with country officials contributed also to enhance the efficiency of the project. By October 2014, 60 percent of the budget had been executed with the Regional Conference utilizing about half of the budget. The project was extended by two months in December 2013 to April 2014 and extended again in June 2014 by 14 months to June 2015 so as to accommodate plans for a second regional conference, targeted for the first quarter of 2015.

Efficiency of Reporting: 5.3

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: 5.3

Legislation enacted in Peru and Colombia and draft legislation prepared in Bolivia included recommendations provided by the project. Capacity building in the form of exchange of experiences and views of country officials with FAD started before the project was launched. The Regional Conference brought together delegations of the four countries and contributed to enhance capacity through the exchange of experience and views with peers, and by acquiring knowledge on best practices and technical tools from experts, including from the mining industry. Coordination with other TA, TTF and non-TTF, from other providers is providing synergies in various fronts.

Sustainability: 5.0

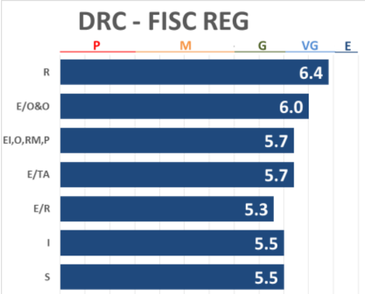
Capacity is relatively strong in the Andean countries which bodes well for sustainability. Technical conferences and workshops like the one organized in Lima ensure that capacity is not only strengthened further at the technical level, providing support for sustainability of reforms, but senior officials also get first-hand information on what their peers are doing well and about the problems and challenges they are experiencing, allowing them the opportunity to try to imitate the successes and avoid the mistakes. To mitigate the political risk on the sustainability of the advice being provided under the project, staff has developed strong relationships with government officials who are likely to remain in office even if changes in the administration or at the ministerial level were to occur.

III.2 DEMOCRATIC REPUBLIC OF CONGO

Background

The DRC is a large federated low-income post-conflict country rich in oil and minerals. In 2003, the DRC emerged from a six-year civil conflict that cost millions of lives. It reached the HIPC Completion Point in 2010. The DRC is the largest world producer of cobalt ore and a major copper producer. The mining sector is significant in the economy (about 10 percent of GDP). Projections for mining production have been revised upward substantially in the recent past and the mining sector is expected to remain the main driver of growth in the medium term. The DRC became an EITI candidate country in 2007. After being temporarily suspended in April 2013, the DRC became EITI compliant in July 2014.

EI FISCAL REGIMES



Project dates: February 2012-January 2015
Budget: US$628,300

Comments: The project was placed in the initial reserve list in March 2011 and was activated on a LOT basis shortly thereafter. The project was extended in the first half of FY 2015 to June 2015 (extension within six months) and the budget was decreased by 30 percent in December 2014. By October 2014, budget execution was 44 percent.

Background: With central government revenues of only 13-14 percent of GDP, the country faces a revenue mobilization challenge. At the inception of the project, challenges in the tax policy area included the need to better integrate policymaking within the standard budget process; monitor the revenue productivity of the mining sector using analytical tools; and assess the economic and legal implications of general tax rules on mining projects.

Objectives: The project aims to strengthen the fiscal regime for mining in the DRC, and to build capacity at the Ministry of Finance and other government agencies that play a role in the policy design and administration of taxes on mining activities, to monitor revenue performance, and assist in the function of macro-fiscal management. Specifically, the project seeks to improve the policy framework and its transparency, and revenue from the mining sector. Note: the transparency element of the project was dropped after discussions with the authorities as it was covered under a World Bank/DFID project that started at the end of 2011.

Identification of risks: Absence of, weak, or unfavorable changes in political commitment will tend to undermine achieving the objective; information is not shared between government agencies, in particular MOF and other ministries setting policy for the mining sector; human resources are not invested in building capacity and using a mining fiscal revenue model.

Evaluation DAC Criteria

Relevance: 6.4

The DRC is a low-income resource-rich country. By 2011, performance under an IMF-supported Extended Credit Facility had been satisfactory. The project's objectives are aligned with country needs and government priorities. The authorities had launched a review of the Mining Code shortly before the start of the project.

Prior to presenting the Project Summary to the SC, the challenges in improving the taxation of EIs and building capacity in managing revenues from those sources were identified, and TA priorities discussed, in meetings with the authorities in Washington and during a short staff visit to Kinshasa which helped shape project objectives. During the implementation phase of the project there was dialogue on how the IMF could provide further relevant TA. The DRC had received IMF tax policy and revenue administration TA prior to the project. The project has complementarities with Module 2 (launched four months before this project) and Module 3 (launched in parallel with the project), and it sought to coordinate its activities with those modules.

Consultations were held at the time of project inception with other TA providers, notably the World Bank, to minimize overlaps. As a result of coordination with the World Bank, the project was revised early on to exclude a transparency component covered by World Bank TA.

Effectiveness on Outcomes and Objectives: 6.0

Significant progress has been made toward improving the quality of the design of the fiscal regime for mining, in the form of a new draft Mining Code -- which reflects many TA recommendations and successive rounds of comments -- and tax changes included in other legislation in line with TA suggestions, but the process of putting in place the code has lost momentum due to disagreements with mining companies. The draft code would improve the quality of the fiscal regime and has the potential to increase the revenue take substantially relative to the 2002 code.

Initial progress was rapid as differences of view among government agencies were resolved and consensus was reached on the major fiscal issues (MOF comments on the draft prepared by the Ministry of Mines were in line with the project's recommendations). A draft mining code had been produced by late 2012 following the project's first mission in April. The draft code included a number of improvements along the lines recommended by FAD, but some aspects remained problematic. The authorities produced an improved second draft code following the second TA mission in January 2013. They launched a process of public consultations on the revision of the code in August 2013. While the expectation was that the draft code would be sent to the National Assembly for consideration during the March 2014 parliamentary session, the code encountered resistance from mining companies that oppose components of the proposed tax regime. The authorities and mining operators have not been able to agree on the main tax elements of the new mining taxation regime, and the stand-off has been protracted.

As regards revenue modeling and simulations, there has been significant progress, with improved cooperation from the authorities on data gathering and sharing, a greater involvement of the Ministry of Mines, and important contributions made by the TA. A cash-flow model was designed based on FARI methodology, adapted to the needs of the DRC. The model is used to estimate the revenue potential of six large mining projects, accounting for about 50 percent of copper production, and three gold projects. The analysis obtained from the model played a vital role in guiding the authorities through discussions and consultations on the reform of mining taxation. The model was used to evaluate two versions of the draft Mining Code, and was also used in the consultation process on the code with mining companies and the public, including to analyze alternative fiscal terms proposed by the private mining sector. A revenue forecasting model has also been developed under the project, but progress has been difficult due to data constraints.

Cooperation among agencies on data gathering and sharing, initially poor, has improved but more progress is needed. Further progress on revenue forecasting will depend on data improvements and better organization within and among government agencies, including the need for the Ministry of Finance to dedicate resources and improve data collection.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.7

TA interventions were effective in contributing to the progress observed toward project objectives and outcomes. Capacity building was given high priority. In particular, the project used effective tools to engage officials, build capacity, and increase ownership.

In the first year of the project two HQ-led missions focused on the fiscal regime, the Mining Code and revenue modeling (with workshops). This was followed by a STX visit on revenue modeling and forecasting, in the context of the public consultations on the draft Mining Code.

To address severe capacity constraints, the structure of the FARI model was made simple to allow officials easy implementation. Rather than building the model and handing it over to the authorities, one of the TA missions built the model (in French) together with officials from the MOF and the Ministry of Mines in a one-week workshop. This made officials more involved in the modeling exercise, increased awareness of the need for better information sharing, and made the results of the analysis more easily accepted. A STX also worked on revenue modeling with a newly formed ad-hoc inter-agency working group comprising officials from a technical committee on monitoring of reforms, the three revenue administration agencies, and the Ministry of Mines.

The outputs of the FARI model informed discussion and choices on the fiscal regime in the draft Mining Code, which drew in a good part from TA recommendations and comments provided at various stages in the process. The results of the analysis also helped make the case for reconsidering a proposed poorly designed super-profit tax. In the context of the discussions between the authorities and the mining sector about the tax elements of the code, FAD staff attempted to create a common financial model to support those discussions, though take up so far appears to have been limited.

A workshop was held on transfer pricing (jointly with Module 2) in January 2013, and the material was covered in detail in a TA report. The workshop helped officials come into contact with international principles and practices, particularly in the mining sector; it helped make clear that the situation of DRC institutions was not conducive to a systematic management of the associated risks; it reinforced the point that institutional fragmentation conspires against sound risk management; and offered suggestions for improvement. Results from this joint work have implications for the work under Module 2 on mining revenue administration.

The project identified the absence of, or unfavorable changes in, political commitment as a risk that would tend to undermine the project objectives. The protracted stand-off between the government and mining operators about the tax elements in the code is a development that would have been difficult to foresee. The project has tried to address it through the provision of technical work to support discussions.

Efficiency of TA Delivery: 5.7

The project's time frame at inception (3 years) was realistic given the initial conditions, capacity shortcomings, and the reforms sought. The project was extended by 6 months in the first half of FY 2015. The long and still ongoing stand-off on the draft Mining Code has affected the project since early 2014. The TA delivery forms were effective in achieving the outcomes insofar as those were under the control of the project and the authorities, with rapid progress in the revision of the Mining Code and in revenue modeling, until problems with the mining companies were encountered. Synergies with Module 2 were efficiently exploited in the form of the well-received joint workshop on transfer pricing. The project's execution rate was 44 percent as of October 2014, and in December 2014 the budget was revised down by 30 percent.

Efficiency of Reporting: 5.3

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

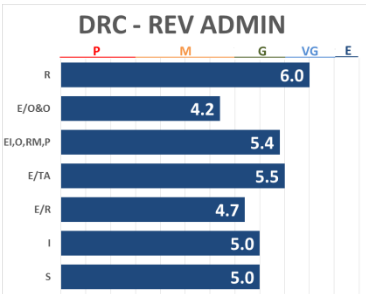
Impact: 5.5

While it is too early to assess broader impact given the fact that the draft mining code is still to be adopted, the project has already had a number of impacts. The 2013 Finance Law increased the mining profit tax rate following TA recommendations. The project has helped bring together agencies and improve inter-agency cooperation, including on data issues. It has increased awareness of the benefits of greater coverage and better quality of data, and while there is still much to do, progress has been made. As a result of the project's strong emphasis on capacity building, capacity is developing as government officials become more involved in the revenue modeling exercise. Work on modeling brought together officials from various agencies under an ad-hoc working group that convened during STX visits.

Sustainability: 5.5

Sustainability of the reforms fostered by this project will depend on the enactment of the draft mining code and its implementation, and more broadly on whether the reform process continues. The commitment shown by the authorities to the reform of the Mining Code and other changes in tax legislation, and their receptivity to advice, suggest reasonable prospects that the reforms will be sustained. The sustainability of the achievements in revenue modeling would be strengthened if the ad-hoc working group were formalized, and devoting more human resources.

EI REVENUE ADMINISTRATION



Project dates: October 2011-September 2014
Budget: US$574,740

Comments: The project was endorsed in March 2011. It was extended in December 2014 to June 2015. Budget execution as of October 2014 was 62 percent. The budget was increased by 10 percent in December 2014.

Background: At the time of project inception, capacity to administer revenues was in need of significant strengthening. All EIs were administered by the LTO in Kinshasa and Medium-size regional taxpayer offices, but four ministries (Finance, Mines, Petroleum, and Commerce), three administrations, and a number of technical services agencies were involved in administering EI revenues. The collection of mining revenues was split between the Direction Générale des Impôts (DGI, the tax department) for tax revenues, the DGRAD (Direction Générale des Recettes Administratives) for domestic nontax revenues, and the Customs. Resource revenue administration suffered from fragmentation and duplication of responsibilities and difficulties in collecting, exchanging and disseminating data on mining and oil production and on revenues from all the contributors, which resulted in lack of awareness of the overall tax situation of the mining enterprises.

Objectives: The project aimed at strengthening natural resource revenue administration capacity of the government institutions (DGI, DGRAD, Ministry of Mining Sector) for an efficient collection of all EI revenues due to the government.

Identification of risks: Political instability; unwillingness by natural resource institutions and companies to release information; lack of continued political commitment to implement the Fund's recommendations.

Evaluation DAC Criteria

Relevance: 6.0

As indicated under Module 1, resource revenues in DRC are important in a context of a low revenue ratio (13-14 percent of GDP) and a need to mobilize revenue. The resource revenue administration at the inception of the project was in need of substantial upgrading. The authorities were undertaking a program to strengthen governance and transparency in EI. The Minister of Finance requested TA, at the IMF/World Bank Spring Meetings in 2011. As noted above, the DRC's performance under an IMF-supported arrangement had been satisfactory.

The contents of the TA, the expected outcomes, and an action plan were discussed and agreed with the authorities during the diagnostic mission. A work plan for the following two-and-a-half years with dated actions was set out in the first TA report.

Earlier IMF TA in resource revenue administration had taken place, including from AFRITAC Central. The project coordinated the scope of its activities with GiZ and the EU, who were involved in TA in resource administration. The project has complementarities with Module 1 (launched four months after this project).

Effectiveness on Outcomes and Objectives: 4.2

Progress under the project was initially slow, but has picked up more recently.

The initial mission prioritized three areas where progress was required. It recommended actions to establish a database to improve the management of resource revenues; set up a specialized EI audit team within the LTO and strengthen capacity; and transfer collections of tax and nontax revenues to the DGI.

Progress was initially modest. By mid-2013, despite some improvements, little had been accomplished regarding the circulation and processing of EI revenue information, and strengthening of audit; and no decision had been made on the transfer of collection responsibilities from the DGRAD to the DGI.

Progress has begun to pick up. Measures are being implemented toward improvements in information availability, audit and collection, albeit with gaps and delays with respect to original project completion dates.

Actions have begun to be taken toward the organization of data gathering and processing from all institutions involved in collection of EI revenues. With TA support, a resource database to improve the management of EI revenues has been established. The database will receive information on mining production from a number of sources. Progress has also been made in data collection, but much remains to be done, and the quality of the data should be improved. Reforms in the collection of tax and nontax resource revenues are expected to benefit the gathering of information.

Progress in specialized natural resource audit is beginning to be made. The LTO continues to have limited capacity to effectively audit EIs, and there are weaknesses at the tax department to conduct physical audits. Capacity to audit EIs is being enhanced with focused training in advanced audit.

Regarding collection of revenues, payment through banks has been implemented and there are advances in filing procedures at the LTO and collection procedures at the DGRAD. These reforms will contribute to the data gathering efforts to feed the database.

On the other hand, the integration of the collection of tax and nontax resource revenues from large mining taxpayers under the LTO in the DGI has remained elusive, largely because of concerns about the implications of such a consolidation for the DGRAD's personnel and budget. No progress is expected in combining the collection of tax and nontax revenues in a single branch, which affects the attainment of project objectives. To attenuate to some extent the effects of this fragmentation, the TA has emphasized the need for collaboration, and has made specific recommendations to strengthen cooperation between the DGI and DGRAD in audit and collection procedures, aimed at avoiding duplication of procedures and reducing taxpayer compliance costs.

Lack of political support, resistance to change including in agencies whose reform is needed to reduce fragmentation, poor inter-agency cooperation including in the sharing of data, and weak management of the reform by the many institutions involved, conspired against better performance. However, there are indications of some greater commitment to reform in the more recent period.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.4

The project delivered a number of activities and continuity of engagement. The initial diagnostic mission in March 2012 found that many institutions are involved in administering the revenues from EIs and prioritized three areas where progress was required, as discussed above. In September 2012 a STX visit found that little progress had been made and worked on improvements in collection of information. In January 2013, a workshop on transfer pricing was held jointly with Module 1. In February 2013 a STX assisted with the transfer of collection of nontax revenues from EIs from the DGRAD to the DGI and found that no actions had been taken in this regard. A mission in April 2013 found some limited progress in certain areas, but circulation of information was not yet organized, no decision had been taken on the transfer of collection responsibilities, and progress was needed in audit. In November 2013 a STX assisted the authorities in further developing a database on natural resources. In 2014, a mission and a STX visit to conduct training in audit took place, by which time progress on data issues and payment procedures was taking place.

The TA reports contained detailed matrices with planned outcomes and calendars, prioritized road maps, and future plans for the TA, updated in successive reports in light of developments. Several visits by STXs helped assess progress and provided concrete recommendations in a number of areas, including on the development of the database, the transfer of collection responsibilities from the DGRAD to the DGI, and advanced audit training. A well-received workshop on transfer pricing (jointly with Module 1) confirmed that the DRC should make significant progress in aligning its procedures to international practice (see DRC, Module 1). The TA has made efforts to bring together the agencies involved.

AFRITAC Central planned to provide focused assistance to the DGI from mid-2014 in the implementation of e-filing procedures. The project works in coordination with other TA providers, particularly GiZ, the EU and the World Bank, but an instance of uncoordinated advice occurred with another TA provider.

Risks to the attainment of project objectives arising from the possible lack of sharing of information by institutions and political commitment and support to implement recommendations were identified at the inception of the project. The project has worked to mitigate the first of those risks by working with the institutions to try and enhance inter-agency data sharing and cooperation, including through several STX visits. Political support to the tax department remains limited, including as regards the transfer of collection responsibilities discussed above.

The risks stemming from institutional resistance to change were not explicitly anticipated in the Project Proposal; they became clearer during the project and led to alternative TA strategies and suggestions. Faced with the reluctance to integrate tax and nontax collections under the DGI, the TA showed flexibility in approaches. The TA report of May 2013 proposed to limit, in the first instance, the transfer to mining and petroleum royalties. The report a year later focused on specific recommendations for increased and close collaboration between the two institutions in audits and collection.

Efficiency of TA Delivery: 5.5

The project envisaged a relatively long time frame (3 years), and was extended by nine months with a budget increase of 10 percent in December 2014 to accommodate a final HQ-led mission. Budget execution by October 2014 was 62 percent. The project has delivered three HQ-led missions and seven STX visits over a period of a little more than two years. This hands-on approach provided continuity of engagement, which under the circumstances was an efficient way of helping reforms move forward and building capacity. In particular, the use of STXs helped achieve some progress in inter-agency cooperation and advance reforms, particularly in information gathering and sharing and in strengthening audit capacity.

Efficiency of Reporting: 4.7

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

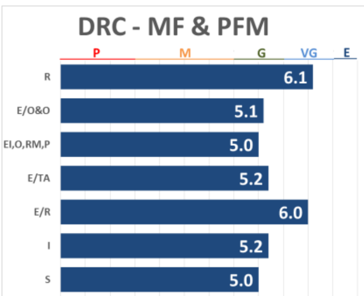
Impact: 5.0

The TA is having an impact on systems and procedures as the LTO and the DGRAD implement procedures aimed at facilitating mining taxpayers' compliance. Progress on setting up a database involves increased inter-agency cooperation. The transfer pricing workshop raised awareness among many agencies about the pressing need to centralize information and reduce fragmentation of policy and administration.

Sustainability: 5.0

The tax administration reforms being implemented, including in audit and E-filing and E-payment procedures, would seem to be sustainable, particularly given generally good managerial and technical capacity. More broadly, much will depend on the continued strengthening of cooperation among agencies.

EI MACRO-FISCAL AND PUBLIC FINANCIAL MANAGEMENT



Project dates: January 2012-December 2013
Budget: US$498,005

Comments: The project was endorsed in March 2011. It was extended three times, to June 2014 (in December 2013), then to December 2014 (in the first half of FY 2015, extension within six months), and then to December 2015 (in December 2014). Budget execution as of October 2014 was 89 percent.

Background: At the inception of the project, fiscal institutions in the DRC were weak. Since 2010, there had been progress in macro-fiscal functions but much remained to be done. The medium-term budget framework had a partial coverage of fiscal operations; revenue and foreign aid projections were weak; and there was no natural resource module. The use of the medium-term expenditure framework (MTEF) for annual budget formulation was limited, and the MTEF was not well articulated with the annual budget. Macro-fiscal capacity was very limited. A significant degree of (evolving) fiscal decentralization added complexities. In addition, resource revenues were expected to increase gradually, which raised the issue of the efficient use of those resources to achieve the MDGs as reflected in the country's strategy for growth and poverty reduction.

Objectives: The project aims to assist the DRC's Ministries of Finance and Budget in defining and supporting the implementation of a specific strategy and its corresponding action plan for strengthening the macro-fiscal functions of the PFM system. Specifically, the project seeks to achieve a transparent formulation of the general budget through a three-year integrated medium-term macro-fiscal framework, so that the potential and actual impact of resource revenues is clear to the public.

Identification of risks: Change in government's commitment to transparency of natural resource revenue budgeting; lack of continued commitment to implement FAD's recommendations.

Evaluation DAC Criteria

Relevance: 6.1

The project's objectives are aligned with country needs and government priorities. The project fits into the government's Strategic Plan for Public Finance Reform (SPPFR) that was adopted in 2010; the SPPFR emphasizes the submission of annual budgets in the context of a three-year Medium-Term Budget Framework (MTBF) as one of the reform's objectives. The project was requested jointly by the ministers of finance and the budget.

The IMF had provided PFM TA to the DRC prior to the project. In 2010, PFM diagnostic TA noted the need to further assess and strengthen macro-fiscal functions and organizational charts, and proposed some corrective short- and medium-term measures to address identified PFM weaknesses, including operationalizing the SPPFR. Later IMF TA proposed a broad action plan that was supported by COREF, the Coordinating Unit in charge of monitoring PFM reforms. The project builds from the findings of this earlier TA and action plans developed by the government in consultation with the IMF. In addition, the project has complementarities with Module 1 (launched in parallel with this project).

At the beginning of the project, several TA providers were active in various PFM areas, but not in macro-fiscal management: AFRITAC Central (implementation of a new public finance law and public accounting); the EU (support of the PFM reform committee); the World Bank (subnational public expenditure management); and ODI (several activities). The project coordinated with those other activities.

The TA responded flexibly to a request from the authorities for assistance to prepare a consolidated budget. This activity had not been planned, but it fitted well with the project and responded to the authorities' needs.

Effectiveness on Outcomes and Objectives: 5.1

The project has recommended the implementation of a broad range of actions and reforms. They include setting up a unit in charge of macro-fiscal functions within the Ministry of Budget (MOB); improvement in capacity to prepare annual budgets based on three-year rolling medium-term macro-fiscal frameworks and realistic resource revenue projections and expenditure plans; and reinforcement of the capacity to formulate the budget in the MOB. Given the scope of the reforms sought, a challenging political environment, significant fragmentation of responsibilities for macro-fiscal functions, with three ministries (planning, finance and budget) and various units and committees involved, often with limited inter-agency cooperation, and capacity issues, the completion dates for the outcomes (June 2012 to June 2013) were very ambitious and delays have occurred.

Good progress has been achieved under the project. Implementation of the project's recommendations got off to a slow start - by the end of the first year of the project, only about one-fifth of the actions planned for that period had been implemented - but a number of activities had been initiated, and progress accelerated afterwards. By late 2014 a number of actions expected to have been completed earlier in the project were largely achieved; in some areas, however, progress has been more limited.

The project has contributed to a number of achievements. First, beginning in 2013, an annual medium-term fiscal strategy paper has been prepared using a simplified version of the MTEF, but its quality needs to be significantly improved. Second, the macroeconomic and fiscal forecasting model, developed by the project, was improved by incorporating the revised national accounts and new modules for the projections of revenues from natural resources. Third, a specific strategy and action plan to strengthen annual budget formulation in the context of a three-year MTFF were formulated, and subsequently the action plan was extended and updated. The implementation of the action plan is ongoing, but it needs to be accelerated. Fourth, progress has been made on the methodology for preparing the MTBF and the MTEF. Communication with relevant stakeholders took place.

On the other hand, proposed TOR for a macro-fiscal unit in the MOB have been drafted as part of the action plan, but the unit has not been set up yet. A number of reforms sought have been initiated but more progress is needed. More broadly, progress on streamlining and improving the institutional arrangement for macro-fiscal work has been limited, and fragmentation remains, with various ministries and units involved. For example, the TA recommended the rationalization of the various coordination committees as a priority, but coordination between the MOB's reform unit and COREF remained insufficient, which slowed implementation of reforms.

Capacity is very limited. For example, only three local staff, in different institutions, are capable of using the forecasting model. Training materials were made available to the MOB. AFRITAC Central is also working in capacity building.

The delays relative to the project's completion dates and in several cases partial achievement of outcomes are due, to a greater or lesser extent, to ambitious initial timelines; limited political support; capacity weaknesses; and difficulties in inter-agency collaboration, particularly between the MOF and the MOB. Despite the TA's efforts to improve institutional coordination, cooperation between those ministries remained insufficient, which led to delays in the issue of necessary regulations.

During the implementation of the project, in late 2013, the authorities requested assistance to help prepare consolidated annual budget laws (central government, provinces and territorial decentralized entities) as required by the new Public Financial Management Law. The methodology for preparing the first consolidated annual finance law was finalized with TA support, and was used in preparing, for the first time, a consolidated state budget that was adopted by the government.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.0

Continuity in engagement and technical support were ensured through several missions and STX visits. So far, the project delivered three HQ-led missions and eight STX visits. In March 2012, an HQ-led mission and a STX visit prepared a strategy and corresponding action plan for strengthening the macro-fiscal capacities. In June 2012 and January 2013, three STX visits were undertaken to help consolidate the MTBF and MTEF development. In March 2013, another HQ-led mission and two STX visits updated the action plan and proposed new measures to improve public investment management. In November 2013 and April 2014, two STX visits were carried out to assist in consolidating the state budget (central government, provinces, and territory entities) and refining the macroeconomic and fiscal model. Also in April 2014, a HQ-led mission assisted the authorities in consolidating the 2014 state budget for general government and the MTBF.

There was a flexible response from the project to the authorities' request for assistance in consolidating the state budget that helped enhance continued relevance. With several players in the PFM TA area, efforts were made to strengthen TA coordination through the establishment of a PFM donor coordination committee.

Missions met with other TA providers to present their findings and conclusions. Other TA providers in the PFM area (the EU, the World Bank and DFID) do not cover macro-fiscal issues. The first mission also met with members of the Senate's economic and finance committee, and with representatives of civil society to present the main concepts and objectives of the reforms.

The TA reports were comprehensive and included work plans with timelines. The reports included action matrices with quarterly expected dates of completion of activities. The matrices, however, also underlined the large number, interconnectedness, and broad scope of the reforms sought (which involve numerous and in some cases major changes in institutional responsibilities, systems, and procedures) under ambitious timelines, and the contributions that many institutions were expected to make.

At the inception of the project, changes in the government's commitment to transparency in resource revenue budgeting and political commitment to implement FAD recommendations were seen as areas of potential risk. In the event, political support for the project has been limited, as a result of the fragile political environment. Management coordination difficulties also emerged as a risk during implementation in view of the large number of agencies involved and earlier collaboration issues. To mitigate this risk, one of the project's main aims is to improve coordination through specific recommendations, and raise awareness. Staff have tried to support the ministries by offering tools for coordination, and sensitizing officials about the need to improve collaboration, but the extent to which these suggestions are being internalized is not clear. Weaknesses in capacity to undertake macro-fiscal work surfaced, perhaps to a greater extent than initially anticipated.

Efficiency of TA Delivery: 5.2

The project made efficient use of missions and STXs to help advance the ambitious reform agenda given the need for hands-on support in a context of weak capacity.

The original time frame for this project proved much too short for the broad scope of the reforms and improvements sought in a challenging context. The mid-2014 Project Assessment indicated that a further one-year extension to the project and the reformulation of objectives and outcomes to take account of capacity constraints and the political environment would be requested at the December 2014 SC meeting. The project was extended three times, from its original two-year time frame by a total of two years. The latest extension by one year was requested to accommodate one mission and three STX visits to refine the medium-term fiscal frameworks and the fiscal strategy paper. Part of the project extensions can be explained by the need to meet the additional TA request for assistance in preparing a consolidated budget. The project budget has not been modified, and budget execution as of October 2014 was 89 percent. Given the degree of execution of the budget and the recent one-year extension to the project, an increase in the project budget is likely to be required.

Efficiency of Reporting: 6.0

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: 5.2

There are already indications of positive impacts from the project. Medium-term fiscal strategy papers have been prepared since 2013, though much remains to be done to improve their quality. Improvements in processes and procedures include advances in macroeconomic and fiscal modeling and the incorporation of resource modules. Another early impact was the preparation, for the first time, of a consolidated state budget, which followed methodological work supported by the TA.

Sustainability: 5.0

The sustainability of the reforms will depend in part on political support, further improvements in capacity, and better inter-agency collaboration. The continuation of the project into 2015 should provide more assurances of the sustainability of the reforms after the end of the project.

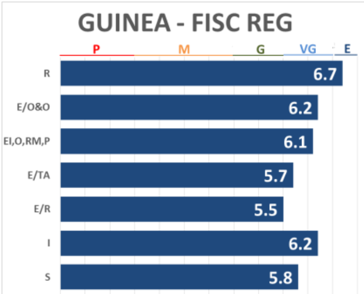
III.3 GUINEA

Background

Guinea, one of the poorest countries in the world, has emerged in the last few years from a long period of social unrest and military rule. The first free and fair election since independence took place in 2010. In September 2012 Guinea reached the HIPC completion point.

Guinea has the largest reserves of bauxite in the world, and is the second largest world producer of bauxite. Its mineral wealth also includes significant deposits of iron ore, as well as gold and diamonds. Mining revenue has contributed about 20 percent to total revenues in recent years. Efficient development of the mining sector over the long run is crucial to lift the country from its very low per capita income. Guinea became an EITI candidate country in 2007 and was designated EITI compliant in July 2014.

EI FISCAL REGIMES



Project dates: April 2012 - April 2013
Budget: US$523,365

Comments: The project was placed in the reserve list in November 2011 and was activated in June 2012. It was extended three times, to April 2014 (in December 2013), then to December 2014 (in June 2014), and then to April 2015 (in the first half of FY 2015, extension within six months). The budget was reduced by 20 percent in December 2014. Budget execution as of October 2014 was 50 percent.

Background: The country's Mining Code was reformed in 2011. After reviewing the new Mining Code and developments in the mining sector as part of a FAD tax policy mission in October 2011, the authorities and IMF staff agreed that there was an urgent need to review and complete sections of the code and to monitor its implementation, notably regarding the significant potential changes of fiscal terms for existing mining concessions.

Objectives: The project aims at helping finalize significant adjustments to the 2011 Mining Code, support the authorities in completing ensuing tax-related regulatory and fiscal aspects of the model agreement, and compare signed mining conventions with the 2011 Code and with international best practices. Specifically, it aims at making the mining sector subject to a more competitive fiscal framework that promotes the development of the sector and provides acceptable tax revenue, in line with international standards.

Identification of risks. Government's lack of capacity to implement necessary regulation; and lack of capacity to implement adopted policies in a transparent fashion and to commit to a more transparent fiscal framework.

Evaluation DAC Criteria

Relevance: 6.7

The country urgently needed a review of its recently passed Mining Code given the substantive issues that recent FAD non-TTF tax policy TA had unearthed. The findings and recommendations of that TA led the authorities to seek additional TA, this time under the TTF. The minister of finance expressed strong interest in immediate and longer support, given the size of existing and potential projects and the very low capacity in Guinea. Reflecting this background, the project has very focused objectives.

The relevance and focus of this project were enhanced by fielding a short planning visit in February 2012 (before producing the Project Proposal) to discuss the TTF request in detail and fine tune the work plan with the government, taking into account the activities of other TA providers. The Project Proposal benefited from the information gathered during the visit, and provided a detailed sequenced program of planned activities and their objectives, with the anticipated legal drafting phases in the project.

Guinea had had intensive IMF TA on tax policy and tax administration shortly before the project was launched. Three TA missions visited Guinea in 2011. While there were no known TA providers directly active in mining taxation, a number of donor agencies had been involved in the work surrounding the 2011 Mining Code. The planning mission met with those agencies about the scope of the project. The project has complementarities with the project under Module 3 through inclusion of the mining revenue models into macro budgeting.

Guinea's performance under a 2011 IMF-supported Staff Monitored Program followed by an Extended Credit Facility was good. Notably, important strides were made toward establishing good governance and transparency in the mining sector.

Once the project got underway, rapid response of Module 3 in coordination with Module 1 and FAD's revenue administration experts to emergency requests from the authorities helped enhance the continued relevance of the TA to the authorities' needs and priorities.

Effectiveness on Outcomes and Objectives: 6.2

This highly focused project has delivered significant results that go a long way toward attainment of the project's objectives.

The project has delivered a complete review and redrafting of the fiscal provisions in the Mining Code. Progress was rapid. Following two missions in quick succession in 2012, by December 2012 a draft amendment to the Mining Code had been prepared jointly by the Ministry of Economy and Finance, the Ministry of Geology and Mines and the Ministry of Budget with support from the TA (with informal consultations with mining companies), and formal consultations with the mining sector and civil society were underway. The amended Mining Code was submitted to National Assembly and approved in March 2013, slightly less than a year after the launch of the project.

The code provides a clear and sensible legal framework within which discussions on existing mining agreements can proceed in structured fashion. The burden of the overall tax package in the amendments to the code was compared internationally by the TA and found to be broadly in line with comparable countries. The related fiscal regulations and a Model Agreement were reviewed and redrafted with support from LEG. They have not been adopted yet, and some concerns remain about the quality and completeness of the draft regulations. The authorities expect to finalize the implementing regulations by May 2015.

As regards fiscal regime transparency and stakeholder participation, the consultations carried out at the time of the preparation of amendments to the Mining Code involved wide discussions with mining companies and civil society. A Technical Committee was put in place to conduct the discussions regarding existing mining agreements, and initially met a number of companies to explain its purpose. The work of the committee, however, has been hampered by the lack of provision of the requested data by mining companies.

The amendments to the Mining Code call for a process for the gradual application of the code to existing conventions following a two-year period for discussion between the companies and the Technical Committee. The Technical Committee has already engaged with some companies, and its work is supported by a group of external technical advisors. All signed mining conventions are now in the public domain.

Following the amendment of the code, work began on modeling the mining agreements in support of the Technical Committee, and was expected to be completed and integrated into a revenue forecasting model by late 2013, at which point the project would have been completed. Headway was made in modeling roughly half of the existing mining agreements where data were available, before further progress was prevented by data problems as a number of mining companies have not provided the necessary data. There has been no progress on this front since. The authorities and the IMF staff are waiting for the data to complete the modeling exercise.

In the context of the TTF project, the authorities requested assistance at short notice on the mining VAT refunds system. The TA provided in response leveraged TTF and internal FAD synergies -- it was carried out by Module 3 in close coordination with Module 1 and participation of FAD's revenue administration division.

The project has benefited from strong political support and management commitment, with a high degree of involvement of all concerned ministers and ministries. More recently, however, the project lost momentum as the modeling of remaining projects depends on data that the mining companies are yet to provide, and the Ebola outbreak.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 6.1

The fielding of a short visit prior to the preparation of the Project Proposal helped clarify the focus and sequencing of the project. It led to a Project Proposal with a focused objective and outcomes and a work plan. Early TTF TA engagement with two missions in quick succession with participation from LEG to help with drafting gave strong initial momentum to the project, leading to quick progress. The TA reports focused on specific recommendations to improve the Mining Code and associated regulations, on royalties, and on revenue modeling. In addition, TA support during the process of amendment of the Mining Code was provided through close communication between IMF HQ and the authorities. The TA recommended a wide consultation process on the draft code with relevant stakeholders.

The government's capacity to implement necessary regulation, and to implement adopted policies in a transparent fashion and to commit to a more transparent fiscal framework were risks identified at the outset of the project that in the event did not materialize. It is not clear to what extent the risk of lack of provision of data by mining companies could have been foreseen, particularly given the wide consultations carried with the sector.

Efficiency of TA Delivery: 5.7

The project has been extended three times, from the original one year to three years. The original time frame for the project may have been somewhat ambitious, but it should be noted that the amended Mining Code was enacted less than a year into the project, and the project extensions were granted mainly to accommodate delays in modeling due to the problems with data provision by the private sector, and the Ebola outbreak.

The project has achieved major progress toward its objectives at lower cost than anticipated. TA delivery consisted of two missions and a STX visit. Following the initial short scoping visit, an increase in the preliminary budget to accommodate additional activities was approved. The execution of the budget by October 2014 was 50 percent. The project's budget was reduced in December 2014 by 20 percent.

Efficiency of Reporting: 5.5

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

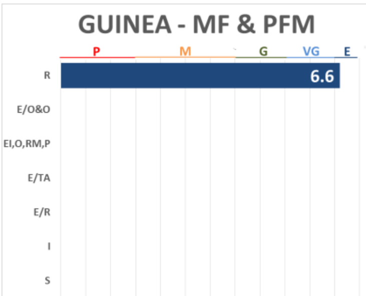
Impact: 6.2

The revised Mining Code, once appropriate implementing regulations are issued, is expected to improve considerably the environment for mining investment, while allowing the review process of the existing mining titles and conventions to advance. The implementation of a VAT refund system for the mining sector should enhance incentives for taxpayers to collect and pay the tax, and is expected to promote the viability of the mining sector. This early impact arose from the coordination of Module 3 with this project.

Sustainability: 5.8

Prospects for sustainability look favorable, especially if the remaining modeling still to be done can proceed and capacity strengthened through training. In due course, the use of the revenue models generated under this project in the macro budgeting functions (Module 3) would offer additional assurances of sustainability.

EI MACRO-FISCAL AND PUBLIC FINANCIAL MANAGEMENT



Project dates: January 2014 - January 2016
Budget: US$702,000

Comments: The project was endorsed in December 2012. The budget was decreased by 13 percent in December 2014.

Background: PFM diagnostics carried out before the TTF project, including a PEFA assessment in 2013 and non-TTF IMF TA, found weaknesses in the PFM system. The development of a multi-year perspective in fiscal planning, expenditure policy, and budgeting had been very slow. Other deficiencies were identified in PFM areas such as the comprehensiveness and transparency of the budget, budget classification and budget documentation. IMF TA prior to the TTF project had focused on the PFM reform strategy, the legal and regulatory framework for PFM, government accounting and cash management.

Objectives: The project aims at developing an effective PFM system to manage mining resources through (i) the building of capacities and tools to provide realistic estimates of mining resource revenue in order to enhance the design of macroeconomic and fiscal policies; (ii) a strengthened integration of resource revenue forecast and management to support improvements in the formulation and execution of annual budgets; and (iii) PFM reforms to strengthen efficient and transparent reporting and accountability.

Identification of risks: Government lack of capacity to develop and retain capacities required by the overhaul of the PFM system; change in government's commitment to transparency; lack of continued political commitment to implementing TA recommendations.

Evaluation DAC Criteria

This project was launched in January 2014. Therefore, only the relevance of the project is evaluated.

Relevance: 6.6

Weaknesses in Guinea's PFM system had been identified by earlier diagnostics. Strengthening macroeconomic and PFM capacities is a key element of the country's strategy to manage a potential surge in mining revenues in the coming years. The authorities had established a good track record of implementation under IMF-supported arrangements (see Module 1). In addition, Guinea had made rapid progress under Module 1 of the TTF. This project is well sequenced with that project, launched about a year and a half earlier.

The project aimed at avoiding overlap with the existing work of non-TTF TA on PFM and of other TA providers, including the World Bank (functional organization of the budget directorate) and the AfDB (budget preparation and forecasting). Donors coordinate their TA through a Topical Group, and no overlap between this project and partner TA initiatives was foreseen.

Some actions were taken at the beginning of the project to enhance its relevance and focus. The inception mission held workshops and seminars with the authorities to elicit better their needs and objectives and agree on the scope of the project and its synchronization with Module 1. The project focuses on a limited number of issues. A project roadmap endorsed by the authorities was produced, including actions to foster inter-ministerial coordination. The inception mission met with the members of National Assembly, and the Minister of Finance organized a meeting with civil society, trade unions and the media to present the mission's findings.

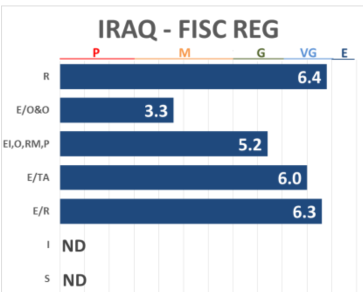
As noted under Guinea Module 1 above, rapid response of Module 3 in coordination with Module 1 and FAD's revenue administration to a request from the authorities on VAT refunds helped foster the relevance of the TA to the authorities' needs and priorities.

III.4 IRAQ

Background

Revenues from oil and gas (roughly US$70 billion dollars per year at current production and prices) will for the foreseeable future account for the vast majority of government revenues, and developing effective systems and capacity for managing this sector was of critical concern to the authorities, and to the international community which had a strong interest in increased oil production from Iraq.

EI FISCAL REGIMES



Project dates: May 2011-April 2013
Budget: US$619,030

Comments: The project was endorsed by the SC in April 2011. In May 2012, the team proposed that the scope of the project be changed and Module 1 be put on hold pending renewed cooperation from the Ministry of Oil (MOO). A revised project summary to change the scope of the project and increase the budget (to US$630,840) was presented to the SC for approval. The project was put into reserves in December 2012. In June 2013, the team proposed to drop Module 1 from the project, leaving only Module 3 in the reserves. However, the reserve list was abolished at that SC Meeting.

Background: After an extended period of neglect and huge security related challenges, Iraq was commencing a wide-ranging process of fiscal and economic reform with strong support from the international community. The security and political situation remained fragile, and major efforts were required to develop and implement modern economic management practices along with the necessary Iraqi human capacity to administer these. Capacity was extremely low, as a consequence of security problems and consequent brain-drain.

Objectives: The proposed project had two components. A module 1 to assist the authorities in developing a practical petroleum contract analysis and revenue forecasting framework that could be used jointly by the Ministry of Finance (MOF) and the MOO, with a series of workshops and training to use the modeling tools, and advice on fiscal regime design and tax issues related to the new service contracts. A module 3 to advise the authorities on integrating oil revenues and related expenditures into the budget process. Specifically, the project would strengthen the capacity to forecast petroleum revenues and to manage petroleum revenues and integrate these into the budget process.

Identification of risks: The project proposal presented a detailed risk analysis, which identified as potential risks to the project lack of sufficient capacity for the effective implementation of the framework; lack of cooperation between MOF and MOO; security issues; and FAD failure to deliver. The analysis included the level of the risk entailed, the impact were the risk to materialize, and the mitigation measures being taken. This project proposal is unique in this respect.

Evaluation on DAC Criteria

Relevance: 6.4

Iraq became a candidate member of the EITI in early 2010. Assistance provided under the project would contribute to the development of the systems and controls necessary to meet EITI requirements. The authorities reconfirmed their request for TA under the TTF during the 2011 Spring Meetings. Iraq had signed 11 major service contracts with international oil companies (IOC) in an open and transparent bidding process. Iraqi officials recognized that development of a practical, simplified contract analysis and revenue forecasting tool that could be used by MOF and MOO was needed. Both ministries had specifically requested FAD assistance and had already nominated key individuals to receive training as part of the project. The project was clearly a valuable opportunity to more effectively share knowledge between and integrate the activities of these two key ministries, and in particular give the MOF increased insight into and capacity to manage the macro-fiscal aspects of this critical sector. The IMF area department staff would also be able to use the petroleum revenue forecasting tool developed under the project, which would greatly facilitate dialogue with the authorities and ensure effective integration of petroleum revenue forecasts into IMF program design. This sustained interaction between IMF staff and Iraqi authorities would facilitate continued capacity building beyond the specific work of the project. For Module 4, the primary goal was to get investment guidelines for the oil fund approved. Then implementation would follow, which was expected to take a longer time involvement. Because of security concerns, all TA work was done outside Iraq.

The IMF had been closely involved in initial reconstruction efforts commencing after the government was installed. In addition to multiple area department missions under the IMF program, there had been missions on government financial statistics (2009 and 2010); on PFM focused on strengthening the accounting and reporting framework (2006, 2008, 2009); on tax reform including petroleum (2007) and an oil sector workshop (2008). However, given the difficult circumstances these efforts represented, only a start and much further work needed to be done. Overlapping activities by other TA providers were not expected. FAD would coordinate with the World Bank and Norad, both active in Iraq, but neither of which was providing assistance in this specific area.

Effectiveness on Outcomes and Objectives: 3.3

On Module 1, held in workshop format, the initial mission introduced the Iraqi team (representatives from the MOF and MOO) to FARI and to oil contract issues arising. The Minister of Finance discussed the work program with the project team, both on the forecasting and on PFM issues. The Iraqi team raised a number of tax policy issues they wished to see addressed within the project, and the Minister requested (in writing) the expansion of the project to cover further fiscal regime policy advice on matters arising from the analysis of contracts. Subsequently, the authorities nominated a counterpart group, and the team sought minor changes to improve continuity with the team present in May. Models for fiscal analysis of petroleum taxation and forecasting were prepared after the first workshop, but lack of data and involvement from the MOO (despite that it had also initially agreed in writing to participate) prevented scheduling a second workshop at which the detailed design of forecasting tools were to be agreed and Iraqi officials trained. In May 2012, Module 1 was put on hold pending renewed cooperation from the MOO. Political in-fighting had resurfaced and was hampering the reform process, including keeping the IMF program on track. Module 3 efforts, on the other hand, were going well and needed to be increased and accelerated to address Iraqi needs**.** Consequently, the scope of the project was revised and the budget increased.

On Module 3, the March 2012, the IMF PFM mission discussed tentative plans by the authorities to revive the Integrated Financial Management Information Systems (IFMIS) with support from the World Bank. The mission made a number of recommendations to strengthen the IFMIS implementation process, on accounting entries for in-kind oil revenues. There is no information in the documentation received on the May 2012 macro-fiscal issues mission.

Effectiveness on Inputs, Output, Risk Management, and Processes: 5.2

On Module 1, a short initial mission for meetings with officials was undertaken in Istanbul in May 2011. The following workshop had been planned for October 2011, but was temporarily deferred for logistical reasons linked to Iraq's budget discussions. In the event, it was not possible to schedule a second workshop, despite strong support from and repeated interventions by the area department on the project's behalf. Models for fiscal analysis were prepared at HQ following the initial mission.

On Module 3, work on PFM was planned for FY2013. A PFM mission funded by FAD visited Amman, Jordan in March 2012 along with an IMF MCD mission which provided recommendations to strengthen the IFMIS process. A mission on macro-fiscal issues funded under the project was fielded in May 2012.

Efficiency of TA Delivery: 6.0

The project design contained several unique features which contributed to its efficiency. These included: a detailed risk analysis; conditionality regarding the submission from the authorities of data required for the contract analysis; development of a practical revenue forecasting tool that could be used by both ministries and the IMF area department; to have the authorities formally appoint a counterpart team; and preparation of a revised project summary because of a change in scope of the project. Moreover, the team was prompt to react to the lack of progress of module 1 by putting it on hold about six months after lack of activity; putting the project (module 1 and 3) into reserves one year after no progress occurred under module 1 and six months after no progress occurred under module 3; and dropping altogether module 1 six months later.

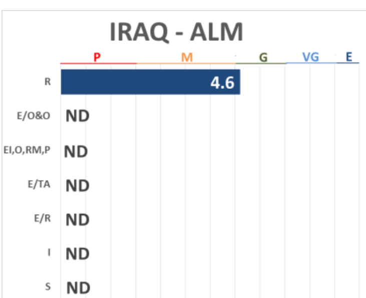
Efficiency of Reporting: 6.3

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: Not Demonstrated (ND)

Sustainability: Not Demonstrated (ND)

NATURAL RESOURCES ASSET LIABILITY MANAGEMENT



Project Dates: May 2011- October 2012
Budget: US$567,530

Comments: The project was endorsed by the SC in April 2011. A project proposal was not prepared and the project was terminated in June 2013.

Background: The Development Fund for Iraq (DFI) was established pursuant to United Nations (UN) Security Council Resolution 1483 after the invasion of Iraq in May 2003. The DFI is used to deposit all the proceeds of petroleum export sales from Iraq, and to hold remaining balances from the UN Oil-for-Food Program and other frozen Iraqi funds. The Resolution decided that all petroleum, petroleum products, and natural gas originating in Iraq would be immune from legal proceedings by residual creditors of the Saddam regime. Disbursements from the DFI must be used for the benefit of the Iraqi people. The revenue stream from oil flows into the DFI, but it was mostly absorbed in the budget leaving relatively limited balances for investment. Oil production had been broadly stable but was expected to increase significantly over time once new fields come on stream, and the DFI therefore needs to evolve from a passively managed account into a fully-fledged SWF.

Objectives: The project aimed at assisting Iraq with the management and investment of its official reserves and its oil revenues. The TA would focus on setting up a sound institutional structure and three elements of the investment strategy: currency composition, the eligible asset classes (and, hence, acceptable amount of credit risk), and the maturity structure of the assets. Specifically, the project sought to put in place a proper asset allocation for oil-related assets that would be in line with the objective of stabilizing budget revenue from oil and Iraq's capacity to manage oil-related financial assets would be strengthened.

Identification of risks: The project summary identified as potential risks to the project a pressure to spend rather than save the windfalls from oil extraction; capacity weaknesses and complex relations between institutions in Iraq; and lack of continued political commitment to implement the IMF's recommendations.

Evaluation DAC criteria

Relevance: 4.6

It is not clear from the documentation whether a formal request was received from the authorities for TA under Module 4. The SCR of June 2013 reports that there was an outstanding request from the Central Bank of Iraq to the IMF for TA on reserve management, which encompasses both foreign reserves and the Development Fund of Iraq.

Effectiveness on Outcomes and Objectives: ND

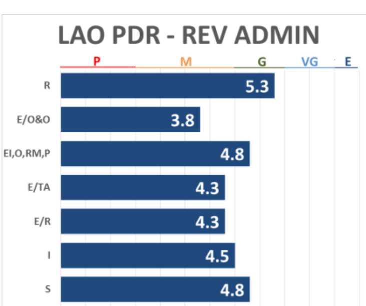
The project was never launched. In June 2011 it was reported to the SC that for Module 4, the primary goal was to get investment guidelines for the oil fund approved. Then implementation would follow, which was expected to take a longer time involvement. In December 2011, the team reported that a particular concern was that there was very little capacity in the public sector for managing financial assets. As a result, progress had been slow to date. Discussions with authorities were still taking place with the objective to set up TA missions in spring 2012. In June 2013, there is the reference in the report to the SC to the outstanding request from the Central Bank on reserve management without further elaboration. This is followed in December 2013 by a statement that work was yet to begin in this project. In June 2014, the team reported that the project had not been active and the timing for implementation remained highly uncertain. Therefore, the project was proposed to be terminated, and the SC approved it.

III.5 LAO PDR

Background

Lao PDR is a lower middle-income country (low income at the time of project inception) rich in natural resources. Although production expanded rapidly in the last decade, the country's mineral potential is still largely unrealized. Over 500 mineral deposits have been identified, including copper, gold, zinc and lead. In addition there are deposits of tin, iron, bauxite, other metals, industrial materials and coal. Mining contributed 10 percent of GDP and more than 60 percent of exports in 2011. Lao PDR is also rich in hydropower. Currently, resource revenue accounts for about 15-20 percent of total revenue.

EI REVENUE ADMINISTRATION



Project dates: September 2011 - April 2014
Budget: US$601,520

Comments: The project was endorsed in March 2011. It was extended to April 2015, and then to December 2015 in December 2014. Budget execution as of October 2014 was 60 percent.

Background: At the inception of the project, resource revenue administration suffered from serious weaknesses. Four MOF departments were charged with the collection of natural resource revenues, with fragmented and sometimes unclear responsibilities. Monitoring of physical production was entrusted to other agencies, necessitating exchange of information that was largely absent. While a LTO would be the appropriate structure for collections from large companies, and previous IMF TA had recommended the establishment of a LTO, the Tax Department had not made progress in this regard. These shortcomings in resource revenue administration took place in the context of a complex and non-transparent fiscal regime for natural resources, with case-by-case negotiation of fiscal terms and special exemptions, which created administrative complexity and lack of transparency.

Objectives: The project aims at assisting the Tax Department and related institutions to strengthen the administration of natural resource taxes.

Identification of risks: Political instability; unwillingness by natural resource institutions and companies to release information; lack of continued political commitment to implement the Fund's recommendations.

Evaluation DAC Criteria

Relevance: 5.3

Resource revenue administration suffered from shortcomings, as discussed above. TA to improve the efficiency of natural resource tax collection was initially requested by the Tax Department to a FAD revenue administration mission in March 2011. A Project Summary was produced for the March 2011 SC Meeting, and the project was placed on the Work Plan. A year later, in March 2012, the Minister of Finance formally requested TA to improve the efficiency of natural resource tax collection, particularly in the mining sector, which permitted the commencement of the project.

The project set out to address identified shortcomings in revenue administration. It works in conjunction with ongoing non-TTF JSA-financed FAD TA focused on tax administration reforms by the Tax Department. At the time of project inception, the World Bank was supporting VAT implementation.

Given the challenges posed by the fiscal regime to revenue administration, the project would have benefited from prior or parallel work under the TTF's Module 1, which was offered to the government (a Module 1 project had been placed in the TTF reserve list in March 2011, but was not activated). The World Bank has recently financed a study of options for a new fiscal regime.

Effectiveness on Outcomes and Objectives: 3.8

The first mission suggested a wide-ranging improvement plan. While some progress has been made, notably through the creation of a Natural Resource Unit, progress in organization, procedures and structure for the administration of large mining taxpayers has on the whole been limited.

Implementation of the TA's recommendations in the first stages of the project was slow. However, a Natural Resource Unit (NRU) for mining and hydropower taxation in the Tax Department was created in November 2013. The unit is responsible for core compliance activities; taxpayer services, risk assessment and audit case selection. The initial staffing of four officers was later raised to seven; the staff's background is broadly as recommended by the TA, and staff is developing knowledge and skills. The NRU has established formal working relationships with other government agencies involved in the natural resource sector to improve cooperation. Agreements have been reached by the NRU and other agencies to facilitate information sharing. The unit is working to a wide-ranging work plan which, given its limited staffing, requires greater prioritization.

Progress in other areas has been limited. Assigning resource revenue collection responsibilities to a properly facilitated LTO depends on the implementation of recommendations on creating a LTO provided by parallel non-TTF FAD TA on general tax administration, which so far have not gained traction. The need to rationalize the organizational structure of resource revenue administration and collection responsibilities remains. In the areas of implementation of a self-assessment system, risk-based audit, a dispute resolution framework, and integrity standards, some limited progress was made. A formal dispute resolution framework is in place, but its performance needs to be improved. An Internal Investigation Division has been created in the Tax Department responsible for tax staff integrity and performance.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 4.8

With the benefit of hindsight, the initial Project Proposal would have benefited from a scoping mission or more extensive discussion with the authorities. The project includes wide-ranging and ambitious outcomes that could have been narrowed, prioritized more sharply, and sequenced in light of what could be realistically achieved over the timeframe of the project given capacity constraints. The project would also have benefited from TA on fiscal regimes under Module 1, given the complications that the mining fiscal regime creates for the administration.

The first mission assessed the initial situation and provided an Improvement Plan involving a set of recommendations in the areas of legal framework, organization, procedures, transparency and capacity building, with expected implementation dates; the Tax Department agreed with the diagnostic and recommendations. The second mission updated the Improvement Plan and made further recommendations. Finally, a mission joint with a mission on general tax administration focused on recommendations for the work of the recently-established NRU, while also covering other issues. The TA reports are clear and comprehensive and include road maps and Improvement Plans comprising core activities and timelines for deliverables. STX visits in 2013-14 concentrated on staff capacity building and training.

The TA has taken place in a context where higher level support has tended to focus on the need for increased collections, and where management of mining taxation in the Tax Department has been weak. To enhance relevance and address severe capacity limitations and the Tax Department's interest in the TA's training aspects, the TA has provided training through three STX visits. It made available training materials on resource taxation, including risk review and audit manuals, and draft strategic plans for compliance and risk assessment. Partly as a result of these efforts, engagement with the Tax Department has gradually strengthened over the course of the project. A more continuous presence in the form of additional focused activities and more hands-on support could have helped speed up progress.

The project seeks to achieve synergies with the administration of other large taxpayers. It is closely coordinated with non-TTF FAD TA on general tax administration reforms (which has provided recommendations on setting up a LTO).

Risks identified at project inception were political instability, unwillingness by relevant institutions to release information, and continued political commitment to implement recommendations. Risks related to weak capacity and difficulties in creating a LTO, a reform supported by non-TTF TA with implications for this project, were not anticipated explicitly in the Project Proposal. The project mitigated capacity issues with intensive training activities that have been well received by the Tax Department. A focus of recent TA has been to provide specific recommendations to the newly-created NRU.

Efficiency of TA Delivery: 4.3

The efficiency of TA delivery would have benefited from a more focused and prioritized definition of outcomes in the Project Proposal, and from a parallel Module 1 project. In the absence of Module 1, because of the fiscal regime's implications for administration, the TA had to devote time and resources to its analysis and to providing advice, and the project did not benefit from potential fiscal regime reforms that could have facilitated administration.

The project was originally intended to commence in FY 2012. However, the delay in receiving the official request put back the start of the project. The late start of the actual implementation of the project relative to project endorsement, and a slower take up of recommendations than envisaged, have led to two extensions of the project, which is now expected to be about a year and a half longer than the original time frame. The project has delivered three HQ missions (the last one joint with a non-TTF general tax administration mission) and three STX visits. Greater continuity of engagement would have been an efficient way to help advance the project's agenda further. The project's budget has not been changed, and by October 2014 the execution rate was 60 percent.

Efficiency of Reporting: 4.3

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: 4.5

The creation of the Natural Resource Unit is an important step toward strengthening resource revenue administration; it has also raised awareness. The establishment of formal working relationships between the unit and other relevant agencies should contribute to improving inter-agency collaboration.

Sustainability: 4.8

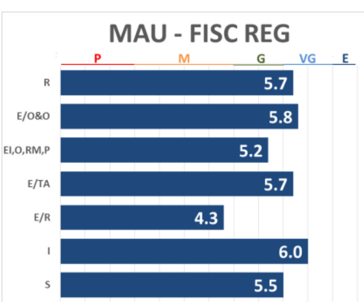
The sustainability of the reforms will depend on political and managerial support and continued capacity building. Sustainability is being addressed by the project through recommendations emphasizing the importance of institutional memory and an appropriate human resource policy.

III.6 MAURITANIA

Background

Mauritania is a lower middle-income country (low income at the time of project inception) with considerable mineral wealth. The country produces iron ore, copper, oil, and gold. Mauritania is one of the largest exporters of iron ore in Africa. The mining sector represented 36 percent of GDP and 75 percent of exports, and revenues from the sector contributed a third of total government revenues in 2011. Mauritania became a candidate country for the EITI in 2007, and was declared compliant in early 2012 (it was briefly suspended in 2013).

EI FISCAL REGIMES



Project dates: October 2011 - April 2013
Budget: US$381,000

Comments: The project was placed in the reserve list in March 2011. It was activated in October 2011. The project was extended to December 2013 that same month, when it was also indicated that the project was complete, except for a possible workshop. The project was removed from the Work Plan in June 2014. Budget execution of the completed project was 70 percent.

Background: Non-TTF FAD TA prior to the project had reviewed the general tax system including the Mining Code and found that the taxation of the mining sector was weak compared to other African countries. Special tax regimes and exemptions granted to foreign investors in the early exploration phase when mining potential had yet to be confirmed had weakened Mauritania's mining taxation regime. This posed challenges, because by 2011 the existence of new natural resources had been confirmed and important investments were expected.

Objectives: The project aimed at supporting Mauritania in addressing a number of challenges in improving the taxation of its natural resources and building capacity in managing revenues from such sources, including revenue forecasting. Specifically, the project sought to refine the fiscal regime for mining as appropriate to Mauritanian conditions, and strengthen capacity to manage mineral revenues effectively and transparently.

Identification of risks: Absence of, or unfavorable changes in, political commitment; information is not shared between government agencies, in particular, MOF, state-owned enterprise and other ministries setting policy for the mining sector; human resources are not invested in building capacity and using a mining fiscal revenue model.

Evaluation DAC Criteria

Relevance: 5.7

The project sought to assist Mauritania in improving its mineral taxation regime, which was essential for revenue mobilization and in light of the prospective increase in mining investment. The authorities had a good track record of implementation of recommendations on the transparent treatment of resource revenues in the budget and on governance issues. Mauritania's performance under successive IMF-supported arrangements had been strong, including advancements in the structural agenda. The project was brought forward from the TTF reserve list at the authorities' request. Non-TTF FAD missions in 2010 and 2011 had reviewed the general tax and tariff system and the Mining Code.

The project anticipated the need for close coordination with other TA providers (the World Bank, the EITI and the EU) who would take an active interest in it because of their activities in Mauritania. In particular, the World Bank had just approved a mining sector capacity building project. The project aimed at ensuring complementarity and no overlap.

The initial project design would have benefited from better information from the authorities about their work at the time on amending the Mining Code. Two laws amending the code were adopted shortly before the first mission.

Effectiveness on Outcomes and Objectives: 5.8

This is the first completed project in the TTF. The project developed in the context of some constraints. First, a new Mining Code had been adopted just prior to the start of the project, and there was initial resistance to revisiting the new code. Second, the authorities were reluctant to engage in mining contract renegotiations; tax agreements with private investors had a fiscally costly asymmetric stability clause that covered a long period. In light of these circumstances, some adaptations were introduced early in the project, with a greater emphasis on improving the general tax code and strengthening tax bases with particular attention to multinational companies. In the event, however, it was also possible to introduce changes to the Mining Code to strengthen the Mauritanian tax bases.

The project contributed to reforms expected to result in improved revenue performance. The reforms are aimed mainly at better capturing the existing tax bases of the mining sector. Changes to the Mining Code approved in March 2014 subjected mining companies to standard VAT, with exporters zero-rated. A positive side effect of the removal of VAT exemptions and need to formally claim refunds was the formalization of many transactions that had hitherto gone unregistered. A withholding tax was levied on transactions with non-residents to limit profit shifting. Three draft laws introducing amendments to the General Tax Code were prepared to close several loopholes in the tax code that allowed mining companies to avoid Mauritanian taxes. The draft laws focus on the taxation of capital gains from indirect transfer of mining licenses, on the arm's length principle, and introduce a thin capitalization rule. These draft laws were before parliament by late 2014.

A model for forecasting revenue was developed, calibrated for the country on the basis of the information and data received, and handed over to the authorities. The model was kept simple to be easily appropriable by the relevant administrations, and training was provided.

The TA's efforts to improve inter-ministerial coordination and exchange of information met with mixed success. The project recommended setting up a mining policy unit under the control of an inter-ministerial committee to improve policy coordination and information exchange, and to appropriate and develop the mining revenue forecasting model. Such a unit was not set up, but some inter-ministry meetings were organized.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.2

The project began a few months after the adoption of a new Mining Code, and initially there was reluctance to revisit it. The project reacted to this by adapting its strategy, including through recommendations toward reforms in the general tax system with a bearing on mining taxation. This approach also helped maintain project relevance.

Efforts were made to improve inter-agency collaboration between the MOF and the Ministry of Mines. Three workshops were delivered on the FARI model during the project to assist capacity building and inter-agency collaboration.

The TA reports (often with contributions from LEG) were focused. The TA, with contribution from LEG, assisted the authorities in preparing draft legislation, by providing drafting suggestions with detailed explanations, and often with options for the authorities' consideration.

Coordination with the World Bank could have been better. The World Bank, which was providing TA to the Ministry of Mines, triggered a tax audit of the mining sector with the Ministry of Mines after very limited consultation with the tax administration (at the initiative of the IMF).

The project proposal identified weak political commitment, or unfavorable changes in that commitment, as a risk that would tend to undermine project objectives. This risk materialized to some extent in the form of less commitment at the Ministry of Mines than at the MOF in a context of division of powers between the two ministries. This conspired against capacity building and better inter-agency cooperation and affected the ownership of the revenue forecasting model delivered to the authorities. The project tried to mitigate this risk by recommending the establishment of a mining policy unit that would bring agencies together, which was not set up, and generally promoting inter-agency dialogue.

Efficiency of TA Delivery: 5.7

The project contributed to the achievement of the results discussed above at lower cost than envisaged. Budget execution for the whole project came to 70 percent of the project's budget. The project involved four missions, of which the first two in quick succession. A legal STX backstopped by LEG participated in some of the missions. The project was extended by close to 9 months to December 2013, and was formally completed and removed from the Work Plan in June 2014.

Efficiency of Reporting: 4.3

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: 6.0

An important impact of the mining sector tax reforms supported by the TA is the formalization of many transactions following the reform to the VAT in the mining sector, as exporters began to have an incentive to buy from suppliers who provided VAT invoices. Moreover, the tax administration can use the information generated by these transactions to broaden the tax base. Second, the withholding tax is estimated to have generated 0.3 percent of GDP the first year of its application. The passing of the draft laws will further protect the tax domestic base.

Sustainability: 5.5

The main reforms implemented as a result of the project would seem to be sustainable because they concern legislation. Draft legislation is still to be enacted, though. Capacity is a risk. The sustainability of the revenue forecasting skills that were developed through training and the transfer of the models provided by the TA will depend in part on enhanced inter-agency cooperation. There is a need to improve transparency to reduce the risks of individual negotiation of preferential tax treatments, as was the case in the past.

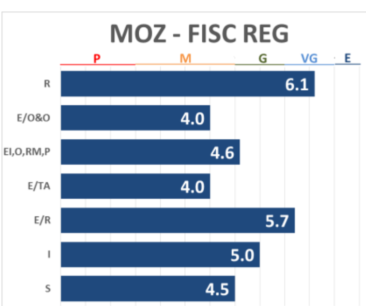
III.7 MOZAMBIQUE

Background

Although still relatively underexplored because of the civil war, Mozambique has a rich mineral endowment including coal, gold, copper, titanium, uranium and rare earths, among many others. Two giant coal projects are under development (with Vale and Rio Tinto as major investors), which will take Mozambique into the top-tier of world producers, though material infrastructure and logistical challenges will need to be addressed. One major mineral sands project is in operation (Kenmare) and others are under consideration. The Mozal aluminum smelter started production in 2000 using imported Alumina feedstock and power from the Cahora Bass hydroelectric dam.

Mozambique has exported gas from two onshore fields to South Africa through a land-based pipeline since 2004, with volumes planned to be increased by 2016. Exploration continues onshore, but recently several huge gas discoveries have been made offshore. These are still being appraised but may amount to some 50 to 100 Tcf (Trillion cubic feet), which would put Mozambique on a par with Australia in terms of reserves. Discussions are now underway as to how this gas should be commercialized; the huge volumes likely enable a combination of domestic use (power, industrial and petrochemicals) plus export as liquefied natural gas (LNG). No legal or fiscal framework yet exits covering downstream activities (pipelines, LNG plants) hence a comprehensive negotiation will be required with investors (Anadarko and ENI).

EI FISCAL REGIMES



Project dates: December 2011-June 2014
Budget: US$691,130

Comments: The project was endorsed by the SC in November 2011. Project extended in June 2014 from December 2014 to September 2015.

Background: Mozambique last revised its fiscal regime for mining in 2006 following advice from the World Bank and with some input from FAD. However, not all of the advice received was adopted, and the legislative framework remained somewhat patchy and fragmented across various laws and regulations. The donor community has been increasing its focus on natural resources and a donor taskforce was established to coordinate donor support for reforms.

Objectives: The project would focus on the development of the fiscal regimes for mining and petroleum activities in Mozambique, and would complement work under Module 3. Existing laws and regulations would be evaluated and advice provided on a detailed package of reforms, together with support in progressing these through the legislative process. Specifically, the project sought to reform the fiscal regime for the minerals and petroleum (oil and gas) sectors. Capacity building of Mozambique officials would be a key focus.

Identification of risks: The project proposal identifies as potential risks to the project an ineffective coordination between the Ministry of Finance (MOF) and the Ministry of Mineral Resources (MIREM); difficulties in moving the Government's proposed legislation through Parliament and in coordinating reforms with urgent need for negotiations over LNG projects; and a lack of capacity for government staff to manage parallel reforms in mining and petroleum, as well as ongoing general tax reforms.

Evaluation DAC Criteria

Relevance: 6.1

Mozambique complied with the selection criteria of being a low income country and a candidate country for EITI which had been recognized as having made "meaningful progress." Requests for assistance under modules 1, 3 and 5 were received from both the MOF and MIREM, and both ministries were committed to coordinating closely on reforms. Initial planning meetings for this project were held in Maputo in February 2012 between FAD and the Mozambique Revenue Authority (MRA), MOF and MIREM. The authorities' intention was to use FAD advice as the basis for a package of reforms to be submitted to the legislature for passage in the second half of 2012, coinciding with a wider package of reforms to the corporate and personal income tax laws. A constructive engagement with the authorities had been experienced throughout IMF TA, and this was expected to occur under this project, with a strong likelihood of recommendations being implemented given the authorities' legislative reform timetable. A 2007 FAD TA mission had provided advice on improving the upstream petroleum fiscal regime and set out some of the considerations for establishing a regulatory framework for downstream activities. Other TA providers were active in the field, including the World Bank, and close coordination with the Bank was already underway. Mozambique had a good track record of implementing structural reforms in key areas, much of it reflecting TA advice from the IMF and other development partners.

Effectiveness on Outcomes and Objectives: 4.0

The time frame for completing the outcomes (October 2012 for capacity building and December 2012 for fiscal regimes legislation) under objective 1 (fiscal regimes) was too ambitious given the starting point of the project and the existing capacity, and may have resulted from the authorities' plans to include the fiscal regimes legislation in a wider package of reforms they intended to submit to the legislature in the second half of 2012. Completion dates for the outcomes were revised in June 2014 to March 2015.

Early on in the project there was strong engagement because the authorities agreed with the advice and were eager to proceed. Progress on the reforms stalled, however, because the authorities had problems in reaching internal consensus over the key parameters of the proposed fiscal regimes. Members of the government supported the planned reforms but differed on detailed solutions. Responsibility for reform implementation is scattered among different agencies and improved coordination was required. Final consensus was reached in June 2014.

The draft fiscal laws were finalized by the authorities and sent to the Council of Ministers (COM) in February 2014. The project team was not given the opportunity to review the drafts before their submission to the COM. The EI legislation was passed by Parliament in August 2014. Although the new laws were built on the project's recommendations and represent an improvement over the existing legislation, they do not incorporate all of the advice provided.

Despite the progress made to date on capacity building, further work may be needed. Also, there is still need for assistance on developing an institutional framework for FARI model ownership. For this to happen, setting up a team of trained professionals and clear rules for coordination between line ministries is needed.

The project includes an Objective 2, "Mozambique introduces further reforms on taxation of government securities," to meet IMF program conditionality, which does not belong in the project because it is not related to the management of natural resources. Objective 2 was not included in the project summary endorsed by the SC.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 4.6

The delivery of TA has been uneven. Initial planning meetings were held with the authorities in Maputo in February 2012 at which time the preliminary scope of the project was agreed. FAD emphasized, and authorities agreed, that close coordination between the MRA/MOF/MIREM would be critical. Two missions and several workshops took place between April and July 2012 and two reports prepared by September 2012. There was no mission activity until April 2013, with three missions taking place during May-July2013 and one report prepared, and once again no mission activity took place between August 2013 and June 2014.

After a strong initial engagement, the interaction of the project team with the authorities between missions was weak. The missions and the Resident Representative were very active in trying to bridge differences among the agencies and engaging the MIREM. In every mission, staff discussed with them at length.

On legislation, the TA team proposed revised fiscal terms for mining and petroleum, drafted fiscal laws for the authorities' consideration and reviewed the authorities' drafts from headquarters. Assistance was also provided during the public consultation and draft laws' revision process. The June 2014 STX visit addressed key outstanding issues and further helped the authorities internalize the significance of the proposed tax measures.

On capacity building workshops and training sessions on modeling and analyzing mining and petroleum fiscal regimes were delivered, and petroleum and LNG models have been developed and several days training provided to officials of AT, MIREM and national petroleum institute.

On risks, the project design and implementation process may have underestimated the extent of the dissent among government agencies on policy design issues. There was strong disagreement between MIREM and the MOF/MRA, with MIREM focused on investment and not on revenues. Also, tax policy rests with the MRA and the involvement of the MOF is limited in this area.

Mozambique is a good example of good coordination among TA providers; however, the TA which is being provided appears to be surpassing the authorities' capacity to administer it and even more to absorb it and implement it, and coordinating efforts notwithstanding including under the IMF's realm, instances of conflicting advice have occurred.

Efficiency of TA Delivery: 4.0

The time frame was too ambitious and may have affected the delivery of the TA. Completion dates for the outcomes were unrealistic in the project proposal and had to be revised by more than 2 years, and the project was extended first by six months and then by nine months with the latter extension to provide sufficient time for completion of the project after formation of a new government in February 2015, and to allow for the handover of forecasting models to Module 3. As of October 2014, execution of the budget amounted to 87 percent. The TA delivery was uneven which impacted on effectiveness. The efficiency of the project could have been improved by using a more "hands on" approach in achieving improved policy coordination among the agencies involved. Although coordination among TA providers is good, a mechanism needs to be found to coordinate mission visits to avoid situations like in 2013 when the authorities received 22 TA missions. There may be a case of "too much of a good thing".

Efficiency of Reporting: 5.7

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

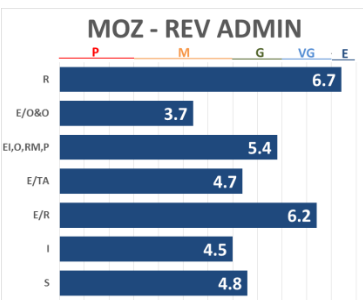
Impact: 5.0

The project has resulted in revised laws for the mining and petroleum sectors that incorporate best practices although some problem issues remain, and in capacity building to deal with natural resources issues. Coordination among agencies has been improved, which will facilitate the implementation of the revised legislation. The project has also introduced the modality of consultation regarding legislation, which is a mechanism that had not been used in Mozambique before, and which may enhance the sustainability of the reforms implemented.

Sustainability: 4.5

The new government's position with respect to the reforms and staff changes may affect the sustainability of the reforms. The project has been extended to allow the new government sufficient time for completion of the reforms. It is important that the project team reengages the authorities at the earliest possible time to ensure no misunderstandings arise regarding the reforms. However, the problem areas in the enacted legislation could result in changes. The risk of granting concessions may not be eliminated. One risk for sustainability is the high burden for mining and administrative complexity of certain measures adopted. It will largely depend on reform implementation.

EI REVENUE ADMINISTRATION



Project dates: March 2013-March 2015
Budget: US$622,000

Comments: The project was added to the reserve list in December 2012 and activated on a lapse of time basis in March 2013. The project was extended to April 2016 because, due to recent changes in government, the project needs a one year extension to accommodate four planned STX visits. By October 2014, the execution of the budget amounted to 35 percent.

Background: The project would take into consideration insights and recommendations from Modules 1 and 3 that are relevant for NR tax administration.

Objectives: The project aimed at strengthening the Mozambique Revenue Authority (MRA) in the administration of natural resource (NR) taxes through improvements in the organizational structure and procedures, staff capacity building and enhanced cooperation with other authorities responsible for natural resource management. The TA was proposed to begin in an exploratory manner in order to develop a program of TA priorities.

Identification of risks: The project proposal identified as potential risks to the project a lack of human resources of sufficient quality and number; required decisions for necessary organizational improvements not in place; and IT support systems not available.

Evaluation DAC Criteria

Relevance: 6.7

The project was requested by the Minister of Finance in December 2012. Module 1 and module 3 had provided recommendations for improved policies in their respective areas, and the project would take into consideration insights and recommendations from these modules that are relevant for NR tax administration. Two IMF missions on tax policy for NR had been conducted in 2012 and recommended that next steps for FAD assistance under TTF to be NR tax administration. Through other programs, the IMF had developed a longstanding relationship with MRA and a Large Taxpayer Office (LTO) has been established. IMF tax administration assistance had been offered to improve the achievements of the LTO and the relevance of these recommendations for NR tax administration would be taken into consideration. Donors from various countries had organized their contributions through the "Common Fund" to support development and capacity building at the MRA. The Norwegian initiative "Tax for Development" had a three year plan from 2011 mainly focusing on tax audit capacity building and on-the-job training, while the World Bank, through the Mining and Gas Technical Assistance Program (MAGTAP), had planned activities related to capacity building for natural resource administration.

Effectiveness on Outcomes and Objectives: 3.7

A March 2013 general tax administration mission prepared a work program to implement and develop a natural resource unit within the LTO. Particular attention was paid to involving other relevant government institutions, in particular the Ministry of Mineral Resources, and to taking into consideration the plans and work of the other donors offering assistance within NR taxation in Mozambique. The June 2013 mission assessed progress on the implementation of the recommendations of the March-April 2013 mission and defined a TA program to strengthen the MRA's capacity to administer NR revenues. The mission recommended that a specialized unit be created to strengthen the administration of NR tax revenues, and the unit be part of a strengthened large taxpayer office (LTO) in Maputo. The MRA, however, decided to create the NR unit at its headquarters and later transfer the unit to operational level when the LTO management had been strengthened. While the project team preferred the NR unit to be part of the LTO so as to achieve synergies from the administration of large NR taxpayers and large taxpayers in general, it recognized the need to strengthen the LTO administration and the MRA's headquarters functions. Therefore, it supported the implementation and development of a preliminary unit at headquarters for later transfer in line with a plan that would specify the timeframe and criteria for the transition.

The two STX visits and the March-April 2014 mission provided support on the establishment of the NR tax unit. The MRA advised the team that the process of staffing the unit would start in April 2014 with operations commencing in June 2014. This decision was a key step for the implementation of the project and once it is completed, the project can provide support for the setup of the operations and working methods of the unit. By end-2014, eight staff had been appointed to the Unit, recruited internally within the MRA, and twelve additional experts will be recruited externally on a contractual basis.

In other areas of the project, such as developing of improved procedures, tools and effective administrative processes to monitor NR taxpayers; putting in place procedures for formal automatic exchange of information between relevant authorities within NR administration; and establishing procedures for public information, tax collection and taxpayer information, recommendations were provided in the TA report, but implementation has not started. A plan comprising the core activities and deadlines for key deliverables has been prepared to step up implementation efforts.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.4

Activities under the project commenced in April 2013 when one staff member, financed by the TTF, visited Maputo as part of an IMF general tax administration mission. The first full-fledged mission under the TTF took place in June 2013. The mission also prepared a TA report and conducted a seminar on topics related to the organization, management and monitoring of a Unit in charge of administering NR revenues and a half a day seminar on technical points for MRA's staff. Two STXs visits and an overlapping HQ staff visit took place in March-April 2014 and a second TA report was prepared by the mission.

Efficiency on TA Delivery: 4.7

The recommendations of the missions were well received and engagement with the MRA has been strong. However, detailed decisions on the organizational context and staffing of the specialized unit on NR tax administration were delayed by one year impacting the efficiency of TA delivery. The process was affected because of differences of views between the MRA and the project team. Implementation of the recommendations in other areas has yet to start. Several other TA providers, including the IMF, are supporting Mozambique on tax administration issues, which require enhanced coordination efforts to avoid duplication and conflict of advice. A year and a half into the project, in a two-year project, budget execution amounted to 35 percent reflecting to some extent the delays in implementation of the advice. The project has been extended by 13 months to April 2016 to allow the new government time to get up to speed.

Efficiency on Reporting: 6.2

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

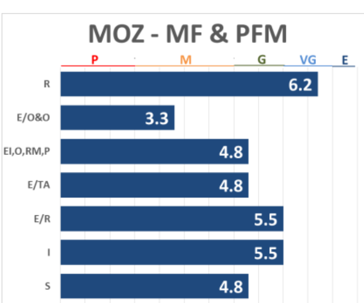
Impact: 4.5

The establishment of a specialized unit on NR tax administration and the steps taken to staff the Unit laid the foundation required to strengthen NR tax administration.

Sustainability: 4.8

The TA advice under the project includes recommendations which emphasize the importance of institutional memory and an appropriate human resource policy. Sustainability will depend on the capability of the MRA to attract and retain staff with the necessary skills to perform the new tasks; on how the specialized Unit operates while at MRA's headquarters; on the degree of success which is achieved on the strengthening of the LTO administration and the MRA's headquarters functions; and on how and when the specialized Unit is transferred to the LTO at operational level. Other TA providers, including the IMF, are engaged in training and complementary capacity building.

EI MACRO-FISCAL AND PUBLIC FINANCIAL MANAGEMENT



Project dates: October 2012 to April 2014
Budget: US$512,902

Comments: The project was put in the reserve list in March 2011 and was activated in May 2012. In June 2014 the project was extended to April 2016. In December 2014, the budget was decreased by 21 percent. By October 2014, execution of the budget amounted to 27 percent.

Background: Mozambique's revenues from natural resources (oil, gas, coal, and other minerals) are expected to increase significantly over the medium and long term requiring a strengthening of fiscal management. The government is also envisaging expanding investment in infrastructure to support economic growth.

Objectives: The project aimed at increasing the authorities' awareness of the key macro-fiscal challenges they faced and helping them develop capacity to design and implement an action plan to reinforce their medium-term fiscal framework. Specifically, the project sought to develop effective PFM systems for handling the EI revenues and expenditures arising from that revenue.

Identification of risks: The project proposal identified as potential risks for the project a limited capacity to understand key concepts; lack of continued commitment to implement the TA's recommendations; and not being able to identify and retain the adequate human resources.

Evaluation DAC Criteria

Relevance: 6.2

Mozambique is a low-income country with a strong track-record of macroeconomic management. Mozambique's revenues from natural resources are expected to increase significantly over the medium term which will require strengthened macroeconomic and fiscal management. The country has benefitted from substantial TA from the IMF and other development partners in a number of areas, including on fiscal regimes under Module 1. However, limited capacity and institutional weaknesses in the fiscal framework still prevail in a number of areas. Several donors are supporting the implementation of Mozambique's reforms on revenue administration and PFM in a coordinated way. AFRITAC South was providing TA missions in cash management, revenue mobilization and budget planning. The World Bank had provided TA and capacity building on investment appraisal, selection, and implementation. A PEFA assessment was expected to be completed in 2013.

Effectiveness on Outcomes and Objectives: 3.3

The initial mission took place in November 2012. It reviewed the institutional framework for macro fiscal projections and provided advice on the use of fiscal rules for the new resource rich environment. While the legal framework and institutional arrangements seemed broadly fine, capacity to perform required tasks was found to be very limited. In this respect, the most important reform was the establishment of a fully-fledged macro-fiscal unit to coordinate functions which were fragmented across several ministries and directorates. The authorities accepted the idea of establishing a macro fiscal unit, because although there was some capacity in the MOF in the macro fiscal area, training was needed to understand and use more sophisticated analytical tools. The authorities wanted to create such a unit in 2013. While the TA report prepared by the mission provided some focused recommendations, its main purpose was to advise the authorities on how the discovery of natural resources would impact their fiscal policy formulation in the coming years, and present some tools that could be used to inform policy decisions.

There was political support for the reforms, but other more urgent demands and budgetary restrictions posed difficulties to create the macro fiscal unit and dedicate more resources to this area. Implementation was delayed also because of political uncertainty with elections taking place in October 2014.

To allow the new government time to implement the recommendations of the diagnostic mission, a two-year extension of the project from April 2014 to April 2016 was approved. Also, agreement was reached with the authorities to recalibrate the overall approach and submit a new project proposal to the SC. The revised project would focus on supporting the creation of the macro-fiscal and fiscal risks units, through capacity building actions and TA; strengthening fiscal risk management; and improving revenue forecasts. The authorities requested support from the World Bank to set up the Macro Fiscal Unit (MFU), and work started in July 2014. The MFU is the first step to implement parts of the action plan proposed by the initial project mission in November 2012. The TOR to design the organization of the unit were circulated to the project team for comments.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 4.8

Only one mission took place under the project as the authorities needed more time to absorb and implement the recommendations of the mission. It included an intensive hands-on training component and shared a practical Excel-based toolkit to help officials evaluate alternative scenarios. The mission prepared a TA report which drew significantly from previous TTF and FAD analytical work, including Research Project 1 under the TTF. Due to the delays in setting-up the macro-fiscal unit and limited absorption capacity, the missions planned for FY2014 were postponed repeatedly and there was no further progress under the project. Regarding other IMF PFM activity in Mozambique, AFRITAC South is helping with Public Investment Management, and in November 2013 there was a Fiscal Transparency Code (FTC) mission. Mozambique volunteered to be the first FTC pilot country in Africa.

Efficiency of TA Delivery: 4.8

There was progress under the project in the first six months of implementation. Following the diagnostic mission, however, missions were postponed on several occasions as the authorities needed more time to absorb the recommendations of the diagnostic mission. Continuation of implementation of the project hinged on the establishment of a macro-fiscal unit at the MOF, which the authorities were not able to deliver due to budgetary restrictions and other priorities. An extension of two years was endorsed by the SC in June 2014 to provide time for the new government that took office in February 2015 to implement the recommendations of the diagnostic mission. At the same time, the project appears to have been reformulated to adjust it to fit the capacity of the government to implement reforms in the macro fiscal area. However, no new project proposal has been presented to the SC for endorsement. By October 2014 the budget had been executed by ~~a~~ 26 percent. The budget was decreased by over 20 percent in December 2014, with two-thirds of the revised budget still available.

Efficiency of Reporting: 5.5

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

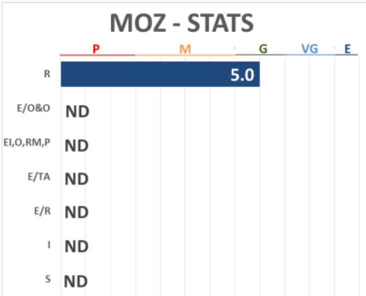
Impact: 5.5

The project has increased the authorities' awareness of the challenges they face in managing the fiscal revenues that will be forthcoming. The main impact of the project was the authorities' decision to establish a macro fiscal unit at the MOF, a process that started in the summer of 2014 with support from the World Bank.

Sustainability: 4.8

If the macro fiscal unit is successfully established and staffed, the advice being given under the project is more likely to be implemented and the actual advice to be followed.

STATISTICS FOR MANAGING NATURAL RESOURCES



Project dates: November 2011-April 2015
Budget: US$322,000

Comments: The project was put in the reserve list in April 2011. No project summary was included in the March 2011 SCR, with staff stating they would submit it to the SC at a later date. The project was activated in May 2012 at which time a project summary was submitted. The project was launched in November 2012 and was still in the work plan in December 2014 when it was extended to April 2016.

Background: High quality statistics are important for designing and monitoring effective policy. A sound statistical framework is also needed as the basis for preparing meaningful government revenue projections.

Objectives: The project aimed to assist the authorities develop statistics to describe economic activity relating to natural resources. Specifically, a set of annual national accounts statistics would be prepared describing production, income flows, and the accumulation of nonfinancial assets, useful for policy development and monitoring, and to serve as a basis for forecasting government revenues.

Identification of risks: The project proposal identified as potential risks to the project insufficient resources (staff and financial) to collect data, design and put into production a compilation system; and unwillingness on the part of extraction companies and other respondents to provide appropriate data on a timely basis.

Evaluation DAC Criteria

Relevance: 5.0

Mozambique is a low-income country with a strong track-record of macroeconomic management. The government is committed to undertake the necessary reforms in a responsible and timely manner to ensure that the current and future revenues from hydrocarbon and mineral wealth be directed to promote inclusive growth and economic development. It is also committed to transparency in its natural resource management. Requests for assistance under modules 1, 3 and 5 were received from both the MOF and MIREM, and both ministries were committed to coordinating closely on reforms. Mozambique has benefitted from substantial TA from the IMF and other development partners in a number of areas, including on fiscal regimes under Module 1. AFRITAC South may provide TA and training opportunities on national accounts and price~~s~~ statistics.

Effectiveness: NA

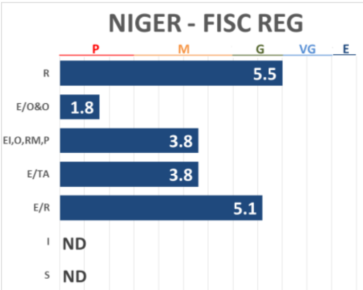
The first mission was initially planned for December 2012, then for June 2013, and in December 2013 staff reported that the authorities had not expressed interest in starting the project, so implementation had not begun. Staff proposed in June 2014 that the project be canceled because the National Institute for Statistics (MNIS) was not interested in participating in the project. The proposal was withdrawn however, and the project continued in the Work Plan with the project assessment noting that the implementation of the project had not yet started, pending fielding of the first mission in FY2015. Subsequently, and following contacts initiated by STA Management, the Ministry of Finance and the MNIS expressed interest in participating in the project with the first mission informally agreed for early 2015, on account of the general elections—presidential and legislative–scheduled for mid-October 2014.

III.8 NIGER

Background

Niger is a low-income country with one of the lowest HDI scores in the world. It is the world's fourth largest producer of uranium. Oil production came on stream in 2012. In 2011, mining revenues represented close to 2 percent of GDP, or about 15 percent of total revenues. Natural resources offer a potential source for significant revenue. At the time of project inception, it was expected that uranium production could double by 2016 as a new large uranium mine would start operations. The potential for new projects, in uranium and other minerals, was also seen as important. Exploration was also being undertaken in the oil sector. Exports of refined petroleum products started in 2012. Niger became compliant with the EITI in 2011.

EI FISCAL REGIMES



Project dates: August 2012 - December 2013
Budget: US$500,019

Comments: The project was endorsed in May 2012. It was extended to April 2014 in December 2013. The project was terminated in June 2014. Actual expenditure on the project was 21 percent of budget.

Background: FAD TA on natural resources and general tax policy in 2011 found that much remained to be done to enable Niger to fully benefit from its natural resources. In particular, there was a need to introduce important adjustments to mining taxation, to achieve a better and sustainable share of project revenue, and to develop capacity to better understand the implications of fiscal clauses in the mining agreements on government revenue.

Objectives: The project aimed at addressing tax policy issues with the Mining and Petroleum codes, and help local staff build the necessary modeling capacity to support forthcoming negotiations with private partners in the mining and petroleum industries. Specifically, the project aimed at subjecting the mining and petroleum sectors to a more competitive fiscal framework.

Identification of risks: lack of government capacity to implement necessary regulation; lack of government capacity to implement adopted policies in a transparent fashion and to commit to a more transparent fiscal framework.

Evaluation DAC Criteria

Relevance: 5.5

Niger is a low-income country rich in natural resources. Performance under an IMF-supported Extended Credit Facility had been quite good, especially given significant capacity constraints, until a military coup in early 2010 disrupted program implementation. A democratically-elected government took office in 2011.

The authorities had just received FAD TA on natural resource taxation. Following earlier discussions with the authorities, in January 2012 a formal request was received for TA under the TTF's modules 1, 2, 3 and 5. The project was timely given the potential of the resource sector to generate significant additional revenue in a context of a very limited revenue base and favorable prospective developments in the uranium and petroleum sectors. There were no known providers of TA in the fiscal regimes area.

Faced with lack of response from the authorities (see below), the project could have sought other ways to remain relevant, for instance through closer integration with the Module 3 project that was launched nine months after this project.

Effectiveness on Outcomes and Objectives: 1.8

The project aimed at revising the Mining and Petroleum Codes to ensure that the legal framework and the tax regime conformed to best practices; and strengthening the government's negotiating capacity, through building capacity to develop and use tools to assess project profitability and forecast revenue.

In the event, there was no progress toward the project's objectives. Following the initial TA, the authorities did not follow up on the recommendations on the mining or petroleum codes. Neither did they provide the requested data to support financial modeling, despite reminders from IMF staff. The project could not proceed without the data and was terminated in June 2014.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 3.8

The TA's initial and only TA report following a mission in September-October 2012 provided recommendations on the reform of the fiscal regimes for mining and petroleum, and on the institutional management of the sectors. Modeling of mining started on the basis of the incomplete data available at the time. The report indicated that the mining modeling results were preliminary and that there was a need to provide additional data.

Faced with continued lack of progress on the TA's recommendations and no provision of data despite IMF staff enquiries, about a year after the mission IMF staff indicated to the authorities that progress was required to justify the existence of the project, and that the situation would be reviewed after six months. Continued lack of response to additional reminders led to the termination of the project in June 2014. It should be noted that after promising prospects following the 2011 FAD tax policy mission, there were major personnel changes in the MOF in April 2012 - that is, a few months after the formal TA request had been made. These changes are understood to have affected commitment to the project.

A Module 3 project was launched in Niger in May 2013. In the context of that project, a STX helped develop new modules on uranium mining and oil. Local personnel started to collect actual data on mining and oil. After the incorporation of data that were being collected, the new mining and oil modules were expected to be integrated into the macroeconomic and forecasting model. A question that arises is whether closer coordination of the two projects might not have been a way to re-engage the authorities on the Module 1 project.

The Project Proposal identified the government's capacity to commit to a more transparent fiscal framework as an assumption for the effective implementation of the project. This risk fully materialized in the form of lack of implementation of the TA's initial recommendations and of provision of data. Perhaps a more proactive approach and exploitation of synergies with Module 3 might have helped move the project forward.

Efficiency of TA Delivery: 3.8

The project delivered one HQ-led mission. Expenditure was 21 percent of budget. The efficiency of delivery was much affected by the lack of response of the authorities to the IMF staff's reminders. The decision to terminate the project in the circumstances was reasonable, although as noted above there is a question about whether other forms of engagement including synergies with Module 3 might not have been possible.

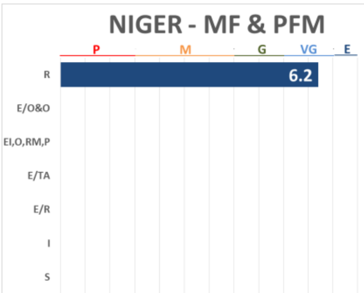
Efficiency of Reporting: 5.1

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: Not Demonstrated (ND)

Sustainability: Not Demonstrated (ND)

EI MACRO-FISCAL AND PUBLIC FINANCIAL MANAGEMENT



Project dates: May 2013 - April 2016
Budget: US$808,000

Comments: The project was endorsed in November 2011 and launched in May 2013. In December 2014 the budget was decreased by 25 percent. Budget execution by October 2014 was 33 percent.

Background: As indicated above under Module 1 above, the resource sector in Niger has the potential to generate significant additional revenues. This raises the question of how to use the revenues efficiently to achieve the MDGs. The IMF's repeat PEFA assessment completed shortly before this project began had found slow progress in the introduction of multi-year perspectives to annual budgets, and weaknesses across a range of PFM functions. IMF TA (including from AFRITAC West) prior to the project included assistance on improving medium term fiscal and expenditure frameworks, as well as on expenditure commitment and procurement processes. Some reforms introduced to the macroeconomic and fiscal model supported earlier by TA from another provider were assessed by IMF staff as in need of adjustment.

Objectives: The project's main objective is to strengthen macro-fiscal capacities within the MOF and the Ministry of Planning. It aims to prepare and implement a specific action plan that will strengthen macro-fiscal functions of the PFM system in a context of the projected higher revenue resulting from new oil and uranium projects. Specifically, the project aims at a transparent formulation of the general budget through a three-year integrated macro-fiscal framework so that the potential and actual impact of resource revenues is clear to the public.

Identification of risks: Change in the government's commitment to transparency; lack of continued commitment to implementing TA recommendations.

Evaluation DAC Criteria

This project was launched in May 2013. Therefore, only the relevance of the project is evaluated.

Relevance: 6.2

At the inception of the project Niger needed significant improvements in its PFM and macro-fiscal framework, particularly in light of the prospective increase in resource revenues. In requesting the TA, the Minister of Finance and the Minister of Planning indicated their commitment to implement the TA's recommendations.

The project builds on the authorities' own Public Financial Management Reform Program 2013-15. This program includes the improvement of macro-fiscal functions as one of its objectives. Prior to the launch of the TTF project, Niger had made use of IMF TA in PFM. The project was well sequenced with Module 1, which had started 9 months earlier. As indicated above, however, the Module 1 project was terminated due to lack of progress, about a year after the start of this project; the budget revenue forecasting component of this project would have benefited from good results from Module 1.

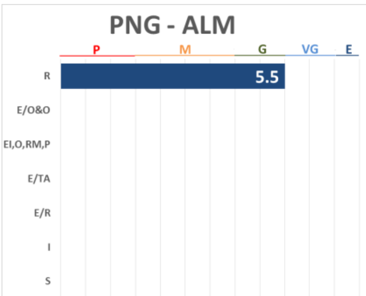
At project inception, the authorities were receiving TA in PFM from the IMF and from other TA providers, hence the need for coordination. The TA included IMF Japan-funded TA in PFM (the expenditure chain, fiscal reporting, and the financial management information system) and AFRITAC West (cash management and accounting). Other PFM TA providers were the World Bank (capacity building) and the EU (implementation of the PFM action plan). The activities under the project would be coordinated with other TA providers, and were not expected to overlap.

III.9 PAPUA NEW GUINEA

Background

Papua New Guinea is a lower-middle income country with large mineral resources and petroleum reserves. A large new LNG project began production in 2014 and is expected to reach full capacity in 2015. Papua New Guinea became an EITI candidate country in 2014.

NATURAL RESOURCE ASSET AND LIABILITY MANAGEMENT



Project dates: July 2013 - July 2014
Budget: US$446,716

Comments: The project was endorsed in December 2012 and launched in July 2013. It was extended to December 2014 in December 2013, and to December 2015 in June 2014. Budget execution by October 2014 was 38 percent.

Background: An Organic Law on the Sovereign Wealth Fund was enacted in early 2012, in anticipation of revenues expected from the LNG project and other projects. The objectives of the SWF are to support macroeconomic stabilization, support the development objectives of the government, including long-term economic and social development, and support asset management in relation to assets accrued from natural resource revenue.

Objectives: The project aims at strengthening the investment mandate, policy and guidelines of the SWF.

Identification of risks: government's lack of capacity to approve the necessary subordinate legislation; lack of availability of appropriately trained staff at the Sovereign Wealth Fund Implementation Secretariat and the Bank of Papua New Guinea with requisite skills.

Evaluation DAC Criteria

This project was launched in July 2013. Therefore, only the relevance of the project is evaluated.

Relevance: 5.5

The TTF project aims at assisting the government in developing the SWF's legal framework, investment mandate, policy and guidelines, governance and institutional framework, and providing advice on capacity building for the SWF's investment strategy.

The project is a continuation to the IMF's engagement with the authorities to establish a SWF. During the 2010 Financial Sector Assessment Program, MCM prepared a Technical Note on the main considerations for setting up a SWF. TA on the SWF was provided by FAD, with PFTAC participation, in 2011. The authorities subsequently requested MCM's advice on the Organic Law that established the SWF and its organizational structure, and this was followed by a request for TA under the TTF on the SWF governance structure, investment and risk management frameworks. Under the TTF, the objectives covered by this project should have been split into two: the SWF’s legal framework, investment mandate, policy and guidelines, and governance and institutional framework covered under a module 3 project, while providing advice on capacity building for the SWF’s investment strategy covered under a module 4 project. Given MCM’s involvement in advice on setting up a SWF and on the SWF Organic Law, FAD and MCM should have had to cooperate closely on providing the TA to Papua New Guinea under these two modules. This issue is further complicated by questions about the authorities' commitment, given changing views in the government about the desirability and role of a SWF very shortly after the project was launched and the first mission.

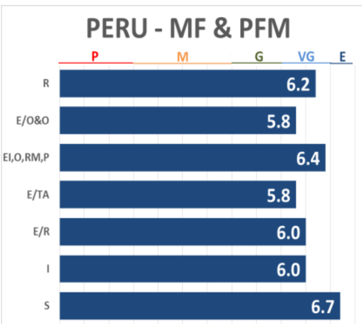
In terms of TA coordination, the areas to be covered by the project were seen as complementary to the activities of other TA providers. The Australian government and the World Bank had provided policy papers on various aspects of the design of the SWF. The World Bank had also provided advice on public consultation and public awareness.

III.10 PERU

Background

Peru is a natural resource rich country with significant mineral resources, notably copper, silver, and gold. The importance of mineral-related revenue in the fiscal accounts has increased over the last decade and is expected to continue to grow in the context of new mineral projects coming on-stream, recent changes to the mineral fiscal regime, and a relatively positive outlook for mineral prices over the medium term. The management of mineral-related revenue is then a crucial challenge for Peru to maintain macroeconomic stability, reduce poverty, and foster balanced and inclusive economic growth.

EI MACRO-FISCAL AND PUBLIC FINANCIAL MANAGEMENT



Project dates: January 2012-June 2013
Budget: US$400,670

Comments: The project was placed in the reserve list in March 2011 and activated in November 2011, when it replaced Module 3 for Bolivia that was dropped from the work plan. The project was extended twice, to June 2014 in December 2013, and to December 2014 in June 2014. By April 2014, budget execution amounted to 97 percent. The budget was increased by 41 percent in June 2014 and by October 2014, the project had executed 87 percent of the revised budget, exceeding the original budget by 22 percent.

Background: FAD provided TA to Peru in March 2010 on fiscal/PFM aspects of establishing a Sovereign Wealth Fund (SWF). During those discussions it became evident that the authorities first needed further technical work, and policy decisions, on the design of a fiscal framework to support a non-negligible accumulation of resources in a SWF; and that the role of subnational governments in saving/spending natural resource revenue was extremely important in Peru, but had various shortcomings and would benefit from a reassessment and possible redesign before the SWF mechanism was cast in stone.

Objectives: The objective of the project is to support the government in developing its fiscal and public financial management frameworks to manage revenue from mineral resources. Specifically the projects seeks to improve the PFM underpinnings of a SWF, by helping the authorities adopt a fiscal framework most appropriate to Peru's specific economic situation; and to improve/define the fiscal underpinnings of a SWF by clarifying (probably reforming) the distribution of mineral revenue across government levels.

Identification of risks: The project proposal identifies as potential risks to the implementation of the project that decisions on advice will be taken at the highest levels, and consequently progress will be beyond the control of the project team and its technical counterparts; and the technical assessment could find that little would be gained from a change in the fiscal framework—hence success should be defined by satisfactory closure of the debate rather than by some specific change in the system.

Evaluation DAC Criteria

Relevance: 6.2

The Minister of Economy and Finance requested TA from FAD on various issues in August 2011, including to help the ministry and central bank take stock of their methodologies for measuring structural fiscal accounts, and to advise on the distribution of mineral fiscal revenues among different parts of government. The Minister also requested assistance in mineral fiscal regimes and modeling, which is being addressed through another project (Module 1) under the TTF. FAD had provided TA in March 2010 on fiscal/PFM aspects of establishing a SWF. The proposed project would follow up on the initial FAD assistance to detail arrangements supporting the establishment of the SWF. Capacity to implement advice is adequate at the policy and the technical levels. SECO has provided support for the initial assessment of mineral revenue distribution schemes. Apart from that, there is no other complementary TA from other providers in these specific areas.

Effectiveness of Outcomes and Objectives: 5.8

One of the two main objectives of the project was to design a fiscal framework to support a non-negligible accumulation of resources in a SWF. The first mission settled important methodological issues regarding the measurement of a proper structural balance for Peru, paving the way for an agreement between staff from the Ministry of Economy and Finance (MEF) and the central bank (BCRP) on the methodologies to be applied for the computation of a structural balance indicator. Subsequently, the project team provided comments to related material prepared by the authorities. The second mission gave the authorities an overview of theory and international practice for sharing natural resource revenue with sub-national governments, as an input to potential reform. The third mission assessed the shortcomings of the existing fiscal framework and options for reform focused on a macro-stabilization/savings objective, building on previous FAD TA. The output of the mission was used to inform the discussions between the authorities and an independent Committee of Experts, in charge of developing proposals to reform the fiscal framework.

No missions took place between August 2012 and March 2014. During that period, the government supported by the Committee of Experts prepared draft legislation for a revised fiscal framework, which was enacted in October 2013. The new framework (to be effective in 2015) introduces a structural fiscal rule, defines new fiscal rules for sub-national governments, creates a fiscal council, and obligates explicit reporting of contingent liabilities. These reforms reflect advice provided under the project. Design issues, some of which generate immediate implementation concerns, need to be addressed in the near future. Regulations for the revised fiscal responsibility law were issued in May 2014.

A March 2014 mission assessed the macro-fiscal implications of the new fiscal rules, and provided advice on implementing the new fiscal responsibility law—including reforming the budget preparation and execution processes, setting up a fiscal council, and assessing and managing fiscal risks. The authorities intended to implement the recommendations of the mission as part of the 2015 budget process. In this respect, the government was preparing a contingent liabilities report and requested an assessment by the project team on the quality and comprehensiveness of the report.

After the March 2014 mission, the Minister of Finance requested a follow-up mission to support the implementation of the mission's recommendations. An August 2014 mission proposed detailed structures and outlines to advice the authorities on the development of a comprehensive fiscal risk statement and a contingent liabilities report

On the second objective, efforts to improve and define the fiscal underpinnings of a SWF by clarifying or reforming the distribution of mineral revenue across government levels have proceeded slowly due to political sensitivities. The project has helped the authorities strengthen the motivations for the reform both from a conceptual/theoretical perspective and from an international practice perspective. Reforming the intergovernmental distribution of mineral fiscal revenues in the short run is difficult because of political resistance to changing the revenue sharing rule. Political decisions at the highest level on the way forward are still pending.

Effectiveness of Inputs, Outputs, Risk Management, and Processes: 6.4

The project got to a strong start. Three missions were fielded in the first eight months with an interagency workshop taking place in the first mission, and three TA reports being prepared covering the objectives to be achieved by the project. Subsequently, no mission activity took place for more than a year during which the authorities prepared, conducted internal consultations, and enacted legislation on a revised fiscal framework. The project was extended for 12 months to allow for its completion. A fourth mission was fielded in March

2014. Following a request of the Minister of Finance for further assistance on implementing the recommendations of the March mission, a fifth mission was fielded in August 2014.

Efficiency of TA Delivery: 5.8

The project was extended twice, first in December 2013, from June 2013 to June 2014 to allow for completion of the project, and second in June 2014 to December 2014 to provide TA not envisaged under the original project. To accommodate the increased scope of the project, an increase of about 40 percent of the budget was approved in June 2014, because the project had already used up the budget. The TA delivery forms were adequate to Peru's circumstances, including existing capacity at the MEF and the BCRP. The synergies produced by the regional conference under the Andean Regional TTF project that took place in Lima in March 2014, co-sponsored by the MEF and attended by the First Deputy Managing Director of the IMF, contributed to enhance the results achieved under both projects. One area that could have benefitted from a more active approach refers to objective 2 of the project, for example by preparing simulations of the effects of different formulas used in other countries or a combination of them, in line with the work being prepared by the authorities in this respect.

Efficiency of Reporting: 6.0

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: 6.0

The project has resulted in legislation enacted by Congress on a new fiscal framework and a new set of fiscal rules aimed at addressing the limitations of the previous framework; project inputs into the recommendations of the Committee of Experts that prepared the final proposals on the fiscal framework and fiscal rules; effective coordination of the work by MEF and BCRP on the methodology and calculations on the indicator for the structural fiscal rule; theoretical and best practice inputs into the scenarios of possible schemes for distributing mineral-related revenues to subnational governments; and inputs for the MEF to prepare a comprehensive fiscal risk statement and a contingent liabilities report, including on PPPs. These have or will improve also the transparency and credibility of the macro fiscal framework and the budget.

Sustainability: 6.7

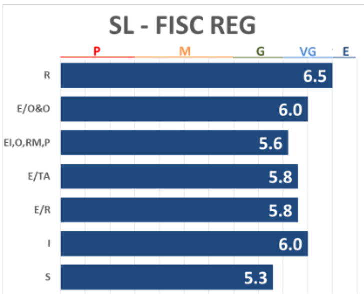
No major difficulties are envisaged in terms of the sustainability of the reforms and changes that have been adopted as a result of the advice provided by the project as the risks have been properly identified, no significant gaps have been created or left unaddressed, recommendations are theoretically and practically based on best practices, and processes have followed the right sequencing, all of which has created strong ownership of the reforms implemented. This, together with existing capacity at the technical level in the MEF and BCRP and the understanding of the authorities of the dynamics of the process, provide a firm foundation to the reforms and changes that are being implemented. The design issues noted in the project documentation with respect to the revised fiscal framework are not pursued further so it is not clear if they were resolved in the regulations or if they are still pending. In any event, according to the one-pagers no major difficulties in terms of sustainability of the reforms are envisaged.

III.11 SIERRA LEONE

Background

Sierra Leone is a low-income country still recovering from a long period of civil conflict, including over control of natural resources. Historically, Sierra Leone was a significant minerals producer, and is now known to have reserves of diamonds, gold, bauxite, iron ore and rutile. Oil was discovered in 2009 by Anadarko in a field named Venus close to an (un-delineated) maritime boundary with Liberia; a further discovery (Mercury) has been made, neither is yet declared commercial but strong interest in exploration remains. Production of diamonds resumed in 2010 and iron ore was first shipped in 2012.

EI FISCAL REGIMES



Project dates: June 2011-December 2013
Budget: US$1,012,496

Comments: The project was endorsed in the initial work plan. The project proposal increased the budget proposed in the project summary by 70 percent, and was decreased by 25 percent in December 2012. The project was extended to April 2014. It will remain open to June 2015 to provide further assistance if needed, as the Ebola epidemic has prevented activity over the past six months.

Background: Sierra Leone has suffered from frequent changes in the fiscal regimes for minerals. Although general legislation has nominally been in place, successive governments have tended to make special agreements with investors – often weakening the expectations of fiscal revenues from these projects. Lack of transparency has contributed to these difficulties. Separate agreements are still being made: most recently (February 2011) a new petroleum agreement with a foreign company was ratified by Parliament.

Objectives: The main objective is to provide assistance in developing a standard framework for the taxation of mining and oil and building capacity to implement the framework. Specifically, the project seeks to refine fiscal regimes for mining and petroleum as appropriate to Sierra Leone circumstances, and to strengthen capacity to manage minerals revenues effectively and transparently.

Identification of risks: The project proposal identifies as potential risks for implementation of the project continued political or investor pressure to agree special deals; the lack of complementary capacity to negotiate where necessary; and inability to sustain political commitment to transparency, stability of the fiscal regime, and a cautious approach to use of revenues.

Evaluation DAC Criteria

Relevance: 6.5

Sierra Leone is a low income country and was a candidate country in the EITI. The IMF consulted extensively with World Bank prior to adding Sierra Leone to the list. There are already many donors in Sierra Leone, but the Bank felt that upstream work by IMF could be very helpful. Sequencing of the project with respect to the modules in the TTF was in line with the country's conditions, coordination among agencies was a priority from inception, and the authorities' track record had been positive under IMF arrangements. The country urgently needed a standard framework for the taxation of mining and oil, and build the capacity to implement it. Although the country had not received FAD TA since 2007, interaction with FAD under the IMF program permitted a strong engagement with the authorities to determine priorities prior to the launch of the project.

Effectiveness of Outcomes and Objectives: 6.0

The project was demand driven and results based. Delays in completing the project are explained by occurrences out of the control of the authorities and the IMF (elections and approval by Parliament), and from external shocks (Ebola epidemic). The technical work on the project, and the achievement of support from a wide range of officials in Sierra Leone, initially proceeded more rapidly than anticipated.

For objective 1 (refined fiscal regimes) comprehensive new legislation (the Extractive Industries Revenue Act, or EIRA) had already been drafted by May 2012, and in September 2012 the government reached a number of new petroleum agreements containing terms substantially conforming to the proposed legislation. Delays occurred in the enactment of EIRA because of the presidential and parliamentary elections held in late 2012, with EIRA submitted to Parliament in December 2013 instead of September 2012 (for oil) and April 2013 (for mining) as envisaged initially. The enactment of EIRA may be delayed by efforts from the Petroleum Directorate to split EIRA in two, one dealing with petroleum and one with mining. As a result of these delays and the Ebola outbreak, the completion date for the outcomes under Objective 1 has been revised to June 2015.

For objective 2 (capacity to manage mineral revenues) a comprehensive revenue forecasting framework was already in place by May 2012, with an inter-agency team coordinated by the Ministry of Finance and Economic Development (MOFED) (Mineral Revenue Forecasting Unit) established and functioning. Detailed models were developed and installed for mining. Simulation models for petroleum are also available but there is insufficient data for forecasting (no commercial discovery yet declared). The adoption of a resource revenue management framework consistent with good PFM practice and fiscal transparency, which began under this project was transferred to Module 3. The completion dates for the outcomes were revised from September 2012 and April 2013 to April 2014 to take account of the transfer date to Module 3.

Further progress under the project came to a halt with the outbreak of Ebola. Parliament and Cabinet do not meet regularly and no in-country TA work is possible. Discussion during the 2014 Annual Meetings indicate that support may be needed to revive the EIRA and modeling efforts after the situation improves.

Effectiveness of Inputs, Outputs, Risk Management, and Processes: 5.6

The project inputs were delivered effectively and continuously after the project was launched in July 2011, with a total of 4 HQ missions and 9 STX missions taking place in an 18-month period, with drafting and consultation work from HQ continuing in between missions, as did the work on the models for revenue forecasting and tax simulation. Missions were conducted with wide consultations, and many activities in workshop format. Civil society, industry, and development partner consultations were held.

The first two missions produced comprehensive TA reports, which served to identify the authorities' priorities as well as to reach consensus on policy issues. A draft EIRA was submitted to concerned government ministries and agencies in advance of the mission arrival, and was discussed intensively during the mission. A revised version of the draft, incorporating the results of the discussions was presented to the authorities at the conclusion of the mission, together with a short memorandum drawing attention to the areas where decisions were still needed, and to the changes that had been made to the first draft. The reports and drafts were reviewed by other advisers to the government, the Commonwealth Secretariat and the Revenue Watch Institute, which are part of a petroleum advisory group for the Sierra Leone Petroleum Directorate.

Risks regarding capacity have been addressed quite effectively, with the implementation of Module 3 contributing to efforts in capacity building carried under this project. Risks stemming from interagency coordination issues have surged in the discussion of EIRA in Parliament, and may result in the bill being split.

FAD consulted closely with other agencies involved in providing TA in this area, including the World Bank, the Commonwealth Secretariat, and the African Center for Economic Transformation (ACET), in order to ensure that the project is and remains complementary to their activities.

Efficiency of TA delivery: 5.8

The project achieved its outcomes at a faster pace than had been anticipated and at a significantly lower cost. The original budget presented at the time of SC endorsement was increased by 70 percent to allow for an accelerated implementation of the project. One year later, the budget was reduced to an amount which exceeded the original budget by about 30 percent, as it was decided to streamline the activities under the project, of which 64 percent had been executed by October 2014.

The TA delivery forms were effective in achieving the outcomes to the extent these were under the control of the project and the authorities. Before the project started in July 2011, the government had initiated a review process for mineral agreements that produced encouraging results, and succeeded in enacting in July 2011 the Petroleum Exploration and Production Act which left the fiscal terms (correctly) to fiscal legislation. Throughout the project, the authorities were prompt in responding to the advice they received, clearly identifying their priorities. An interagency revenue forecasting unit was established under the coordination of the Ministry of Finance, which has been successful in adopting the model transferred to them. The interaction between the parties was active during and between missions, contributing to the effectiveness and efficiency of the TA delivery.

Efficiency of Reporting: 5.8

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

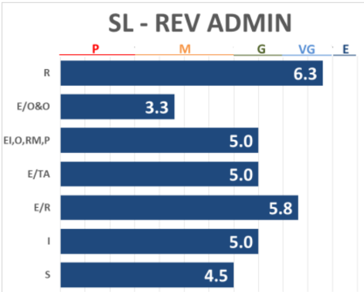
Impact: 6.0

The project has resulted in new generally applicable legislation on fiscal regimes submitted to Parliament, which was already used for terms of agreements in the 2012 licensing round. It has built capacity for Sierra Leone officials to conduct policy analysis, forecasting and simulations for mining and oil revenues. An interagency for revenue forecasting has been established coordinated by the Ministry of Finance to which detailed models have been transferred. Simulation models are available for petroleum, although at present there is insufficient data for forecasting because no commercial discovery yet declared. Sierra Leone became a compliant country under EITI in April 2014.

Sustainability: 5.3

Several risks are present regarding the sustainability of the reforms. The main risk is that the two key officials driving the process will be moved. There is also the risk of continued efforts by the Sierra Leone Petroleum Directorate to separate the petroleum elements of the bill while it is in Parliament. Moreover, and provided the EIRA is passed and signed into law, its sustainability depends on the strength of the government to enforce it and not be diverted into special agreements once again. Sierra Leone remains a fragile state and there can be no guarantees. In this respect, however, the uniform fiscal framework of the EIRA will be both simpler and more transparent than the multiplicity of agreements that previously emerged – this should promote sustainability. All three FAD TTF projects have made important capacity-building contributions. Further discoveries of petroleum, or project failures in the mining sector, might bring about strains upon the framework now developed.

EI REVENUE ADMINISTRATION



Project Dates: June 2012-October 2015
Budget: US$599,065

Comments: The project was added to the work plan in May 2012 and launched in June 2012. The project was extended to April 2016 due to the Ebola outbreak.

Background: The legal framework for mining taxation suffered from various weaknesses and a variety of special deals. The LTO needed to re-organize and create a specialized unit to manage the challenges posed by major new natural resource developments; to improve coordination and exchange of information with the mining department; to strengthen its collection of, and accounting for, natural resource revenues; and to develop capacity and skills to deal with the special challenges of large resource taxpayer administration.

Objectives: The project objective is to strengthen natural resource revenue administration, in particular implementation of the revised natural resource fiscal regime developed under Module 1, and develop more transparent accounting for natural resource revenues to support the work program under Module 3. Specifically, the project sought to strengthen natural resource administration capacity, particularly in the LTO of the National Revenue Authority (NRA).

Identification of Risks: The project proposal identified as potential risks to the implementation of the project political instability; lack of cooperation from other institutions with responsibilities for natural resource regulation; and lack of political commitment to implement the TA's recommendations.

Evaluation DAC Criteria

Relevance: 6.3

This project responded to a request from the Financial Secretary of the MOFED in August 2011. A revenue administration expert accompanied the November 2011 Module 1 mission, to produce a preliminary assessment of capacity for EI revenue administration, and prepare a draft project proposal. Thanks to its modernization program and extensive TA support, the NRA has made considerable progress in recent years from a very low base, but still has a long way to go. TA on Module 2 follows TA on Modules 1 and 3, which set the stage for, and are supported by, it. Other TA providers are assisting Sierra Leone in this area, with DFID and the Crown Agents on tax administration reform, but with no special focus on natural resources; the Revenue Development Foundation, with funding from GIZ, with a program to integrate data collection and management by the revenue authority and mining department; and the World Bank with an ongoing program focused on small and medium taxpayers.

Effectiveness on Outcomes and Objectives: 3.3

The TA report prepared by the diagnostic mission concluded that the NRA's capacity should be significantly strengthened to meet future challenges of NR revenue administration, and that a development plan specifically focused on strengthening EI revenue administration was needed. The project implementation started at a brisk pace in the third quarter of 2012. However, progress slowed down because the enactment of new fiscal regime legislation (EIRA) planned for September 2012 was put on hold on account of the November 2012 presidential elections. By June 2013, the EIRA draft was still being prepared and commissioners for NRA had not been appointed. The STX that visited Sierra Leone in July 2013 reported slow progress in implementing the recommendations of the July 2012 report, attributing the slow progress to weak capacity and integrity issues.

The confirmation of the acting Commissioner General of the NRA resulted in renewed interest in advice on establishing an EI unit at the NRA. The December 2013 mission reviewed the authorities' proposals to address the various challenges, including establishing a separate unit to manage EI revenue, which did not follow the project's recommendations as it fragmented domestic tax operations. The mission provided detailed advice in this regard. Subsequently, however, an EI unit (comprised of a head and three managers) was set up within the NRA in line with the project's recommendations. The Unit has focused so far on developing linkages with the rest of the Domestic Tax Department (DTD), the Petroleum Directorate, and the National Minerals Authority. Plans for FY2015 to support the initial EI unit set up work, including developing a detailed action plan for the Unit, are on hold due to the Ebola outbreak.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.0

There was a pre-project launching assessment mission, three missions and three STX visits delivered and two TA reports prepared under the project. Following the assessment mission, a diagnostic mission developed a strategy and related action plan, determining jointly with the authorities the phasing of capacity building in this area, including training workshops. Delays in enacting the EIRA have resulted in a slowdown in the delivery of inputs. LEG has provided background assistance from HQ with plans to prepare a Revenue Administration Act. The 2012 TA report provided a timeline for implementation of key recommendations starting in September 2012 through December 2013, and for a training program phased over 2013-2014. ANNEX II of the Report developed in great detail an Improvement Plan for the NRA EI.

Efficiency of TA Delivery: 5.0

The project has delivered TA advice in a well sequenced fashion through an assessment and diagnostic missions, preparation of reports and conducting workshops. These actions notwithstanding, the efficiency of TA delivery has been affected by capacity constraints at the NRA, and by delays in the enactment of the fiscal legislation required to provide the basis for implementation of the advice provided by the project, which slowed the delivery of inputs and implementation of the recommendations. Moreover, disagreement on the appropriate institutional setup for the EIU may have delayed the implementation of a key component of the recommendations. As of October 2014, the budget had been executed by 35 percent. In December 2014, the project was extended by six months to April 2016 on account of the Ebola outbreak.

Efficiency of Reporting: 5.8

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

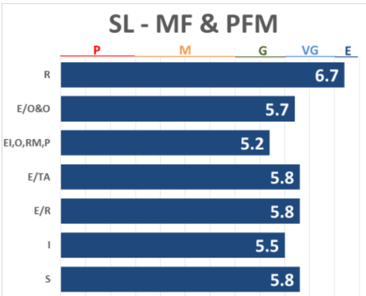
Impact: 5.0

The project has resulted in the establishment of a EI Unit in line with the recommendations of the TA, despite initial preferences from the authorities not in line with best practices, which however, the project team was prepared to accommodate and provided detailed advice to moderate the potential negative effects. The establishment of the Unit is a key first step to build up capacity in the NRA to handle NR in an effective manner when the EIRA Bill gets enacted.

Sustainability: 4.5

Capacity constraints within the NRA remain a major impediment to timely implementation of the advice provided under the project, which together with continued delays in the enactment of the fiscal regime legislation and the terms of the existing agreements, could threaten the sustainability of the results achieved to date.

EI MACRO-FISCAL AND PUBLIC FINANCIAL MANAGEMENT



Project dates: October 2011-April 2014
Budget: US$591,220

Comments: The project was endorsed in the initial work plan. Project extended from April 2014 to October 2014 at the June 2014 SC Meeting, and to April 2016 in the December 2014 SC Meeting because of the Ebola outbreak. By October 2014, the budget had been executed by 80 percent.

Background: The budget was characterized by an annual horizon, with little reference to longer-term policies and objectives. A medium term framework (MTF) that explicitly incorporates a longer-term perspective can help promote predictability, improve resource allocation, and enhance transparency and accountability. Since 2002, FAD has provided wide-ranging assistance in the PFM area. However, lack of capacity has affected the pace of implementation of reforms. Drawing on the recommendations of previous FAD missions, the authorities launched an Integrated Public Financial Management Reform Strategy (IPFMRS) in mid-2009–currently implemented through a project funded by a range of donors including the World Bank, DFID, the EC and AfDB. FAD maintains a regional advisor funded by Japan located in Accra, Ghana with responsibility for coordinating and implementing PFM reform and capacity building TA in Sierra Leone.

Objectives: The main objective is to provide assistance in developing a medium-term macro fiscal framework which includes the forecasting of mineral and oil revenues, develop a structure to fit the savings policy of the government regarding budget surpluses due to commodity prices, and build capacity to implement these processes. Specifically, the project would develop a strong macro-fiscal medium-term framework for managing resource revenues, which is incorporated into a comprehensive PFM law. The project would build on the revenue forecasting work already undertaken in module 1, and on earlier FAD work on PFM. It would also complement ongoing TA activities of the FAD Regional Advisor in the area of general PFM reform, and coordinate its activities with other TA providers in the country.

Identification of risks: The project proposal identifies as potential risks for implementation of the project the inability to sustain political commitment to transparency, stability of the fiscal regime, and a cautious approach to use of revenues; inability to pass consistent laws and regulations to control the use of natural resource wealth in government expenditures; and inability to maintain specified savings and expenditure policies when commodity prices fall.

Evaluation DAC Criteria

Relevance: 6.7

The project was specifically requested by the Ministry of Finance, to help monitor and manage rapid new developments in the mining sector. A 2010 PEFA and other PFM assessments had underscored the need to address existing weaknesses, including unreliable medium-term expenditure projections that did not serve as effective guide to future budgets. The authorities' track record had been positive under IMF arrangements demonstrating commitment and capability to implement advice. Sequencing of the project was appropriate as it followed Module 1 under the TTF. The PFM reforms currently being proposed by TA providers, including FAD, would be reinforced by this project and incorporated into a comprehensive program designed to produce an appropriate fiscal and legal framework.

Effectiveness of Outcomes and Objectives: 5.7

The project's time frame was too ambitious as the completion dates were set initially for December 2012 and April 2013. The first mission was in January 2012, at which time there were questions regarding the fiscal rule recommended by the mission, which lingered until the third mission in May 2013. These stemmed from the difficulties the authorities had in understanding the functioning of the rule proposed, and for other TA providers to the Ministry in accepting it. In the event, agreement was reached on the type of fiscal rule to be implemented, on the creation of a stabilization and savings fund, and on the necessary reforms of the PFM legal framework to integrate these changes and others. The draft PFM legislation was finalized for Cabinet approval at end-2013.

The February 2014 mission recommended that the PFM Bill be split in two, with one part maintained in the PFM Act, and the other part enacted in a separate SWF Law to include the legislative framework for the operation of the funds and portfolios relating to the management of EIR. Before the Ebola outbreak, it was expected that the PFM and SWF Acts would have been finalized during a mission in May 2014, and tabled in the legislature for approval by September 2014.

A medium-term expenditure framework covering the budget year and two indicative outer years has been developed and included in the annual budget law. The modeling of the fiscal rule needs further development to determine the correct parameters, including criteria for its initial implementation, based on revised revenue forecasts. The May 2014 mission had been envisaged also to further the modeling to help determine these parameters.

Effectiveness of Inputs, Outputs, Risk Management, and Processes: 5.2

Four HQ missions were fielded between February 2012 and February 2014, four TA reports were prepared and a series of workshops conducted with representatives of the MOFED, State House, and the Pillar II Group working on the new development plan—Agenda for Prosperity. The project identified the need for greater drafting assistance in reviewing the existing legislation, assistance which was provided by LEG, with the authorities sending comments on the drafts. The authorities disseminated a first draft of the PFM Act in August 2013 for consultation among key stakeholders in Government, including the Auditor General, prepared by the Solicitor General's Office and based on the June 2013 TA Report.

The TA Reports prepared by the missions approached the implementation of the outcomes in a stepwise manner, identifying priority reform measures with details on timing and responsibility for each measure, including recommendations in the June 2014 report on how the authorities could proceed to finalize the draft PFM Act. A road map was discussed and agreed by the mission with the Minister of Finance and his senior staff. A well-attended workshop for key stakeholders headed by the Solicitor General was also held during the mission. The workshop provided an opportunity for stakeholders to discuss the different sections of the draft PFM Act and to elaborate on their earlier comments.

Efficiency of TA Delivery: 5.8

The outcomes set by the project proposal were too ambitious, which together with the tight schedule set for December 2012 and July 2013, resulted in the need to revise the completion dates to the end of the project. Moreover, although the first TA report made an effort for sequencing measures, the measures were too ambitious both in number and in timing. The report does not provide a tool for implementation. A more hands on approach combined with the workshops could have accelerated the implementation of the mission's recommendations. In this respect, risks to the project derived from weak macro fiscal capacity at the Ministry of Finance and from conflicting advice from other TA providers, may have been underestimated. Existing capacity and the capability at the technical level of engaging with the staff in-between missions was weaker under this project than what has been reported for Module 1.

The Ebola outbreak required extending the project through April 2016, with 80 percent of the budget executed by October 2014. One other factor which may have contributed to delays in finalizing the draft PFM Act was that it was developed by the Solicitor General's Office before the MOFED had finalized its policy considerations and, in particular, before Cabinet's approval, which is not the usual procedure when drafting new legislation in Sierra Leone. The legal drafters at the Solicitor General's Office do not have sectorial knowledge and rely on finalized policy and precise drafting instructions when drafting new laws. The coordination with Module 1 has worked very well. The revenue expert from that module went to work in the module 3 project, which was essential.

Efficiency of Reporting: 5.8

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

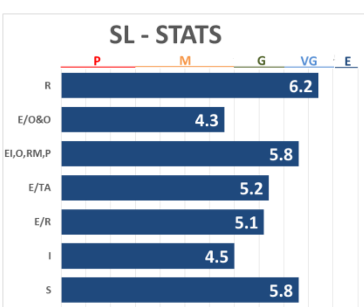
Impact: 5.5

The project has increased awareness of senior policy officials on the need to define fiscal rules and manage revenues from natural resources so as to ensure macroeconomic stability in the short-run, on fiscal sustainability in the long-run, and on intergenerational transfers of nonrenewable resources. At the technical level, it has increased awareness of the need to protect the integrity of the budget as the instrument for allocation of fiscal revenues. In this respect, the project has had an impact in furthering the establishment of a medium-term fiscal framework by developing a medium-term expenditure framework covering the budget year and two indicative outer years included in the annual budget law. It has contributed also to capacity building in the MOFED regarding defining fiscal rules, operating SWFs, and identifying gaps in the PFM framework.

Sustainability: 5.8

The PFM system is capable of underpinning the fiscal rule. The issue is political interference. The PFM Act amendments and fiscal rules would lead to long-term sustainability. There are some significant gaps in the overall legal framework. As a result, there is a risk that a number of the good practices that Sierra Leone has developed since the Government Budget and Accountability Act came into force in 2005 will not be maintained under future governments or different economic circumstances.

STATISTICS FOR MANAGING NATURAL RESOURCES



Project dates: November 2012-April 2015
Budget: US$322,000

Comments: The project was approved in the May 2012 SC Meeting. The project was extended from April 2015 to April 2016 due to the Ebola outbreak and allow the authorities more time to collect necessary mining data. By October 2014, the budget had been executed by 17 percent.

Background: Statistics Sierra Leone (SSL) had some experience in conducting the implementation of the project, but needed support of other administrative data providers and full cooperation of mining sector companies. The National Minerals Agency (NMA), a new semi-autonomous agency of the Ministry of Mines, favored the project. The NMA was established in 2012 by an Act of Parliament to serve as the technical interface between government and the mining sector, and has the responsibility to administer and enforce the Mines and Minerals Act of 2009.

Objectives: The project aimed at assisting the SSL develop real sector statistics on mining resources (iron ore, gold, diamonds) in the country. Specifically, the project sought to provide assistance in preparing a set of annual national accounts statistics describing production, income flows, nonfinancial assets, and financial assets/liabilities useful for policy development and monitoring, and to serve as a basis for forecasting government revenues.

Identification of risks: The project proposal identified as potential risks to the implementation of the project insufficient resources (staff and financial) with the SSL to collect, compile, and disseminate data on regular basis; and unwillingness on the part of extraction companies and other respondents to provide appropriate data on timely basis. The first TA report was more specific listing as risks/assumptions the cooperation and support of the authorities; availability of source data for mining sector accounts compilation and of TA (short- and medium-term); adequate funding provided for surveys; and a core of trained staff is maintained to ensure continuity in the national accounts compilation.

Evaluation DAC Criteria

Relevance: 6.2

As a move to implement the recommendations of TA missions under Module 1 and considering the emerging significance of iron ore and other mining activities to the economy, the authorities requested TA in real sector statistics under Module 5 to capture primary data from these activities. TA in compiling national accounts statistics is being provided by IMF STA, through the DFID-funded project on Enhanced Data Dissemination Initiatives. This project would be specifically focused on the mining resources sector and complement the existing national accounts TA coverage through DFID module.

Effectiveness on Outcomes and Objectives: 4.3

The main tasks of the first mission were to discuss and agree the scope and coverage of the project with the authorities; determine the agency responsible for implementation of the project and provision of staff; discuss with the Ministry of Mineral Resources (MOMR) and other agencies with control on large mining companies/other operators on possible channels for collection of requisite data; and develop a detailed action plan for the next steps. The mission noted that SSL authorities at all levels supported very strongly the development of mining sector accounts and the improvement of annual GDP estimates. The workload that mining sector accounts compilation would generate could be handled by the SSL team, provided that it received adequate training and TA.

The July 2014 mission noted that some benchmark actions had not been implemented and took over tasks in this respect required to further the implementation of the project. The mission also noted encouraging developments, including implementation of a database by the NMA, and the inclusion of mining industries in the SSL annual economic survey. The mission met with the NMA and was able to compile a comprehensive list of active large-scale mining companies. The mission highlighted that stronger direction from senior levels was needed to achieve Module 5 objectives. Progress toward developing a complete set of estimates for the extractive industries was interrupted by the Ebola virus outbreak. Once travel resumes to Sierra Leone (post-Ebola), there will be follow up missions.

By end-2014, the first estimates of iron ore industry production and generation of income accounts had been compiled based on available source data, and work on the remaining mining industries had been launched but not completed due to delays in data collection and processing.

In all, the capacity to compile real sector statistics including mining accounts remains weak. The national accounts department needs to be reinforced. Data issues may also limit the number of Module 5 accounts that can be developed. Production and generation of income accounts compilation seem to be a reasonable target. Artisanal mining is another concern and will be the weakest part of the mining accounts.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.8

Two missions have been delivered and two TA reports have been prepared under the project. The April 2013 mission worked closely with SSL national accounts unit staff, and met with various public and private agencies. The mission met also with the main statistics providers including private companies. A work program covering the two years of the project was prepared and agreed with the authorities.

Efficiency of TA Delivery: 5.2

The efficiency of TA delivery has been affected by weak capacity to implement the advice provided, and by lack of resources for the SSL to conduct activities such as surveys. Delays in source data collection and processing has induced delays in mining accounts compilation. To enhance the effectiveness of the TA delivery, follow-up is necessary to ensure that agreed benchmark actions are implemented before missions are launched and assess the need for additional hands on support. The project was extended to April 2016 because of the Ebola outbreak and to allow more time for the authorities to compile mining data. By October 2014, budget execution amounted to 17 percent.

Efficiency of Reporting: 5.1

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: 4.5

A project framework is in place for mining accounts compilation. First estimates of iron ore industry production and generation of income accounts have been compiled and work on the remaining mining industries has been launched.

Sustainability: 5.8

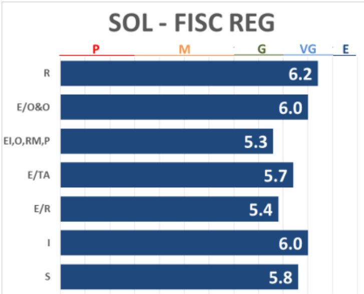
The mining accounts will be fully integrated and coherent with the central framework of the annual accounts. Therefore, SSL new series of annual national accounts will fully include mining accounts.

III.12 SOLOMON ISLANDS

Background

At the time of project inception, Solomon Islands was a low-income (now low middle-income) country. The country's main exports are timber and, until recently, gold (severe flash flooding in April 2014 prompted the closure of the only mine). Although the mining sector had not played a major role in the economy, it was seen as having the potential to become one of the main drivers of growth in the medium-term, particularly as logging was expected to decline gradually. In particular, there was growing investor interest in a large-scale nickel deposit. Solomon Islands became an EITI candidate country in 2012.

EI FISCAL REGIMES



Project dates: July 2011- January 2014
Budget: US$297,200

Comments: The project was placed in the reserve list in March 2011 and was activated shortly thereafter. The project was extended to April 2015 in June 2014. Budget execution by October 2014 was 20 percent.

Background: The government had started a process of reforms to the regulatory and tax frameworks for mining prior to the project. There was no generally applicable mining tax regime - the only existing mine (gold) operated under an ad hoc mining agreement with its specific fiscal terms. IMF non-TTF missions in 2010-11 (with PFTAC participation) had provided comprehensive policy guidance on the preparation of a fiscal framework for natural resources, including a new fiscal regime for mining.

Objectives: The project aims at supporting the development and implementation of a transparent and sustainable mining tax regime.

Identification of risks: Continued political or investor pressure to agree special fiscal terms; lack of availability of complementary technical support to complete mining project arrangements.

Evaluation DAC Criteria

Relevance: 6.2

This focused project aims at helping the authorities put in place a new mining fiscal regime and build capacity. At the time of project inception Solomon Islands was a low-income country with good prospects for further development of the mining sector. A new resource taxation regime was seen as key to reap the benefits of resource wealth and ensure that the government received a fair share of mining revenue. Performance under an IMF-supported Stand-By Arrangement approved in 2010 had been strong.

The government was using the advice provided by the 2011 FAD TA as input into the formulation of a policy paper on reforms to resource taxation. However, there were serious capacity constraints and limited experience, including for drafting tax regulation applicable to the mining sector. The project was seen as building on the recent FAD TA, and planned to provide assistance with drafting the required amendments, and, subsequently, to build up capacity for resource revenue forecasting and analysis of fiscal terms for mining projects. The project was activated at the request of the authorities to take forward the drafting of amendments to the Income Tax Act.

The World Bank was supporting reforms in the Ministry of Mines. No overlapping activities from other TA providers were expected, and the project envisaged complementary PFTAC support.

Effectiveness on Outcomes and Objectives: 6.0

The project substantially delivered on its objective in the form of a new fiscal regime for mining enacted in April 2014 that largely follows TA recommendations, albeit with significant delay relative to expectations, and with implementation issues still to be resolved.

Building on the pre-TTF FAD TA, legal drafting assistance for Income Tax Act revisions to put in place a new mining taxation regime was provided in 2011 and draft legislation was quickly ready for Cabinet consideration. Subsequently, there were major delays in getting Cabinet approval, which was eventually obtained in February 2014. In April 2014 the new fiscal regime for mining was enacted through the passing of amendments to the Income Tax Act and the Mines and Minerals Act.

The new regime largely follows pre-TTF IMF recommendations. It provides a strong foundation for the development of mining, provided that high export duties on minerals, which impose a high and uncompetitive royalty on mining (as assessed by a mission last October) are eliminated, and details of implementation are put in place. Ministerial orders that do not require parliamentary review, which were to be issued by July 2014, are yet to be implemented. By late 2014, the authorities had not yet had time to respond to, or implement, follow-up recommendations provided by the October 2014 mission. The project also envisaged the development of capacity for revenue forecasting and analysis of fiscal terms for mining projects. This work is still pending.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.3

The project got off to a quick start with a STX visit by a legal expert in September 2011, who provided drafting assistance to the authorities in the revisions to the Income Tax Law. The visit was followed by completion of the draft legislation supported by the TA through remote ongoing contact with the authorities. After a prolonged delay as the draft legislation was with Cabinet, the legislation was eventually enacted in April 2014. A recent mission provided a few recommendations on policy changes and extensive recommendations on administrative procedures.

The Project Proposal listed pressures to agree special fiscal terms as a risk to the project, and assumed the availability of complementary technical support to complete mining project agreements. These risks could materialize in the future as the potential new investments arise. The risk of a protracted delay in the process of getting the draft legislation approved and then enacted was not foreseen, and it is not clear whether it could have been foreseen. At the technical level the prospects looked encouraging given the authorities' effective use of earlier FAD TA by the time the project was approved.

Efficiency of TA Delivery: 5.7

The project envisaged two legal STX visits to provide assistance in the drafting of the legislation, and then one HQ-led mission. In the event less support than initially expected was necessary for the preparation of the legislation: after only one STX visit, the completed draft legislation went to Cabinet. After a prolonged period of inactivity as the authorities requested successive postponements to the TA, a recent mission provided implementation and administrative advice. The project was extended by 16 months given the delays discussed above. Budget execution through October 2014 was only 20 percent, which suggests that the project is likely to achieve its objective at lower cost than envisaged.

Efficiency of Reporting: 5.4

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: 6.0

The new fiscal regime adopted is a major step forward to support the development of the mining sector, provided the high export duties are eliminated and implementation issues resolved.

Sustainability: 5.8

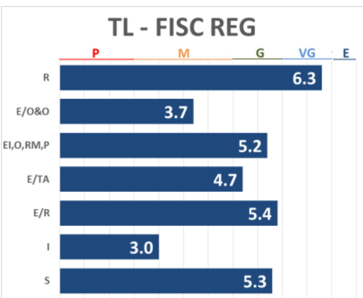
At this time there is considerable political support for the new fiscal regime. The reform is well integrated with the country's reform agenda. The sustainability of the reform, however, might be affected in the future by a fragile political environment.

III.13 TIMOR LESTE

Background

Timor-Leste is the most petroleum dependent economy in the world, and finds itself at a critical and testing stage in the development of its policy and institutional framework for managing its petroleum revenues. To date a single highly successful petroleum project has delivered all the petroleum revenues since 2004, of which around US$11 billion remains saved in a sovereign wealth fund regarded internationally as a successful framework for prudent petroleum revenue management in a low income, post-conflict country.

EI FISCAL REGIMES



Project dates: June 2011-April 2013
Budget: US$717, 414

Comments: The project was placed in the initial work plan with a budget of US$513,579. The budget was increased by almost 80 percent in the project proposal because as a result of the first mission, and at the request of the authorities, the scope of the project was widened to strengthen the macro-fiscal forecasting capacity. In December 2013, Module 3 work was terminated and the budget reduced by 19 percent. Module 1 work will continue, and the project was extended to December 2015. PFTAC has provided assistance under the project.

Background: Timor-Leste made significant progress on fiscal reforms in the last few years. The government used TA for implementing a sound and transparent framework for the governance of the petroleum sector with a well-managed Petroleum Fund; a relatively well-structured budget process; use of a modern integrated financial management information system; and an efficient treasury single account.

Objectives: The project sought to provide capacity-building support to the Ministry of Finance (MOF) and the Petroleum Fund Directorate (PFD) for macro-economic management of petroleum revenues and related revenue forecasting; to advise the MOF and the Petroleum Authority (PA) on the petroleum fiscal regime in the lead up to a further acreage release, which was planned tentatively for late 2011/early 2012; and on PFM systems to embed the revenue management arrangements at the MOF. Specifically, the project sought to strengthen capacity to forecast and manage petroleum revenues, with the fiscal regime refined appropriate to Timor-Leste circumstances (module 1 elements); and to improve the macro-fiscal modeling capacity to integrate petroleum revenues into the medium to long-term fiscal framework and annual budget (module 3 elements).

Identification of risks: The project proposal identified as potential risks to the implementation of the advice a lack or loss of qualified personnel regarding the ESI calculation, and a lack of capacity to absorb the project's recommendations regarding the use of improved modeling tools. There was also the risk that the government rejected the advice given the political pressures around spending of the petroleum revenues.

Evaluation DAC Criteria

Relevance: 6.3

Timor Leste, a low income country heavily dependent on petroleum requested further TA from FAD in petroleum revenue forecasting; review of petroleum fiscal regime; and other petroleum issues. FAD had been instrumental in helping Timor Leste set up the Petroleum fund in 2005, and FAD staff had assisted in the revenue forecasts and Estimated Sustainable Income (ESI) calculations since its inception. A key objective was to transfer the capacity to undertake the ESI calculation and related forecasts to Timorese officials. A lack of capacity had prevented this previously, but appropriately skilled Timorese had now been hired into the PFD. FAD advice had included a PEFA and a ROSC and the installation of a resident treasury adviser. The authorities had been receptive to the TA advice and much of it had been implemented. Timor became a candidate for EITI in 2008 and was designated compliant in 2010. Other TA providers were active in Timor Leste, including Norad with a resident petroleum fiscal adviser, the World Bank with an extensive PFM capacity building project, JSA that was financing TA on treasury management, and Revenue Watch on macro-economic policy. SC members noted that regional balance in country selection was important.

Effectiveness on Outcomes and Objectives: 3.7

The project was originally divided into three components: (1) preparation of, and training on the preparation of the annual ESI calculation; (2) analysis of different fiscal regimes for future petroleum development; and (3) improvements to, and training on, macro-fiscal modeling. Of the three original components, only the ESI component remains active.

Support had been provided since 2011 in calculating the ESI and also in training, including intra-mission training provided over the internet, to build capacity at the MOF for Timor Leste to be able to undertake the calculations. Additional simplifications were made to the ESI software to make it easier for Timor staff to use. The authorities continue to gain the skills necessary to complete these calculations without TA, and 2015 is expected to be the last year in which the authorities will require TTF support on this issue.

From the start there was less success working with the government on the issue of comparative fiscal regimes. The PA declined to participate in the fiscal regime analysis undertaken by the initial mission, which prevented progress on the preparation of a fiscal regime appropriate for Timor Leste’s circumstances. The regime analysis review, however, was well received by the MOF. There have not been recent acreage releases, nor are there releases planned, for which TA on fiscal regime analysis would need to be provided.

The initial mission implemented a number of refinements to the macro tools as requested by the authorities, and provided extensive capacity building and hands-on training. Because much of the macro-fiscal work done within the MOF is undertaken with non-Timorese contract employees, the extent to which the training generated a permanent increase in capacity within the MOF is unclear. The authorities continue to use Incremental Capital Output Ratio (ICOR) modeling, which is no longer favored for analyzing the economic issues faced by Timor-Leste. The authorities have declined to examine other modeling approaches. While macro-fiscal TA was provided in FY2012 in the form of a mission which conducted a diagnostic of existing macro-fiscal arrangements in the National Directorate for Macroeconomics (NDM) and developed an action plan for capacity building, the authorities did not provide support for macro-fiscal analysis and modeling, and this component was terminated in December 2013.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 5.2

The engagement with the authorities proceeded at a fast pace in the first nine months of the project, with three missions and two reports delivered by April 2012. Following that period, activity has only taken place regarding ESI calculations, including a workshop mission and a report in July-August 2012.

The focus of the first mission in July 2011 was principally on hands-on TA and capacity building on the ESI calculations rather than policy advice. The mission undertook extensive one-on-one training with the authorities on macro-fiscal analysis and modeling. Only a small number of staff is involved in this work within the MOF, so the training was done on an individual basis, not in workshops. A workshop for Timor-Leste civil society was held in July 2011 on petroleum development in general and ESI in particular.

Efficiency of TA Delivery: 4.7

The efficiency of TA delivery has been affected by efforts to deliver on three components, one which never took off, one which stalled less than a year into the project and was officially terminated 30 months into the project, and one which although has succeeded in building capacity has taken significantly more time than envisaged in the project proposal in achieving the project's objective. Upon termination of module 3 elements, the budget was reduced by 19 percent, of which savings from module 3 components amounted to 26 percent of the budget while the budget for module 1 elements was increased by 7 percent. As of October 2014, two-thirds of the reduced budget had been spent.

Efficiency of Reporting: 5.4

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

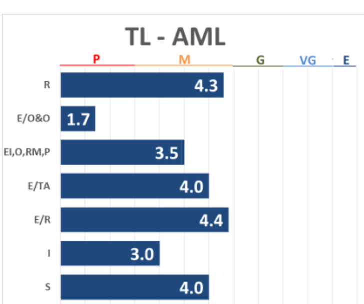
Impact: 3.0

The project has engaged in capacity building, but because many critical MOF functions are performed by non-Timorese contractors, the transfer of skills and experience to staff has been limited. Moreover, the potential impact of the project was greatly reduced as out of three components, only one remains active. Because of political sensitivity around poor exploration results, the PA declined to participate in the fiscal regime review while the Module 3 component was active only through early 2012, and was terminated in December 2013 because there was no agreement between the staff and the MOF regarding the methodology framework to be used. On the ESI component, impact has been less than envisaged, because the project overestimated the capability of the MOF to take over the ESI calculations.

Sustainability: 5.3

Capacity in Timor is improving but remains a problem. There is now only one person in the MOF responsible for and knowledgeable about ESI calculations, who although a Timor national is not permanent staff but a contractor. While he could be ready to manage the process on his own after 2015, albeit with some difficulties, he has no backup and so if he leaves, the capacity buildup achieved would be gone.

PETROLEUM FUND MANAGEMENT



Project Dates: February 2013-February 2016
Budget: US$839,507

Comments: In the project summary endorsed by the SC in May 2012 the project dates were May 2012-May 2013 and had the same budget as the project proposal which has a duration of three years.

Background: The Petroleum Fund (PF) was established in 2005 to manage petroleum resources for present and future generations. It is both a stabilization and savings sovereign wealth fund. It is an account of the MOF held at the Central Bank (CBTL), rather than a separate legal entity. As of end-September 2012, the PF's assets amounted to US$11 billion, invested mostly in U.S. government bonds (77 percent).The conservative investment strategy adopted by the PF has served the country well. However, with the continued accumulation of petroleum resources, the Investment Advisory Board (IAB) wanted to diversify the portfolio. To enable diversification, the Petroleum Fund Law (PFL) was amended to allow for an expansion of the investment universe.

Objectives: The project sought to help the authorities develop and implement a new asset allocation strategy for the PF, and to assist the CBTL to enhance its expertise in managing a more complex portfolio on the fixed-income side.

Identification of risks: The project proposal identified as a potential risk to the project the availability of staff at the PFD and CBTL with requisite skills.

Evaluation DAC Criteria

Relevance: 4.3

The authorities requested TA to assist them to enhance institutional capacity to operationalize and implement a relatively more complex portfolio for the PF as well as to provide policy advice to the PFD and the CBTL. MCM was coordinating directly with Norway's staff in Timor-Leste, including an advisor to the MOF. Other than mentioning it as a potential risk, the project summary did not elaborate on the degree of complexity of the portfolio that was being envisaged by the authorities and the existing skills to manage it. To some extent this project would continue the work that was being funded by Norway. Staff sought confirmation of commitment from the authorities through a request of information, to which they responded promptly, but they had help from the Norwegian advisor who left in November 2013.

Effectiveness on Outcomes and Objectives: 1.7

The scope of the project was too ambitious given the limited capacity available in the relevant agencies to address issues on governance, and design and management of a significantly more complex investment strategy than the strategy that had been implemented since the inception of the PF. Moreover, defining investment directives which require deciding on risk tolerance levels constitute difficult policy decisions bound to be politically controversial in particular because of headline risk.

The report prepared by the mission highlighted these and other issues, including the need to revisit the Strategic Asset Allocation (SAA) approved in the PFL considering the changes experienced in the past years regarding the likely trajectories of the PF size, and that the evolution of the PF's investment strategy needs to keep pace with the enhancements in the governance, managerial and operational resources, capabilities, and capacities of the PF. As a result, there was little to no progress on the implementation of the outcomes of the project and these constituted mainly agreements on how to proceed like for example that the staff at the PF agreed to implement SAA optimizer, the CBTL informing the mission that it would develop a new operational risk management framework, and that the PF will set the criteria to select external asset managers and the CBTL will use its own process to evaluate potential external managers. The one tangible result refers to the two self-assessments on the alignment with the Santiago principles conducted by the authorities, and one assessment conducted jointly with the mission.

Effectiveness on Inputs, Outputs, Risk Management, and Processes: 3.5

The initial mission in February 2013 assessed he governance structure and the investment framework of the PF and prepared a report. There was no further engagement with the authorities until January 2014, when the authorities requested follow up TA on risk management and governance structure. Subsequently, however, the authorities requested the postponement of a mission until 2015 as they were still working on the recommendations from the initial mission.

Efficiency of TA Delivery: 4.0

Although the TA report underscores in detail some of the challenges that the authorities faced, it did not suggest as an alternative the possibility of providing support to tailor the project to take into account the limitations imposed by existing skills. The project could have contemplated agreeing with the authorities on a road map to transit from the present portfolio to the one sought by the IAB, including the steps to build up capacity. Hands-on TA through a regional advisor or STX visits on key issues may have also speeded progress. As of October 2014, 22 months into the project, the budget had been executed by less than 17 percent, with little to no progress shown in the achievement of the outcomes.

Efficiency of Reporting: 4.4

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

Impact: 3.0

No discernable significant impact because the authorities are still working on the recommendations from the initial mission. However, the TA report prepared by the mission would have raised the authorities' awareness on the issues involved in managing more complex and volatile and at the same riskier portfolios.

Sustainability: 4.0

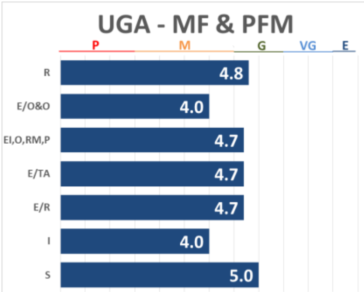
Sustainability has been evaluated on the basis of the starting point of the project, in particular a sovereign wealth fund which so far has implemented a conservative investment strategy and which modified the PFL to enable a modification of the PF's portfolio composition.

III.14 UGANDA

Background

An estimated 2 billion barrels of oil has been discovered in the Lake Albert Rift Basin in western Uganda, with potential for more. Commercial production remains several years away and significant investment is required in upstream production, downstream transportation and processing facilities. Peak production is expected to be around 200,000 barrels per day, a rate that could be reached by 2017 and sustained for a period of 10 to 20 years. Government oil revenues could reach around $5 billion per year or over 20 percent of Uganda's non-oil GDP and account for over one half of total government revenues. Recognizing the challenges that these substantial but relatively short lived oil revenues will pose for fiscal and macroeconomic policy, the authorities have begun early work to outline a framework for managing oil revenues.

EI MACRO-FISCAL AND PUBLIC FINANCIAL MANAGEMENT



Project Dates: November 2012-April 2014
Budget: US $296,000

Comments: The project was placed in the initial work plan. The project dates were May 2011-October 2012. In November 2011, the macro-fiscal aspects of the project were dropped and have not been re-started because there has not been resolution of an oil development concept within Uganda, and because of contractual issues with the oil companies. In December 2014, the project was extended to June 2015 to provide further support for the preparation of a Charter of Fiscal Responsibility.

Background: A draft policy document was produced by the Ministry of Finance, Planning and Economic Development (MOFPED) in May 2010, which incorporated many elements of international best practices in the macroeconomic management of petroleum revenues, and set out a number of options for the role of a petroleum fund and design of a fiscal anchor. Based on this document, the MOFPED prepared, with input from the IMF, a draft Public Finance Act (PFA) that incorporated a new fiscal framework for sustainable NR management, submitted to Parliament in March 2012 and re-submitted in 2013. The draft PFA Bill also introduced a range of other PFM reforms designed to support the transparent forecasting, appropriation, utilization, and reporting of oil revenues.

Objectives: The project aimed to strengthen Uganda's fiscal and legal frameworks and institutional capacity to manage fiscal revenues from its nascent oil sector. The project built on early work done by the authorities, as well as by FAD, Norad and other development partners. Specifically, the project sought to develop effective PFM systems for handling EI revenues and the expenditures arising from those revenues.

Identification of Risks: The project proposal identified as potential risks for the project the unwillingness of the government and Parliament to amend and adopt a revised PFA; ~~the~~ non-availability of the required staff; and lack of accompanying capacity building efforts.

Evaluation DAC Criteria

Relevance: 4.8

Uganda is a low income country with a strong record of prudent fiscal and macroeconomic policies. Recently discovered oil reserves now total around 2.5 billion barrels and large scale commercial oil production is expected to begin within 5 years. The authorities had made good early progress in setting out the broad parameters for the macro fiscal framework, but much work remained to be done. Although in the past the authorities had used IMF diagnostic missions extensively to identify the strengths and weaknesses of their macroeconomic management systems and frameworks, no scoping mission took place for this project. Such a mission could have given a better understanding of the issues and risks involved, resulting also in a more appropriate sequencing of the TA to be provided under the TTF, for example by starting with a Module 1 project with elements of Module 3 as has been done in other countries. It was not until 2014 that the authorities requested TA on Module 1.

Effectiveness of Outcomes and Objectives:[1] 4.0

On the PFA Bill, the first mission worked on finalizing the Bill and participated in a workshop with Parliament on the new legal framework. With the assistance of the mission, the authorities prepared a comprehensive set

[1] The project has been evaluated taking into consideration achievements and activities regarding the establishment of a TSA and improving cash management, which are not part of the verifiable indicators of the project.

of amendments and re-submitted the Bill to Parliament. A March 2014 mission reviewed the latest draft of the Bill and raised concerns related to lack of clarity and specificity on the provisions for petroleum revenue management. Although progress on the Bill has been significantly slower than anticipated, the consultation process was extensive and quite thorough, and the amendments, if adopted, will significantly improve the PFA.

AFRITAC East is providing technical advice and implementation support to maintaining momentum of the expansion of the Treasury Single Account (TSA). The March 2013 mission prepared a TA report, which included a concept paper designed as a draft for a final paper on the TSA to be presented to Cabinet to meet a structural benchmark under the IMF PSI arrangement. The concept paper proposed a phased approach to the implementation of a TSA structure, and recommended the establishment of cash and debt management units. The TA Report presented an indicative timeframe for the reforms. The June 2013 mission developed a detailed implementation plan for establishing the TSA.

Effectiveness of Inputs, Outputs, Risk Management, and Processes: 4.7

The first mission, with AFRITAC East participation, took place in March 2013 to design a roadmap for a TSA and review cash management procedures, and to work with the authorities on finalizing the PFM Bill and prepared a TA report. A second mission in June 2013 worked with Treasury officials to develop a detailed implementation plan for the TSA. The third mission in March 2014 reviewed the latest draft of the PFA Bill and provided a draft Fiscal Responsibility Charter and an outline and contents for the regulations. A mission, not financed by the TTF (August 2014, with LEG and AFRITAC East participation), helped draft the regulations of the PFA Bill to address some gaps and weaknesses of the draft Bill in anticipation of the approval of the law.

Efficiency of TA Delivery: 4.7

The efficiency of TA delivery was affected by issues not properly identified at the inception of the project such as conflicts with the oil companies, and lack of definition of an oil development policy within Uganda, both of which remain unresolved until now, which resulted in major modifications of the scope of the project. Had there been a scoping mission, the TA provided under the TTF could have taken the form of a Module 1 with elements of a Module 3 instead of a full-fledged Module 3 as the one proposed in the FY2012 Work Plan. The efficiency of TA delivery has also been impacted adversely by the protracted process of enacting the PFA Bill. In addition, the shortcomings presented by the Bill, identified after the Bill had been re-submitted to Parliament, may require amendments in the future. As a result, a project which was envisioned to start in May 2011 and last for 18 months, started in March 2013 and has been extended by 32 months past the original completion date. In addition, TA under non-TTF FAD has been required in two occasions. By October 2014, the execution of the budget amounted to 60 percent, an amount which does not take into account the cost of the TA provided by FAD outside the TTF.

Efficiency of Reporting: 4.7

Efficiency of Reporting seeks to evaluate the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. The documentation reviewed by the evaluators includes: Steering Committee Reports (SCR), Project Summaries (PS), Project Proposals (PP), Project Assessments (PA), and One-Pagers (OP). The evaluation was based on the timeliness, completeness, assessment of risks, consistency, and modifications as reported in the documents. Timeliness refers to the appropriateness of the timing when the information was provided to the SC; completeness refers to the extent to which the documents delivered the information required by the SC to monitor progress and make informed decisions; assessments of risks refers to the identification and reporting of risks in the documents; consistency refers to differences in the information among the documents; and modifications refers to the extent to which modifications introduced to the projects over time were reported and discussed in the documents.

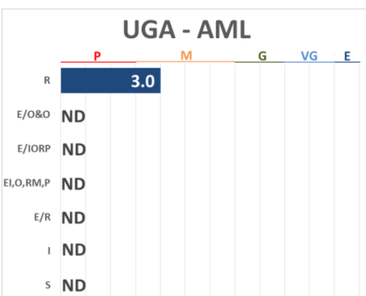
Impact: 4.0

The project has contributed to the improvement and furthering the passage of a revised PFA Bill by providing comments on the draft Bill in line with best international practices, which have resulted in amendments to the Bill, and by meeting with parliamentarians. It has also strengthened the process of establishing a TSA by providing assistance through AFRITAC East on the drafting of the legislation. The concept paper prepared by the mission was designed as a draft for a final paper on the TSA to be presented to the Cabinet in order to meet a structural benchmark under the IMF PSI arrangement. Amendments have been produced to improve the current draft in line with best practice, including provisions related to natural resource revenue management. However, enactment of the PFA Bill is still pending, and the draft Bill presents important shortcomings with respect to best practices which may have adverse effects on the implementation of the law.

Sustainability: 5.0

The principles enshrined in the legal framework for fiscal management have been the subject of much discussion which should bode well for the sustainability of the reforms embedded in the Bill. However, much depends on the successful passage of the law. The senior management of the MOFPED is highly committed and driving the process, both for the PFM Bill (and supporting regulations) and the TSA. Political support is also high; Parliament has taken great interest in the PFM Bill. However, further assistance will be required for implementation of the law, once passed. Particular areas include the detailed measures to be incorporated in the Charter of Fiscal Responsibility, following the proposals of the March 2014 mission, and development of an investment policy for the petroleum funds.

NATURAL RESOURCE ASSET AND LIABILITY MANAGEMENT



Project dates: May 2011-May 2013
Budget: US$266,770

Comments: The project was placed in the initial work plan. A project proposal appears not to have been prepared, and the project was terminated in June 2014.

Background: The project aimed at assisting Uganda with the investment of oil revenues, which were expected to begin accruing to the budget towards the end of 2011. These revenues would exceed the absorption capacity of the economy, and a large share would therefore need to be invested abroad in order to minimize Dutch disease effects. The project would also make recommendations for the governance of the SWF, including in particular its decision-making structure, risk management, and transparency arrangements, which are essential for a full buy-in of the population.

Objectives: The project sought to put in place a proper asset allocation for oil-related revenues; develop and have endorsed a set of investment guidelines and a risk management framework; and to strengthen Uganda's capacity to manage financial assets, possibly through the selection of external managers.

Identification of risks: The project summary identified as potential risks to the project pressure to spend rather than save the windfalls from oil extraction; and lack of continued political commitment to implement the TA's recommendations.

Evaluation DAC Criteria

Relevance: 3.0

Uganda is a low income country with a strong record of prudent fiscal and macroeconomic policies. Recently discovered oil reserves now total around 2.5 billion barrels and large scale commercial oil production is expected to begin within 5 years. The project summary for module 4 stated that the module could commence after the completion of module 3, which was being proposed simultaneously with this module. Moreover, when at the SC Meeting of May 2012, some SC members asked why Module 4 in Uganda was not yet active, the response was that no clear request from Uganda had been received for Module 4. Overlapping activities by other TA providers were not expected.

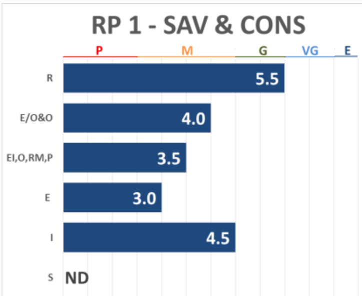
Effectiveness: ND

The project was never launched. In June 2013 it was reported to the SC that the project was inactive because of uncertainties about petroleum development. The staff proposed to remove it from the work plan but at the SC meeting, in response to queries, staff noted that the project for Uganda module 4 was still under consideration, and that the timing for implementation was under review. The SC agreed to keep Uganda Module 4 in the work plan. In December 2013 it was reported again that the project had been not active due to uncertainty over the pace of the development of the oil sector, and that the timing for implementation remained under review. In June 2014, staff proposed again to terminate the project because it had not been active and the timing for implementation remained highly uncertain, and the SC approved it.

ANNEX III. RESEARCH PROJECTS AND WORKSHOPS

IV.1 RESEARCH PROJECTS

IV.1.1 SAVINGS AND CONSUMPTION GUIDELINES FOR OIL AND MINERAL PRODUCERS



Project dates: October 2011 - June 2012
Budget: US$58,850

Comments: The project was placed in the original Work Plan in April 2011. It was extended twice, to July 2014 in June 2014, and to June 2015 in December 2014.

Objective: Provide practical policy guidance from analytical models and other academic work, to tackle some conceptual issues that will be critical for actual policy application.

Background: The initial research contribution to macro-fiscal work under the TTF aimed at reviewing the controversy over how fast to save and how fast to spend out of natural resource revenues. The main question to be explored was whether there should be specific guidelines, such as a permanent income measure, or whether spending should rather be geared to other indicators and to absorptive capacity. The project was linked to Workshop 1 (Fiscal Management of Oil and Natural Gas in East Africa, in Arusha, Tanzania), where the output of the project was to be used and presented.

Evaluation DAC Criteria

Relevance: 5.5

A number of low-income and lower middle-income producers and prospective producers have been interested in the design of fiscal frameworks to better manage resource revenues, and the TTF is providing TA on these issues to several countries under Module 3. The Project Proposal indicated that the project would address, inter alia, how can an "optimal" fiscal framework for low-income countries be designed, and whether the standardized permanent income hypothesis framework could be modified to provide for a more front-loaded investment spending path, linking this to PFM and absorption capacity constraints.

Effectiveness of Outcomes and Objectives: 4.0

The project commissioned two papers from academics of the Oxford Center for Analysis of Resource-Rich Economies to provide expert inputs. The papers (*Resource revenue management in a developing economy* and *Managing natural resource windfalls: Coping with commodity price volatility and capital scarcity*) are still in draft form, following three rounds of IMF comments. As of December 2014, the papers were still being revised, following the latest IMF review. While papers satisfactory to IMF staff have not been delivered yet, materials in the drafts have been used in several contexts. The draft papers, together with staff work from a number of IMF departments, provided inputs to the IMF policy paper *Macroeconomic Policy Frameworks for Resource-Rich Developing Countries* issued in 2012. The analytical framework developed in the IMF policy paper was extended and implemented in country contexts in three TTF Module 3 projects: Guinea, Mozambique and Sierra Leone. The research work was also used in Workshop 1 on fiscal management of oil and gas in East Africa held in Arusha in January 2014.

Effectiveness of Inputs, Outputs, Risk management, and Processes: 3.5

Delivery of papers satisfactory to IMF staff has proved difficult and the process is still ongoing. Successive drafts and rounds of comments point to persistent differences of view, and it is not clear whether those differences will be bridged. The Project Proposal indicated that the external experts would prepare a working paper, working in conjunction with IMF FAD staff. The prolonged process undergone so far also suggests that a proper framework for interaction, including supervision, may not have been set up. In addition, the project was overtaken to some extent by the preparation of the IMF 2012 policy paper, requested by the IMF's Executive Board, which was outside the TTF; the IMF paper, however, had the drafts of the two TTF papers.

Efficiency: 3.0

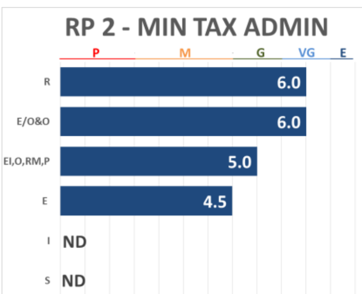
The project's framework did not result in an efficient process for completion. The original timeframe was very ambitious and underestimated the risks posed by the framework set up for the project and the time that might be needed to achieve a product satisfactory to the IMF, which has not happened yet. The project has had to be extended by three years, and several rounds of review have taken IMF staff's time. So far, these IMF staff costs have not been reflected in the expenditures on the project under Project Management. Expenditure on the project by October 2014 had been insignificant.

Impact: 4.5

The drafts have had initial impact in terms of providing input to an IMF policy paper and feeding into TTF TA on macro-fiscal frameworks and a workshop.

Sustainability: Too early to assess.

IV.1.2 MINING TAX ADMINISTRATION



Project dates: October 2011 - December 2012
Budget: US$122,500

Comments: The project was placed in the original Work Plan in April 2011. It was extended to June 2014 in December 2013, and then to December 2014 during the first half of FY 2015 (extension within six months).

Objective: Publish research-based best practices that can be adapted to strengthen mining taxation administration in developing countries.

Background: The project aimed at supporting the TTF's thrust in helping developing countries maximize the benefits from natural resource endowments, identifying key practices essential to strengthening mining tax administration, and developing a toolkit of good mining tax administration practices for developing countries. The project was to be conducted collaboratively with an ongoing World Bank project whose objective was to prepare a framework for strengthening mineral tax administration capacity in African governments and institutions.

Evaluation DAC Criteria

Relevance: 6.0

The relevance of this project for the activities of the TTF in resource revenue administration stems from the fact that the project sought to make available a comprehensive toolkit that can be useful to future TTF TA in low income and lower middle-income countries, and drew from the IMF's experience in providing resource revenue administration TA, including in particular under the TTF. The Project Proposal noted that the governance challenges in the mining sector were particularly great for most African producers because of shortcomings in the government's capacity to control and monitor mining activities and collect resource revenues.

Effectiveness of Outcomes and Objectives: 6.0

In July 2014 *Administering Fiscal Regimes for Extractive Industries, A Handbook* was published as a joint publication of the IMF and the World Bank. The handbook is a comprehensive study and best practice guide covering a number of dimensions of resource revenue administration with a particular focus on issues faced by developing countries. It has synergies with Module 2, and also with Module 1 given its coverage of fiscal regime issues. The handbook was launched at a well-attended event at the IMF. An outreach program is planned to be designed and initiated in the period ahead. A workshop envisaged in the original project to be held in a West African country to discuss findings and get feedback on recommendations did not take place.

Effectiveness of Inputs, Outputs, Risk Management, and Processes: 5.0

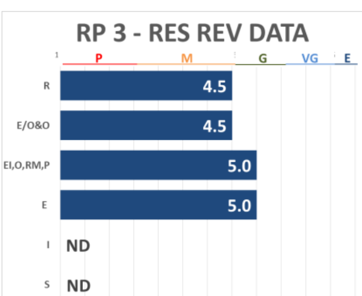
This project was in collaboration with the World Bank. Experts from the World Bank had carried out initial fact-finding visits to three African countries, and an IMF expert and staff reviewed the initial World Bank reports. IMF revenue administration staff and experts then developed this material and the results of other IMF TA (including under the TTF) into a draft handbook on natural resource revenue administration. A presentation on the project was made at the SC meeting in June 2013. Comments on the draft were received from the EITI, members and stakeholders. The EITI and private companies provided valuable comments and made a positive contribution. The review process was lengthy, thorough, and involved experts from the IMF and the World Bank.

Efficiency: 4.5

The project was extended by one-and-a-half years in total. The original time frame was ambitious for a project that eventually resulted in a comprehensive handbook covering in detail a multiplicity of revenue administration topics, and that went through a detailed review process that added to its effectiveness. Budget expenditure as of October 2014 was only 16 percent.

Impact and sustainability: Too early to assess.

IV.1.3 RESOURCE REVENUE DATABASE AND GOVERNMENT REVENUE STATISTICS



Project dates: January 2012 - August 2013
Budget: US$25,000

Comments: The project was placed in the original Work Plan in April 2011. The budget was increased by 156 percent to US$64,000 in December 2012. The project was completed and removed from the Work Plan in June 2014.

Objectives: To develop a draft standard template, harmonized with the classifications of the *Government Finance Statistics Manual* (GFSM) 2001, for member countries to collect and report revenues from natural resources.

Background: In many countries there is limited information publicly available on government revenues from natural resources. Most information compiled by countries or some agencies is partial and not standardized to allow for cross-country comparison because of coverage and data availability issues. The template proposed by the project would contain GFSM 2001 categories and codes, disaggregated to identify separately revenues from natural resources; this approach would allow checking the consistency of the data reported for revenues from natural resources with total revenues in the corresponding categories.

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Evaluation DAC Criteria

Relevance: 4.5

The template proposed in the project was intended to facilitate the collection of resource revenue data in an analytically relevant and cross-country comparable format. This project addresses issues of relevance for the TTF, including for TA under Module 5, which will benefit from a clearer methodological approach to defining and estimating resource revenues, and also Module 3, because the project could potentially contribute to improving the resource revenue data used as input for macro-fiscal analysis. However, the project was not focused on TTF eligible countries and the specific issues that those countries face in producing resource revenue data due to capacity limitations and other constraints.

Effectiveness of Outcomes and Objectives: 4.5

STA developed a draft standard template to collect data on government revenues from natural resources. A draft template was presented in a paper circulated to the IMF's Executive Board and subsequently posted in January 2014 for consultation with the international community. By late 2014 a final version incorporating the comments received was expected to be posted soon. The paper surveys various definitions of revenues from natural resources; provides the draft template with the categories of revenue involved, with descriptions of the resource revenue items and instructions to complete it; and discusses data collection issues. It also discusses how EITI country reports can be converted into the template, with examples for four developing resource-rich countries.

The project contributes to the improvement of international standards in resource-related government statistics. Since the project is part of the TTF's activities, which focus on low income and lower middle-income resource rich countries, while the paper includes a discussion of data collection issues, it could have provided a preliminary discussion of the specific data collection issues likely to be faced by these countries. A number of them could face data limitations and capacity constraints. The paper could also have offered advice on how TTF eligible countries can make progress - including how prospective producers, for example in East Africa, could set up data collection systems in advance of the onset of large-scale production. Under a recently approved TTF global project, the draft template will be field-tested in six countries to assess its effectiveness and need for any modifications. It would be important for the field test phase to include strong representation from TTF eligible countries.

Effectiveness of Inputs, Outputs, Risk Management, and Processes: 5.0

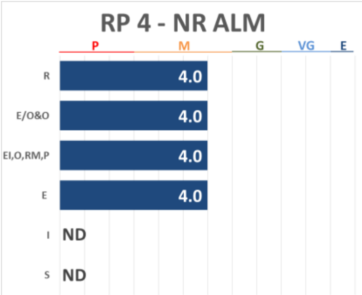
The project started slowly as internal surveys, coordination discussions on the long-term concept of the research between STA and FAD, and other issues were addressed. An expert contributed to the project in the form of a first draft, which was then carried forward by STA. A draft of the template was uploaded for public comments between February and April 2014. The EITI Secretariat, which was facing consistency issues in the comparability of resource revenue across countries, showed much interest in this initiative. It applied the draft template to some of its reports and requested STA to assess the results. It also provided comments during the public consultation round, as did the Revenue Watch Institute and other NGOs, private mining and oil companies, and individuals. A revised version of the draft template was prepared following the comments received but has not been posted yet.

Efficiency: 5.0

The project, which was not formally extended beyond its initial completion date, took a little less than a year longer than anticipated, mainly due to its slow start. Its budget was fully used.

Impact and sustainability: Too early to assess.

IV.1.4 NATURAL RESOURCE ASSET AND LIABILITY HANDBOOK



Project dates: November 2012 - April 2013
Budget: US$51,401

Comments: The project was placed in the original Work Plan in April 2011. It was extended to end-2015 in June 2014, and the budget was increased by 123 percent to US$114,800.

Objective: Natural resource-rich countries use the Handbook as guidance on sovereign asset liability management (SALM).

Background: The project aimed at assisting resource-rich countries to enhance their wealth management and take an integrated approach to SALM.

Evaluation DAC Criteria

Relevance: 4.0

The Project Proposal envisaged assisting resource-rich countries to enhance their wealth management. It did not focus on addressing the specific asset-liability management issues that can arise in TTF-eligible countries, which would have been relevant for a project supported by the TTF. In low income and lower-middle income producing countries, the context and policy and institutional issues are likely to be quite specific to their level of development, and prioritization and capacity issues would be important. From the point of view of the project's integration with the TTF's TA work, so far MCM TA under Module 4 has focused on SWFs: the proposed SWF in Papua New Guinea and the existing Petroleum Fund in Timor Leste, with planned SWF work in Mongolia.

Effectiveness of Outcomes and Objectives: 4.0

The handbook *Sovereign Asset-Liability Management - Guidance for Resource-Rich Economies* was completed in April 2014 and circulated to the IMF's Executive Board. It was published on the IMF's website in June 2014. In the May 2012 Report to the SC, it was indicated that the handbook aimed at bundling and systematizing the experience gained in previous missions to ensure greater consistency and continuity in TA efforts and provide a useful reference for TA recipient countries and donors alike. The handbook's policy advice is mostly relevant to countries with sufficiently strong analytical and asset management implementation capacity on the part of the government, the central bank and financial agencies. These preconditions are unlikely to be in place in many TTF eligible countries. An earlier MCM working paper had noted that constraints in capacity building, financial infrastructure, and low levels of development of domestic capital markets and financial intermediation may significantly restrict the scope and usefulness of a SALM approach for many, especially developing, countries.[2] For example, while the paper notes that the structure and nature of contingent and implicit liabilities should inform strategies for sovereign assets, few low income producers collect or analyze information on contingent liabilities (though some countries are making progress supported by TA under Module 3), and capacity to undertake risk analysis is limited in many of the countries. The constraints that weak capacity can pose to a more active asset management are exemplified by Timor Leste (see evaluation of TA under Module 4). While the paper has some references to developing countries, a greater focus on approaches for low income and lower middle-income resource rich countries with underdeveloped domestic financial markets and weak capacity, and the practical asset management issues likely to be faced by these countries, would have been important for a project under the TTF.

[2] "Sovereign Risk and Asset and Liability Management - Conceptual Issues," Udaibir Das, Yinqiu Lu, Michael Papaioannou, and Iva Petrova, IMF Working Paper 12/241 (2012).

Effectiveness of Inputs, Outputs, Risk Management, and Processes: 4.0

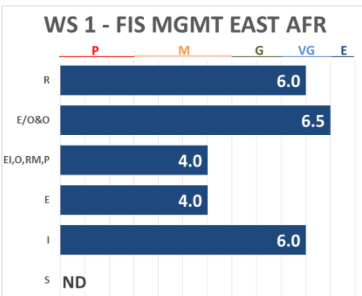
The project was activated a year and a half after being placed on the Work Plan. Project implementation was delayed reflecting evolving thoughts on the objectives and components of the reference manual. This suggests that its inclusion in the Work Plan before an outline of the project crystallized more clearly may have been premature.

Efficiency: 4.0

Once the project was started, a very ambitious completion date was set. The budget was increased in June 2014 to add an outreach component to disseminate conclusions of the paper and engage country authorities. Budget execution by October 2014 was 36 percent.

Impact and sustainability: Too early to assess.

IV.1.5 FISCAL MANAGEMENT OF OIL AND NATURAL GAS IN EAST AFRICA



Project dates: September 2013 - April 2014
Budget: US$100,000

Comments: The workshop was placed in the original Work Plan in April 2011. It was originally intended as a workshop on oil revenue management framework for new producers. In May 2012 the original proposal was modified (and a concept note was prepared) as a result of a request received at the 2012 World Bank/IMF Spring Meetings from the East African Community (EAC) Secretariat and endorsed by member governments. The budget was increased in June 2013 by 150 percent to US$250,000.

Objective: Enhancement of knowledge and capacity of government officials on fiscal issues in management of natural resources.

Background: Recent discoveries of oil and natural gas in East Africa raised expectations about the role that natural resources can play in the region. Frameworks for managing the resource revenue need to be in place to realize the benefits from the resources. Progress across countries is uneven, but most countries faced related challenges justifying a regional approach.

Evaluation DAC Criteria

Relevance: 6.0

The significance of the East African region as a potential major producing area for natural gas has grown in recent years, and producers or prospective producers in the region are coming to terms with potentially significant changes in their economies and in fiscal management, across the fiscal areas supported by the TTF's TA. Providing a regional forum for discussion and exchange of experiences of fiscal management issues for officials was a relevant initiative for these countries.

Effectiveness of Outcomes and Objectives: 6.5

The workshop was co-hosted by the EAC's Secretariat and was organized by FAD in collaboration with the African Department of the IMF. It was held in Arusha, Tanzania (location of the headquarters of the EAC Secretariat) in January 2014. The targeted beneficiaries were officials at managerial level from sector ministries, ministries of finance, revenue authorities and national petroleum corporations. Ministers from Kenya, Uganda and Tanzania also attended the event. The workshop drew on recent analytical work at the IMF and on the experience gained from TA activities. It had focused sessions on a range of policy issues faced by governments in managing the fiscal impact of oil and gas. The structure of the workshop allowed ample scope for presentations by government officials from the region, and their participation in panels or as discussants.

Participant level of satisfaction was high, as evidenced by positive evaluation survey returns (from 35 participants out of 61 non-IMF participants) with repeat suggestions that other similar workshops be organized in the future. Officials from Kenya and Tanzania who attended the workshop interviewed by the evaluation team in the context of the case study countries praised the workshop in terms of its usefulness and relevance to their work. They thought the presentations were pitched at the right level. They particularly appreciated the fact that the workshop featured a number of country presentations from officials in the region, and that it gave them the opportunity to meet officials from other countries, interact, and share and compare experiences.

Effectiveness of Inputs, Outputs, Risk Management, and Processes: 4.0

The original project proposed a general focus on African producers, where the initial experience of some producers such as Ghana was going to be contrasted with that of mature producers such as Angola to draw lessons for the next generation of newcomers. The regional scope for the workshop was modified in 2012 to focus on the fiscal management issues facing new producers in East Africa, suggesting that the original project placed in the inaugural Work Plan may have been premature. On the other hand, participant reports, including from officials interviewed, suggest a very good organization of the event.

Efficiency: 4.0

The project was launched two and a half years after being placed in the Work Plan. The workshop was postponed several times for various reasons, including its change in scope and geographical focus and IMF Executive Board discussions on resource taxation and macroeconomic frameworks for resource-rich developing countries scheduled in 2012. The workshop was further rescheduled in 2013 and eventually took place in January 2014. The initial budget was too low and had to be increased. The cost of the workshop was 35 percent below budget.

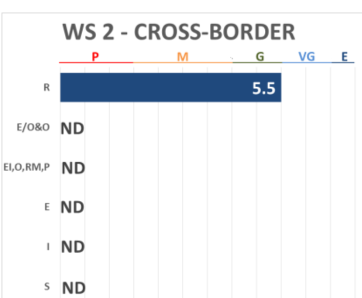
Impact: 6.0

Very favorable, as judged by participant responses to the workshop's evaluation survey and the assessments of officials from Kenya and Tanzania interviewed by the evaluation team. The workshop also appears to have facilitated the strengthening of contact among officials from different countries in the region.

Sustainability: Too early to assess.

IV.2 WORKSHOPS

IV.2.1 CROSS-BORDER ISSUES IN RESOURCE TAXATION



Project dates: April 2012 - May 2012
Budget: US$160,750

Comments: The workshop was placed in the original Work Plan in April 2011. The project was extended twice, to September 2014 in June 2014, and to December 2015 in December 2014. Expenses by October 2014 were 88 percent of budget.

Objective: Enhancement of knowledge and capacity of government officials on international fiscal issues in management of natural resources.

Background: The international dimensions of the taxation of EIs pose major challenges for many resource-rich countries. Some of the international issues arise from the interaction of tax systems, where there is international investment, and from tax treaties. Other issues concern geography (cross-border pipelines, off-shore discoveries where no delineated maritime boundary exists), or regional obligations under tax agreements. These factors can have a direct impact on fiscal revenues.

Evaluation DAC Criteria

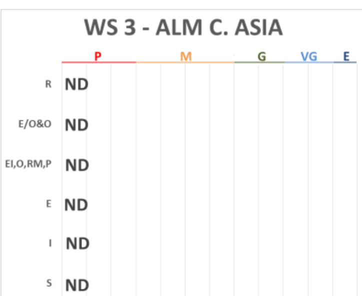
Relevance: 5.5

The aim of the seminar was to explore international issues in fiscal regimes for natural resources with a view to developing practical guidance for low and lower-middle income countries with resource production or potential. The agenda for the workshop covered a broad range of issues. The workshop targeted senior government officials from sector ministries, ministries of finance and revenue authorities for fiscal regime issues in EIs from twelve developing countries, and brought together academic and commercial experts, staff of other development institutions, government officials, and IMF staff.

Other DAC Criteria: **Not Demonstrated (ND)**

The evaluation team does not have enough information to rate other criteria. The workshop took place in Washington D.C. in May 2012. The documentation, however, shows that some participants, while praising the event as a significant success, thought that there was too much variability in the type of presentations, with some presentations too theoretical for the practical concerns of developing countries; it would have been better for the presentations to be focused on what developing countries could realistically do. Some participants would have wanted more time for questions, fewer questions and answers from IMF staff, more time for discussion by country participants, and breakout sessions to address more advanced subjects. The production of an edited volume based on the presentations with contributions from external experts and IMF staff remained in progress as of late 2014.

IV.2.2 MANAGEMENT OF NATURAL RESOURCE WEALTH IN CENTRAL ASIA



Comments: This workshop was placed in the Work Plan in November 2011 with a budget of US$100,000. A Project Summary was prepared. The evaluation team has not seen a Project Proposal or Project Assessments. The project was not launched and was removed from the Work Plan in 2013. The Project Summary indicated that there was demand in Central Asian countries for learning about other countries' experiences in dealing with wealth management issues. Under the lead of MCM, the project would include a number of other functional and area departments of the IMF, namely STA, FAD, and EUR, MCD and AFR. A workshop in the region was seen as a cost-efficient mechanism to engage participants with different relevant experiences in a dialogue.

In May 2012 the project was reported as inactive; the Report to the SC indicated that the workshop was expected to take place in Central Asia during the latter half of FY 2013 to address significant demand by natural resource-rich countries for information and knowledge. It was indicated then that the workshop was aimed, inter alia, to present the ALM technical guidance note which was being prepared under Research Project 4, advocate best practices in accountability, transparency and good governance, facilitate the exchange of experience and views of authorities, and foster awareness in middle and low-income countries of the importance of prudent natural resource wealth management to foster development.

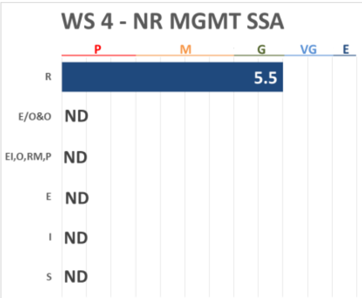
In December 2012 the workshop was again reported as inactive. In June 2013 the Report to the SC indicated that the project was not activated because the Turkmen authorities had withdrawn their initial request, and that the secretariat proposed to remove the project from the work program, which was endorsed. If the project was demand driven by countries in the region, it is not clear why the workshop was removed from the Work Plan following the withdrawal of one country's request.

Evaluation DAC Criteria

DAC Criteria: Not Demonstrated (ND)

The evaluation team does not have enough information to rate this project.

IV.2.3 MANAGEMENT OF NATURAL RESOURCES IN SUB-SAHARAN AFRICA



Project dates: October 2011 - (not specified)
Budget: US$100,000

Comments: The project was placed in the Work Plan in November 2011. The budget was planned to cover only a part of the cost of the workshop, with the remainder financed by the IMF. The project's budget was fully used.

Objective: Disseminate the latest analysis and experience in managing natural resources in Sub-Saharan Africa, where challenges also stem from weak capacity.

Background: The Project Proposal indicated that in Sub-Saharan Africa enormous challenges remained in managing resource revenue flows in often weak institutional environments, plagued by weak governance. The conference aimed at presenting the IMF's latest analysis and thinking on the macroeconomic management of natural resource revenue and expenditure, drawing on work underway in several IMF departments; elaborate on how traditional models could be modified to integrate investment in a more flexible way; discuss tax policy, administration, and regulatory frameworks with particular focus on how to make them work in weak institutional settings; and exchange views with academics, policy makers in the region and elsewhere and stakeholders on new ways to look at problems in natural resource management. Under the lead of AFR, the conference was planned to include heavy involvement from other IMF departments.

Evaluation DAC Criteria

Relevance: 5.5

The workshop, held in Kinshasa in March 2012, set out to provide a forum for presentations and discussion of relevant issues for African resource-rich countries: macroeconomic policies, operational aspects of fiscal policy, public investment, governance and transparency, governments getting a fair share of resource wealth, and management of resource revenue when capacity is weak. The agenda shows that only three of the twenty presentations planned were to be made by officials from SSA. Allowing more presentations from regional policymakers, as was done successfully at the workshop in Arusha, Tanzania two years later, would have enhanced the relevance of the conference for African participants further. The conference brought together policy makers from over 20 countries in sub-Saharan Africa.

Other DAC Criteria: Not Demonstrated (ND)

The evaluation team does not have enough information to rate other criteria.

ANNEX IV. SURVEY RESULTS

VI. 1 Project Managers

Surveys were sent to IMF Project Managers who had direct experience with the TTF-funded projects being evaluated. The response rate was 46 percent (16 responses out of 35 questionnaires sent out).

VI.1.1 Survey Results

SCOPING MISSION

Was there a scoping mission to determine the country's needs for TA under the project:		
Answer Options	Response Percent	Response Count
Yes	31.3%	5
No	68.8%	11
	answered question	16
	skipped question	0

If yes, did the scoping mission take place:		
Answer Options	Response Percent	Response Count
Prior to the endorsement of the project by the Steering	25.0%	1
Prior to the completion of the project proposal	75.0%	3
	answered question	4
	skipped question	12

DIAGNOSTIC MISSION

If no, was there a diagnostic mission after the project was launched:		
Answer Options	Response Percent	Response Count
Yes	75.0%	9
No	25.0%	3
	answered question	12
	skipped question	4

ROAD MAP

Was a road map or work plan prepared for the project?		
Answer Options	Response Percent	Response Count
Yes	93.3%	14
No	6.7%	1
	answered question	15
	skipped question	1

If yes, the road map or work plan was prepared:		
Answer Options	Response Percent	Response Count
By the IMF	21.4%	3
By the IMF in conjunction with the authorities	71.4%	10
By the authorities	7.1%	1
	answered question	14
	skipped question	2

If yes, did the road map or work plan include a timeline with milestones:		
Answer Options	Response Percent	Response Count
Yes	78.6%	11
No	21.4%	3
	answered question	14
	skipped question	2

RELEVANCE

How relevant is/was this project?Please rate the relevance of this project with a rating from 1 to 7, where 1 is not relevant, and 7 is highly relevant:

Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	1	0	0	2	11	1	6.57	15
									answered question	15
									skipped question	1

Could the relevance of this project have been improved?		
Answer Options	Response Percent	Response Count
Yes	26.7%	4
No	53.3%	8
No opinion	20.0%	3
	answered question	15
	skipped question	1

EFFECTIVENESS

How effective is/was this project in achieving its outcomes and objectives?Please rate the effectiveness of this project with a rating from 1 to 7, where 1 is not effective, and 7 is highly effective:

Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	1	1	1	6	3	1	0	2	4.92	15
										answered question	15
										skipped question	1

Could the effectiveness of this project have been improved?

Answer Options	Response Percent	Response Count
Yes	46.7%	7
No	33.3%	5
Not applicable	6.7%	1
No opinion	13.3%	2
	answered question	15
	skipped question	1

If yes, please check one below:

Answer Options	Response Percent	Response Count
Effectiveness could have been improved in minor ways	42.9%	3
Effectiveness could have been improved substantially	57.1%	4
Effectiveness could have been improved greatly	0.0%	0
	answered question	7
	skipped question	9

How was the guidance provided to you as a project manager on how to define objectives and outcomes, and on how to assess the achievement of objectives and outcomes? Please rate the guidance provided to you as a project manager on HOW TO DEFINE objectives and outcomes and on how to assess the achievement of objectives and outcomes with a rating from 1 to 7, where 1 is highly unsatisfactory and 7 is highly satisfactory:

Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	1	4	1	6	1	1	5.15	14
									answered question	14
									skipped question	2

How was the guidance provided to you as a project manager on how to define objectives and outcomes, and on how to assess the achievement of objectives and outcomes? Please rate the guidance provided to you as a project manager on HOW TO ASSESS the achievement of objectives and outcomes with a rating from 1 to 7, where 1 is highly unsatisfactory and 7 is highly satisfactory:

Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	1	3	0	7	1	2	5.33	14
									answered question	14
									skipped question	2

To what extent did the project build on existing ( ) legislation and ( ) fiscal regimes?Please rate the extent to which the project built on EXISTING LEGISLATION with a rating from 1 to 7, where 1 is not at all, and 7 is to a large extent:

Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	0	0	1	2	3	6	2	0	6.17	14
										answered question	14
										skipped question	2

To what extent did the project build on existing ( ) legislation and ( ) fiscal regimes?Please rate the extent to which the project built on FISCAL REGIMES with a rating from 1 to 7, where 1 is not at all, and 7 is to a large extent:										
Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	0	0	1	0	5	6	2	0	6.33	14
										answered question	14
										skipped question	2

OUTPUTS

To what extent did the outputs of the project help reach consensus for change? Please rate the extent by which the outputs of the project helped reach consensus for change with a rating from 1 to 7, where 1 is no effect and 7 is very important:										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	2	2	5	2	0	3	4.64	14
									answered question	14
									skipped question	2

To what extent has the advice given been implemented? Please rate the extent by which the advice provided under the TTF has been implemented with a rating from 1 to 7, where 1 is not implemented and 7 is implemented fully:											
Answer Options	1	2	3	4	5	6	7	No applicable	No opinion	Rating Average	Response Count
	1	0	0	3	2	5	1	2	0	5.00	14
										answered question	14
										skipped question	2

Are the outputs sought being delivered?Please rate the extent by which the outputs sought are being delivered with a rating from 1 to 7, where 1 is not delivered and 7 is fully delivered:										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	2	0	0	3	0	4	2	2	4.73	13
									answered question	13
									skipped question	3

RISK MANAGEMENT

To what extent were the risks to the implementation of the project identified correctly?Please rate the extent by which the risks to the implementation of the project were identified correctly with a rating from 1 to 7, where 1 is largely incorrect and 7 is largely correct:										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	1	2	4	2	1	2	2	4.50	14
									answered question	14
									skipped question	2

PROCESSES

Was/is the design of the project adequately sequenced with respect to the TA provided under other modules under the TTF?		
Answer Options	Response Percent	Response Count
Yes	57.1%	8
No	0.0%	0
No Opinion	42.9%	6
	answered question	14
	skipped question	2

Was the original time frame for implementation of the project adequate?Please rate the adequacy of the time frame at the time of project proposal with a rating from 1 to 7, where 1 is very short and 7 is adequate:										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	1	0	2	3	4	1	2	1	4.54	14
									answered question	14
									skipped question	2

To what extent did tension among different agencies affect TA delivery and implementation of the project?Please rate the extent by which tension among different agencies affected TA delivery and implementation of the project with a rating from 1 to 7, where 1 is very much and 7 is not at all:											
Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	2	2	0	1	1	2	6	0	0	4.93	14
										answered question	14
										skipped question	2

Were measures proposed to reduce the tension among agencies?		
Answer Options	Response Percent	Response Count
Yes	42.9%	6
No	21.4%	3
No opinion	35.7%	5
	answered question	14
	skipped question	2

If yes, did the authorities implement the advice?		
Answer Options	Response Percent	Response Count
Yes	66.7%	4
No	16.7%	1
No opinion	16.7%	1
	answered question	6
	skipped question	10

Please mark in the list below up to four factors which have affected the implementation and effectiveness of the project?		
Answer Options	**Response Percent**	**Response Count**
Lack of a clearly defined work plan	15.4%	2
Lack of commitment at the highest political level	30.8%	4
Interagency tensions	38.5%	5
Poor ownership by the authorities	23.1%	3
Change in authorities	23.1%	3
Weak implementation capacity	46.2%	6
High rotation of counterpart staff	7.7%	1
Conflicting policy advice from other TA providers	7.7%	1
Overambitious outcomes and objectives	15.4%	2
Gaps in TA	0.0%	0
Inadequate time frame	7.7%	1
Other (please describe)	15.4%	2
Other (please specify)		5
	answered question	13
	skipped question	3

CONDITIONALITY

Was the attainment of ( ) milestones or ( ) outcomes used as a condition for the continuation of TA under the project?		
Answer Options	**Response Percent**	**Response Count**
Milestones only	21.4%	3
Outcomes only	21.4%	3
Both	35.7%	5
Neither	21.4%	3
	answered question	14
	skipped question	2

OTHER IMF ACTIVITIES

Was the TTF TA complemented by other activities (research projects, workshops, RTACs) to achieve the expected results?		
Answer Options	**Response Percent**	**Response Count**
Yes	57.1%	8
No	42.9%	6
	answered question	14
	skipped question	2

If yes, which? Please mark all that apply.		
Answer Options	Response Percent	Response Count
Research project	12.5%	1
Global workshops	25.0%	2
Regional workshops	0.0%	0
RTAC training	12.5%	1
RTAC advisor	25.0%	2
Other (please describe)	62.5%	5
Other (please specify)		6
	answered question	8
	skipped question	8

EFFICIENCY

How efficiently is/was this project delivered?Please rate the efficiency of this project with a rating from 1 to 7, where 1 is not efficient, and 7 is highly efficient:											
Answer Options	1	2	3	4	5	6	7	No applicable	No opinion	Rating Average	Response Count
	0	0	0	1	4	5	1	1	2	5.55	14
										answered question	14
										skipped question	2

Could the efficiency of the delivery of this project have been improved?		
Answer Options	Response Percent	Response Count
Yes	35.7%	5
No	28.6%	4
Not applicable	21.4%	3
No opinion	14.3%	2
	answered question	14
	skipped question	2

If yes, please check one below:		
Answer Options	Response Percent	Response Count
Efficiency could have been improved in minor ways	40.0%	2
Efficiency could have been improved substantially	60.0%	3
Efficiency could have been improved greatly	0.0%	0
	answered question	5
	skipped question	11

Could the project have used other TA delivery approaches to improve efficiency?		
Answer Options	Response Percent	Response Count
Yes	14.3%	2
No	42.9%	6
No opinion	42.9%	6
	answered question	14
	skipped question	2

Please mark in the list below reasons which may have affected the efficiency of the project. Please mark all that apply.		
Answer Options	Response Percent	Response Count
No work plan in the project design	0.0%	0
Nonviable work plan	0.0%	0
Delays in the execution of the work plan	54.5%	6
Actions by the authorities which have required revisions of	9.1%	1
Actions by the authorities which have resulted in delays of	27.3%	3
Weak implementation capacity which requires the	27.3%	3
Need to deal with conflicting policy advice from other TA	18.2%	2
Insufficient coordination of TA delivery under the TTF	0.0%	0
Insufficient coordination of TA delivery with other TA	9.1%	1
Other (please describe)	36.4%	4
Other (please specify)		6
	answered question	11
	skipped question	5

IMPACT

Have there been impacts that can be attributed to or towards which this project contributed?										
Answer Options	1	2	3	4	5	6	7	Too early to assess	No opinion	Rating Average	Response Count
	0	0	0	2	0	3	3	6	0	5.88	14
Please explain your rating or why it is too early to assess.											8
										answered question	14
										skipped question	2

Could the impact of this project have been improved?		
Answer Options	Response Percent	Response Count
Yes	42.9%	6
No	7.1%	1
Too early to assess	50.0%	7
No opinion	0.0%	0
	answered question	14
	skipped question	2

If yes, please check one below:		
Answer Options	Response Percent	Response Count
The impact could have been improved in minor ways	33.3%	2
The impact could have been improved substantially	66.7%	4
The impact could have been improved greatly	0.0%	0
Please elaborate on your answer		6
	answered question	6
	skipped question	10

SUSTAINABILITY

To what extent are changes brought about by the project likely to be sustained? Please rate the sustainability of this project with a rating from 1 to 7, where 1 is not likely to be sustained, and 7 is highly likely to be sustained:											
Answer Options	1	2	3	4	5	6	7	Too early to assess	No opinion	Rating Average	Response Count
	0	1	1	2	1	2	0	7	0	4.29	14
Please explain your rating or why it is too early to assess.											8
										answered question	14
										skipped question	2

Could the sustainability of this project have been improved?		
Answer Options	Response Percent	Response Count
Yes	21.4%	3
No	0.0%	0
Too early to assess	71.4%	10
No opinion	7.1%	1
	answered question	14
	skipped question	2

If yes, please check one below		
Answer Options	Response Percent	Response Count
Sustainability could have been improved in minor ways	66.7%	2
Sustainability could have been improved substantially	33.3%	1
Sustainability could have been improved greatly	0.0%	0
Please elaborate on your answer.		3
	answered question	3
	skipped question	13

For projects that have been completed or are largely completed, are the results expected to be sustained? For instance, is there evidence that structures, processes, etc., have been integrated into recipients' institutional arrangements and that it has resulted in better management of natural resource wealth?		
Answer Options	**Response Percent**	**Response Count**
Yes	21.4%	3
No	7.1%	1
Not applicable	64.3%	9
No opinion	7.1%	1
	answered question	**14**
	skipped question	**2**

COORDINATION

Coordination with the other modules under the TTF		
Answer Options	**Response Percent**	**Response Count**
Well coordinated	42.9%	6
Reasonably coordinated	14.3%	2
Not well coordinated	7.1%	1
No opinion	35.7%	5
	answered question	**14**
	skipped question	**2**

Coordination with non-TTF TA from FAD, LEG, MCM and STA		
Answer Options	**Response Percent**	**Response Count**
Well coordinated	64.3%	9
Reasonably coordinated	21.4%	3
Not well coordinated	7.1%	1
No opinion	7.1%	1
	answered question	**14**
	skipped question	**2**

Coordination with the advice from area departments		
Answer Options	**Response Percent**	**Response Count**
Well coordinated	71.4%	10
Reasonably coordinated	28.6%	4
Not well coordinated	0.0%	0
No opinion	0.0%	0
	answered question	**14**
	skipped question	**2**

Coordination with RTACs		
Answer Options	Response Percent	Response Count
Well coordinated	35.7%	5
Reasonably coordinated	21.4%	3
Not well coordinated	0.0%	0
No opinion	42.9%	6
	answered question	14
	skipped question	2

Coordination with other TA providers		
Answer Options	Response Percent	Response Count
Well coordinated	57.1%	8
Reasonably coordinated	14.3%	2
Not well coordinated	7.1%	1
No opinion	21.4%	3
	answered question	14
	skipped question	2

Coordination with the country authorities' own efforts to build capacity		
Answer Options	Response Percent	Response Count
Well coordinated	35.7%	5
Reasonably coordinated	42.9%	6
Not well coordinated	14.3%	2
No opinion	7.1%	1
	answered question	14
	skipped question	2

Could more have been done to improve coordination?		
Answer Options	Response Percent	Response Count
Yes	21.4%	3
No	50.0%	7
No opinion	28.6%	4
	answered question	14
	skipped question	2

Did you take explicit steps to ensure that the TA provided under the project does not overlap with or duplicate that of other TA providers?		
Answer Options	Response Percent	Response Count
Yes	92.9%	13
No	7.1%	1
	answered question	14
	skipped question	2

: Did you take explicit steps to ensure that the TA provided under the project complements that of other TA providers?		
Answer Options	Response Percent	Response Count
Yes	92.9%	13
No	7.1%	1
	answered question	14
	skipped question	2

Did you take explicit steps to bring in other TA providers to help implement the project's TA recommendations?		
Answer Options	Response Percent	Response Count
Yes	76.9%	10
No	23.1%	3
	answered question	13
	skipped question	3

CAPACITY

Overall, is (was) the project successful in building capacity in the recipient country?		
Answer Options	Response Percent	Response Count
Very good contribution	7.1%	1
Good contribution	35.7%	5
Modest contribution	14.3%	2
Small contribution	21.4%	3
Variable contribution, and not possible to generalize	7.1%	1
No opinion	14.3%	2
	answered question	14
	skipped question	2

Could capacity have been improved more than it was?		
Answer Options	Response Percent	Response Count
Yes	50.0%	7
No	0.0%	0
No opinion	50.0%	7
	answered question	14
	skipped question	2

To what extent did the project build on existing capacity?		
Answer Options	Response Percent	Response Count
Capacity had to be built from scratch	42.9%	6
Capacity was built from weak existing capacity at a slow	57.1%	8
Capacity was built from weak existing capacity at a rapid	0.0%	0
Capacity only needed enhancement	0.0%	0
	answered question	14
	skipped question	2

MNRW-TTF

How would you evaluate the MNRW TTF's programmatic approach and modular structure as an instrument to deliver TA?Please rate the TTF's programmatic and modular approach as an instrument to deliver TA with a rating from 1 to 7, where 1 is not effective and 7 is highly effective:

Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	0	0	0	1	4	0	6.80	5
									answered question	5
									skipped question	11

Is the modular design of the TTF conducive to a more efficient use of resources than single TA projects?Please rate to what extent the modular design of the TTF is conducive to a more efficient use of resources than single TA projects with a rating from 1 to 7, where 1 is significantly less efficient, 4 is there is no difference and 7 is significantly more efficient:

Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	0	0	0	0	5	0	7.00	5
									answered question	5
									skipped question	11

To what extent did the form of TA delivery under the TTF increase the IMF’s capacity and flexibility to respond to country authorities’ requests for TA?Please rate the extent by which the TA delivery under the TTF increased the IMF’s capacity and flexibility to respond to country’s authorities requests for TA, with a rating from 1 to 7, where 1 is made no difference and 7 is made a major difference:

Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	0	0	0	0	1	4	0	0	6.80	5
										answered question	5
										skipped question	11

Does the TTF's modular approach facilitate effective coordination with other TA providers on natural resource management?		
Answer Options	Response Percent	Response Count
Yes	60.0%	3
Makes no difference	40.0%	2
No opinion	0.0%	0
	answered question	5
	skipped question	11

VI. 2. Experts

Surveys were sent to Experts who had direct experience with the TTF-funded projects being evaluated. The response rate was 43 percent (13 responses out of 30 questionnaires sent out).

VI.2.1 Survey Results

EFFECTIVENESS

How effective is/was the TA provided in achieving its outcomes and objectives?Please rate the effectiveness of this project with a rating from 1 to 7, where 1 is not effective, and 7 is highly effective:											
Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	0	0	3	3	3	4	0	0	5.62	13
										answered question	13
										skipped question	0

Could the effectiveness of this project have been improved?		
Answer Options	Response Percent	Response Count
Yes	46.2%	6
No	46.2%	6
Not applicable	7.7%	1
No opinion	0.0%	0
	answered question	13
	skipped question	0

If yes, please check one below:		
Answer Options	Response Percent	Response Count
Effectiveness could have been improved in minor ways	33.3%	2
Effectiveness could have been improved substantially	66.7%	4
Effectiveness could have been improved greatly	0.0%	0
	answered question	6
	skipped question	7

To what extent did the TA provided build on existing legislation and fiscal regimes?Please rate the extent to which the TA provided built on EXISTING LEGISLATION and fiscal regimes with a rating from 1 to 7, where 1 is not at all and 7 is to a large extent:

Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	0	0	3	1	1	7	1	0	6.00	13
										answered question	13
										skipped question	0

To what extent did the TA provided build on existing legislation and fiscal regimes?Please rate the extent to which the TA provided built on FISCAL REGIMES with a rating from 1 to 7, where 1 is not at all and 7 is to a large extent:

Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	0	0	3	0	3	6	1	0	6.00	13
										answered question	13
										skipped question	0

Were milestones defined to be achieved in the implementation of the TA provided?

Answer Options	Response Percent	Response Count
Yes	100.0%	13
No	0.0%	0
	answered question	13
	skipped question	0

Was the TA provided complemented by other activities (research projects, workshops, RTACs) to achieve the expected results?

Answer Options	Response Percent	Response Count
Yes	76.9%	10
No	23.1%	3
	answered question	13
	skipped question	0

If yes, which?

Answer Options	Response Percent	Response Count
Research project	10.0%	1
Global Workshops	0.0%	0
Regional workshops	30.0%	3
RTAC training	0.0%	0
RTAC advisor	0.0%	0
Other (please describe)	60.0%	6
	answered question	10
	skipped question	3

To what extent did tension among different agencies affect the delivery and implementation of the TA provided? Please rate the extent by which tension among different agencies affected the delivery and implementation of the TA provided with a rating from 1 to 7, where 1 is very much and 7 is not at all:										
Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	1	0	0	2	3	3	4	0	5.67	13
										answered question	13
										skipped question	0

Were measures proposed to reduce the tension among agencies?		
Answer Options	Response Percent	Response Count
Yes	27.3%	3
No	72.7%	8
	answered question	11
	skipped question	2

If yes, did the authorities implement the advice?		
Answer Options	Response Percent	Response Count
Yes	75.0%	3
No	0.0%	0
No opinion	25.0%	1
	answered question	4
	skipped question	9

OUTPUTS

Were the outputs sought delivered?Please rate the extent by which the outputs sought under the TA provided were delivered with a rating from 1 to 7, where 1 is not delivered and 7 is fully delivered:										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	0	1	3	3	6	0	6.08	13
									answered question	13
									skipped question	0

To what extent was the advice given implemented? Please rate the extent by which the advice provided was implemented with a rating from 1 to 7, where 1 is was not implemented and 7 is implemented fully:											
Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	0	1	2	1	4	1	3	1	5.22	13
										answered question	13
										skipped question	0

Please mark in the list below up to three factors which have affected the implementation and effectiveness of the TA provided.		
Answer Options	Response Percent	Response Count
Weak implementation capacity	81.8%	9
Interagency tensions	27.3%	3
Inadequate time frame	27.3%	3
Inadequate sequencing of the TA	0.0%	0
Gaps of TA	18.2%	2
Conflicting policy advice from other TA providers	9.1%	1
Other (please describe)	9.1%	1
	answered question	11
	skipped question	2

EFFICIENCY

How efficiently was the TA delivered?											
Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	0	0	1	3	3	6	0	0	6.08	13
										answered question	13
										skipped question	0

Could the efficiency of the delivery of this project have been improved?		
Answer Options	Response Percent	Response Count
Yes	53.8%	7
No	38.5%	5
Not applicable	0.0%	0
No opinion	7.7%	1
	answered question	13
	skipped question	0

If yes, then please check one below:		
Answer Options	Response Percent	Response Count
Efficiency could have been improved in minor ways	71.4%	5
Efficiency could have been improved substantially	28.6%	2
Efficiency could have been improved greatly	0.0%	0
	answered question	7
	skipped question	6

Please mark in the list below reasons which may have affected the efficiency of TA delivery. Please mark all that apply.		
Answer Options	Response Percent	Response Count
Actions by the authorities which have required revisions of	25.0%	3
Actions by the authorities which have resulted in delays of	58.3%	7
Weak implementation capacity which requires the	58.3%	7
Need to deal with conflicting policy advice from other TA	0.0%	0
Insufficient coordination of TA delivery under the TTF	0.0%	0
Insufficient coordination of TA delivery with other TA	0.0%	0
Other (please describe)	16.7%	2
	answered question	12
	skipped question	1

IMPACT

Were there impacts that can be attributed to or towards which the TA delivered contributed? Please rate the impact of the TA delivered with a rating from 1 to 7, where 1 is a highly negative impact, and 7 is highly positive impact:											
Answer Options	1	2	3	4	5	6	7	Too early to assess (see below)	No opinion	Rating Average	Response Count
	0	0	0	1	3	5	2	1	1	5.73	13
										answered question	13
										skipped question	0

Could the impact of the TA provided have been improved?		
Answer Options	Response Percent	Response Count
Yes	38.5%	5
No	15.4%	2
Too early to assess	38.5%	5
No opinion	7.7%	1
	answered question	13
	skipped question	0

If yes, please check one below:		
Answer Options	Response Percent	Response Count
The impact could have been improved in minor ways	60.0%	3
The impact could have been improved substantially	40.0%	2
The impact could have been improved greatly	0.0%	0
	answered question	5
	skipped question	8

SUSTAINABILITY

To what extent are changes brought about by the TA likely to be sustained? Please rate the sustainability of the TA delivered with a rating from 1 to 7, where 1 is not likely to be sustained, and 7 is highly likely to be sustained:											
Answer Options	1	2	3	4	5	6	7	Too early to assess (see below)	No opinion	Rating Average	Response Count
	0	0	0	0	5	2	1	5	0	5.50	13
										answered question	13
										skipped question	0

Could the sustainability of the TA have been improved?		
Answer Options	Response Percent	Response Count
Yes	16.7%	2
No	16.7%	2
Too early to assess	66.7%	8
No opinion	0.0%	0
	answered question	12
	skipped question	1

If yes, please check one below:		
Answer Options	Response Percent	Response Count
Sustainability could have been improved in minor ways	100.0%	3
Sustainability could have been improved substantially	0.0%	0
Sustainability could have been improved greatly	0.0%	0
	answered question	3
	skipped question	10

COORDINATION

Coordination with the other modules under the TTF		
Answer Options	Response Percent	Response Count
Well coordinated	46.2%	6
Reasonably coordinated	23.1%	3
Reasonably coordinated	7.7%	1
No opinion	23.1%	3
	answered question	13
	skipped question	0

Coordination with non-TTF TA from FAD, LEG, MCM and STA		
Answer Options	**Response Percent**	**Response Count**
Well coordinated	58.3%	7
Reasonably coordinated	25.0%	3
Not well coordinated	0.0%	0
No opinion	16.7%	2
	answered question	12
	skipped question	1

Coordination with the advice from area departments		
Answer Options	**Response Percent**	**Response Count**
Well coordinated	66.7%	8
Reasonably coordinated	16.7%	2
Not well coordinated	0.0%	0
No opinion	16.7%	2
	answered question	12
	skipped question	1

Coordination with RTACs		
Answer Options	**Response Percent**	**Response Count**
Well coordinated	23.1%	3
Reasonably coordinated	15.4%	2
Not well coordinated	0.0%	0
No opinion	61.5%	8
	answered question	13
	skipped question	0

Coordination with other TA providers		
Answer Options	**Response Percent**	**Response Count**
Well coordinated	53.8%	7
Reasonably coordinated	30.8%	4
Not well coordinated	0.0%	0
No opinion	15.4%	2
	answered question	13
	skipped question	0

Coordination with the country authorities' own efforts to build capacity		
Answer Options	**Response Percent**	**Response Count**
Well coordinated	38.5%	5
Reasonably coordinated	53.8%	7
Not well coordinated	0.0%	0
No opinion	7.7%	1
	answered question	13
	skipped question	0

Could more have been done to improve coordination?		
Answer Options	**Response Percent**	**Response Count**
Yes	30.8%	4
No	46.2%	6
No opinion	23.1%	3
	answered question	13
	skipped question	0

Were explicit steps taken to ensure that the TA provided under the project did not overlap with or duplicate that of other TA providers?		
Answer Options	**Response Percent**	**Response Count**
Yes	100.0%	4
No	0.0%	0
No opinion	0.0%	0
	answered question	4
	skipped question	9

Were explicit steps taken to ensure that the TA provided under the project complemented that of other TA providers?		
Answer Options	**Response Percent**	**Response Count**
Yes	84.6%	11
No	7.7%	1
No opinion	7.7%	1
	answered question	13
	skipped question	0

Were explicit steps taken to bring in other TA providers to help implement the project's TA recommendations?		
Answer Options	**Response Percent**	**Response Count**
Yes	69.2%	9
No	7.7%	1
No opinion	23.1%	3
	answered question	13
	skipped question	0

CAPACITY

Overall, was the TA successful in building capacity in recipient country?		
Answer Options	**Response Percent**	**Response Count**
Very good contribution	38.5%	5
Good contribution	53.8%	7
Modest contribution	0.0%	0
Small contribution	0.0%	0
Variable contribution, and not possible to generalize	7.7%	1
No opinion	0.0%	0
	answered question	**13**
	skipped question	**0**

Could capacity have been improved more than it was?		
Answer Options	**Response Percent**	**Response Count**
Yes	46.2%	6
No	30.8%	4
No opinion	23.1%	3
	answered question	**13**
	skipped question	**0**

To what extent did the TA build on existing capacity?		
Answer Options	**Response Percent**	**Response Count**
Capacity had to be built from scratch	7.7%	1
Capacity was built from weak existing capacity at a slow	69.2%	9
Capacity was built from weak existing capacity at a rapid	7.7%	1
Capacity only needed enhancement	15.4%	2
	answered question	**13**
	skipped question	**0**

VI. 3. Government Officials

Surveys were sent to officials from TTF TA recipient countries. The response rate was 23 percent (7 responses out of 30 questionnaires sent out).

VI.3.1 Survey Results

Did your institution/country receive technical assistance (TA) from the IMF prior (in the previous 3 years) to the TA delivered under the TTF?		
Answer Options	Response Percent	Response Count
Yes	66.7%	4
No	16.7%	1
Do not know	16.7%	1
	answered question	6
	skipped question	1

RELEVANCE

How relevant is/was this IMF project to the objectives and priorities of your institution/government?										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	0	0	1	3	2	0	6.17	6
Please explain your rating.										6
									answered question	3
									skipped question	1

Could the relevance of this project have been improved?		
Answer Options	Response Percent	Response Count
Yes	50.0%	3
No	33.3%	2
No opinion	16.7%	1
	answered question	6
	skipped question	1

EFFECTIVENESS

How effective is/was this IMF project in achieving its objectives and producing the desired results?										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	0	1	2	2	1	0	5.50	6
Please explain your rating.										2
									answered question	5
									skipped question	1

Could the effectiveness of this project have been improved?		
Answer Options	Response Percent	Response Count
Yes	66.7%	4
No	16.7%	1
No opinion	16.7%	1
	answered question	6
	skipped question	1

If yes, please check one below.		
Answer Options	Response Percent	Response Count
Effectiveness could have been improved in minor ways	0.0%	0
Effectiveness could have been improved substantially	100.0%	2
Effectiveness could have been improved greatly	0.0%	0
Please elaborate on your answer.		2
	answered question	2
	skipped question	3

To what extent did the project build on your institution/government's preferences?											
Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	0	0	1	3	1	1	0	0	5.33	6
										answered question	6
										skipped question	1

Please rank the effectiveness of the following forms of TA delivery and capacity building by the IMF to your institution from 1 to 7 where 1 is poor and 7 is excellent, or NA for no opinion.*IMF Regional Technical Assistance Center										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
(a) IMF missions	0	0	0	1	0	3	2	0	6.00	6
(b) Advice from IMF HQ staff	0	0	0	1	0	4	1	0	5.83	6
(c) Short term experts	0	0	0	0	0	5	1	0	6.17	6
(d) Training received	0	0	0	0	0	4	1	1	6.20	6
(e) Follow-on support to build on the training	0	0	0	0	0	4	1	0	6.20	5
(f) Training by the RTAC* operating in your region	0	0	0	0	0	4	0	1	6.00	5
(g) Advisors from the RTAC* operating in your region	0	0	0	0	0	3	0	2	6.00	5
(h) Internal workshops	0	0	0	0	0	2	3	0	6.60	5
(i) Global workshops	0	0	0	0	0	1	1	2	6.50	4
(j) Regional workshops	0	0	0	0	0	1	2	2	6.67	5
(k) Research projects	0	0	0	0	1	2	0	2	5.67	5
(l) Other (please specify)	0	0	0	0	0	2	0	1	6.00	3
									answered question	6
									skipped question	1

Please rate the IMF's TTF delivery of TA involving periodic visits by IMF HQ staff and short term consultants on a periodic basis with a rating from 1 to 7 where 1 is highly unsatisfactory and 7 is highly satisfactory.									
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	0	0	2	4	0	0	5.67	6
									answered question	6
									skipped question	1

RISKS

Please mark up to four major risk categories present in the implementation of this project:		
Answer Options	Response Percent	Response Count
Political support at the highest level	33.3%	2
Interagency tensions	16.7%	1
Change in authorities	33.3%	2
Implementation capacity	66.7%	4
Overambitious time frame	50.0%	3
Overambitious project outcomes and objectives	33.3%	2
Dealing with conflicting policy advice from other TA	33.3%	2
Gaps in TA	33.3%	2
Sustainability	16.7%	1
Other (please describe)	0.0%	0
Please describe if other.		0
	answered question	6
	skipped question	1

EFFICIENCY

How efficiently is/was this IMF project delivered?										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	0	0	1	2	1	0	6.00	4
Please explain your rating.										2
									answered question	4
									skipped question	1

Could the efficiency of the delivery of this project have been improved?		
Answer Options	Response Percent	Response Count
Yes	50.0%	3
No	33.3%	2
No opinion	16.7%	1
	answered question	6
	skipped question	1

If yes, please check one below.		
Answer Options	Response Percent	Response Count
Efficiency could have been improved in minor ways	0.0%	0
Efficiency could have been improved substantially	100.0%	3
Efficiency could have been improved greatly	0.0%	0
Please elaborate on your answer.		2
	answered question	3
	skipped question	4

Could the project have used other TA delivery approaches to improve efficiency?		
Answer Options	Response Percent	Response Count
Yes	33.3%	2
No	16.7%	1
No opinion	50.0%	3
Please explain		1
	answered question	6
	skipped question	1

Please rate the advice received under this project with a rating from 1 to 7, where 1 is not clear, not practical and not easily implementable and 7 is clear, practical and easily implementable.										
Answer Options	1	2	3	4	5	6	7	No Opinion	Rating Average	Response Count
	0	0	0	0	2	3	1	0	5.83	6
									answered question	6
									skipped question	1

IMPACT

Have there been impacts to which this IMF project contributed to?											
Answer Options	1	2	3	4	5	6	7	No opnion	Too early to assess (see below)	Rating Average	Response Count
	0	0	0	1	1	4	0	0	0	5.50	6
Please explain why it is too early to assess.											4
										answered question	3
										skipped question	1

Could the impact of this project have been improved?		
Answer Options	Response Percent	Response Count
Yes	50.0%	3
No	0.0%	0
No opinion	33.3%	2
Too early to assess	16.7%	1
	answered question	6
	skipped question	1

If yes, please check one below.		
Answer Options	Response Percent	Response Count
The impact could have been improved in minor ways	20.0%	1
The impact could have been improved substantially	40.0%	2
The impact could have been improved greatly	20.0%	1
Please elaborate on your answer.		3
	answered question	5
	skipped question	1

Should the IMF's TTF TA extend for longer periods than the time frame for this project in order to achieve impact?		
Answer Options	Response Percent	Response Count
Yes	66.7%	4
No	16.7%	1
No opinion	16.7%	1
	answered question	6
	skipped question	1

SUSTAINABILITY

Do you expect the results of this IMF project to be sustained?											
Answer Options	1	2	3	4	5	6	7	No opinion	Too early to assess (see below)	Rating Average	Response Count
	0	0	0	1	2	0	2	0	0	5.60	5
Please explain why it is too early to assess,											0
										answered question	5
										skipped question	2

Could the sustainability of this project have been improved?			
Answer Options		Response Percent	Response Count
Yes	Yes	50.0%	2
No	No	0.0%	0
No opinion	No opinion	50.0%	2
Too early to	Too early to assess	0.0%	0
		answered question	4
		skipped question	3

If yes, please check one below.		
Answer Options	Response Percent	Response Count
Sustainability could have been improved in minor ways	0.0%	0
Sustainability could have been improved substantially	100.0%	2
Sustainability could have been improved greatly	0.0%	0
Please elaborate on your answer.		2
	answered question	2
	skipped question	5

Please mark the top three main concerns listed below that could impact on your institution's ability to change, improve, and implement its objectives/strategy in an effective manner		
Answer Options	**Response Percent**	**Response Count**
Lack or shortage of capable staff	60.0%	3
Difficulty in retaining capable staff	40.0%	2
Insufficient funding to operate effectively	20.0%	1
Coordination with other government entities	60.0%	3
Inadequacy of legal and regulatory framework	20.0%	1
Insufficient support or political commitment from	60.0%	3
Lack of IT, software, systems hardware to implement TA	40.0%	2
No concerns	0.0%	0
Other (please describe)	0.0%	0
Please describe if other		0
	answered question	5
	skipped question	2

COORDINATION

How well is/was this IMF project coordinated with related activities? "Related activities" are other donors' activities, other IMF activities, and/or the country authorities' own efforts to build capacity. Coordination refers to complementarity with the projects and activities of other TA providers; exchange of information with other stakeholders; coordination through the recipient government; integration of the project with the IMF's surveillance and program operations.						
Answer Options	Well coordinated	Reasonably coordinated	Not well coordinated	No opinion	Rating Average	Response Count
Coordination with other TA being delivered by the IMF	1	4	0	0	2.20	5
Coordination with the advice from the IMF area	1	3	0	1	2.25	5
Coordination with other TA providers	0	3	0	2	2.00	5
					answered question	5
					skipped question	2

Could more have been done to coordinate the project with other activities?		
Answer Options	**Response Percent**	**Response Count**
Yes	40.0%	2
No	0.0%	0
No opinion	60.0%	3
	answered question	5
	skipped question	2

Is your institution/country receiving TA from other TA providers in management of natural resources in addition to that delivered by this IMF project?		
Answer Options	**Response Percent**	**Response Count**
Yes	60.0%	3
No	40.0%	2
No opinion	0.0%	0
	answered question	5
	skipped question	2

Has your institution/government received conflicting policy advice from other TA providers?		
Answer Options	Response Percent	Response Count
Frequently	0.0%	0
Sometimes	0.0%	0
Rarely	100.0%	5
	answered question	5
	skipped question	2

Please answer the following questions.				
Answer Options	Yes	No	No opinion	Response Count
Has the IMF's TTF taken explicit steps to ensure that its TA does not overlap	1	1	2	4
Has the IMF's TTF taken explicit steps to ensure that its TA complements	0	0	4	4
Has the IMF's TTF taken explicit steps to bring in other TA providers to help	0	0	4	4
			answered question	4
			skipped question	3

Please answer the following question.				
Answer Options	Yes	No	No Opinion	Response Count
Is there a formal/informal inter-governmental coordinating	2	0	2	4
			answered question	4
			skipped question	3

CAPACITY

Overall, is (was) the IMF project successful in building capacity in your institution/country?		
Answer Options	Response Percent	Response Count
Very good contribution to capacity	0.0%	0
Good contribution	75.0%	3
Modest contribution	0.0%	0
Small contribution	0.0%	0
Variable contribution, and not possible to generalize	25.0%	1
No opinion	0.0%	0
Please elaborate on your answer		1
	answered question	4
	skipped question	3

Could capacity have been improved more than it was?		
Answer Options	Response Percent	Response Count
Yes	75.0%	3
No	0.0%	0
No opinion	25.0%	1
Please explain your answer.		1
	answered question	4
	skipped question	3

Did the IMF's TTF provide TA for professional and institutional capacity building?		
Answer Options	Response Percent	Response Count
Yes	0.0%	0
No	100.0%	3
	answered question	3
	skipped question	4

(a) We have been satisfied with the training received										
Answer Options	1	2	3	4	5	6	7	No Opinion	Rating Average	Response Count
	0	0	0	0	1	0	0	0	5.00	1
									answered question	1
									skipped question	6

(b) The training was clearly linked to, and complemented the TA received										
Answer Options	1	2	3	4	5	6	7	No Opinion	Rating Average	Response Count
	0	0	0	0	0	0	1	0	7.00	1
									answered question	1
									skipped question	6

(c) There was adequate follow-on support available to build on the training										
Answer Options	1	2	3	4	5	6	7	No Opinion	Rating Average	Response Count
	0	0	0	0	0	1	0	0	6.00	1
									answered question	1
									skipped question	6

(d) Under institutional capacity building the TA strengthened our organization, procedures, and policies										
Answer Options	1	2	3	4	5	6	7	No Opinion	Rating Average	Response Count
	0	0	0	0	0	1	0	0	6.00	1
									answered question	1
									skipped question	6

MNRW-TTF

How would you evaluate the MNRW TTF's programmatic approach and modular structure as an instrument to deliver TA?										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	0	0	1	1	0	2	5.50	4
Please explain your rating										1
									answered question	4
									skipped question	3

Are the scope and structure of the TTF, including the module design and project selection procedures, adequate for addressing your institution/country's needs?										
Answer Options	1	2	3	4	5	6	7	No opinion	Rating Average	Response Count
	0	0	0	0	1	0	0	2	5.00	3
									answered question	3
									skipped question	4

Please rate the extent by which the TA delivery under the MNRW TTF increased the IMF's capacity and flexibility to respond to country's authorities requests for TA, with a rating from 1 to 7, where 1 is made no difference and 7 is made a major difference:											
Answer Options	1	2	3	4	5	6	7	Not applicable	No opinion	Rating Average	Response Count
	0	0	0	1	1	0	0	0	1	4.50	3
										answered question	3
										skipped question	4

Does the TTF's modular approach facilitate effective TA provider coordination?		
Answer Options	Response Percent	Response Count
Yes	0.0%	0
Makes no difference	0.0%	0
No opinion	100.0%	3
	answered question	3
	skipped question	3

ANNEX V. TABLES

Appendix Table 1. MNRW TTF Endorsed TA Expenditures

(In thousands of U.S. dollars unless otherwise stated)

	FY 2012					FY 2013					FY 2014					FY 2012 - FY 2014					Expenditure shares (In percent of total TTF TA)
	AFR	APD	MCD	WHD	Total	AFR	APD	MCD	WHD	Total	AFR	APD	MCD	WHD	Total	AFR	APD	MCD	WHD	Total	
MNRW TA 1/	**4851**	**3025**	**1568**	**1024**	**10468**	**5821**	**2308**	**-546**	**0**	**7583**	**1186**	**-47**	**0**	**0**	**1139**	**11858**	**5286**	**1022**	**1024**	**19190**	**100**
FAD	4584	3025	1000	1024	**9633**	5177	1022	-546	0	**5653**	1186	-48	0	0	**1138**	10947	3999	454	1024	**16424**	86
Module 1	2651	1616	1000	623	**5890**	1906	0	-546	0	**1360**	705	-428	0	0	**277**	5262	1188	454	623	**7527**	39
Module 2	575	1409	0	0	**1984**	1221	387	0	0	**1608**	481	380	0	0	**861**	2277	2176	0	0	**4453**	23
Module 3	1358	0	0	401	**1759**	2050	635	0	0	**2685**	0	0	0	0	**0**	3408	635	0	401	**4444**	23
MCM Module 4	267	0	568	0	**835**	0	1286	0	0	**1286**	0	1	0	0	**1**	267	1287	568	0	**2122**	11
STA Module 5	0	0	0	0	**0**	644	0	0	0	**644**	0	0	0	0	**0**	644	0	0	0	**644**	3
										(In percent of total annual TTF TA net endorsements)											
MNRW TA 1/	**46**	**29**	**15**	**10**	**100**	**77**	**30**	**-7**	**0**	**100**	**104**	**-4**	**0**	**0**	**100**	**62**	**28**	**5**	**5**	**100**	
FAD	44	29	10	10	**92**	68	13	-7	0	**75**	104	-4	0	0	**100**	57	21	2	5	**86**	
Module 1	25	15	10	6	**56**	25	0	-7	0	**18**	62	-38	0	0	**24**	27	6	2	3	**39**	
Module 2	5	13	0	0	**19**	16	5	0	0	**21**	42	33	0	0	**76**	12	11	0	0	**23**	
Module 3	13	0	0	4	**17**	27	8	0	0	**35**	0	0	0	0	**0**	18	3	0	2	**23**	
MCM Module 4	3	0	5	0	**8**	0	17	0	0	**17**	0	0	0	0	**0**	1	7	3	0	**11**	
STA Module 5	0	0	0	0	**0**	8	0	0	0	**8**	0	0	0	0	**0**	3	0	0	0	**3**	

Source: Derived from the MNRW TTF Annual Reports for FY 2012-14. Annual amounts for FY 2013-14 calculated as the differences between the cumulative amounts reported in successive MNRW TTF Annual Reports.

1/ Projects endorsed in FY12-FY14. Net endorsements (gross budget endorsements net of endorsed budget reductions). Excludes general project management and Trust Fund management fee.

Appendix Table 2. MNRW TTF Actual TA Expenditures

(In thousands of U.S. dollars unless otherwise stated)

	FY 2012					FY 2013					FY 2014					FY 2012 - FY 2014					FY 2012-FY 2014	
	AFR	APD	MCD	WHD	Total	AFR	APD	MCD	WHD	Total	AFR	APD	MCD	WHD	Total	AFR	APD	MCD	WHD	Total	Expenditure shares (In percent of total TTF TA)	Execution of endorsed budget (in percent of budget)
MNRW TA 1/	**1041**	**531**	**79**	**203**	**1854**	**1927**	**722**	**177**	**232**	**3058**	**1600**	**1092**	**85**	**313**	**3090**	**4568**	**2345**	**341**	**748**	**8002**	**100**	**42**
FAD	1041	531	79	203	**1854**	1915	624	177	232	**2948**	1593	880	85	313	**2871**	4549	2035	341	748	**7673**	96	47
Module 1	710	477	79	16	**1282**	1198	130	177	149	**1654**	616	61	85	195	**957**	2524	668	341	360	**3893**	49	52
Module 2	106	54	0	0	**160**	197	494	0	0	**691**	499	623	0	0	**1122**	802	1171	0	0	**1973**	25	44
Module 3	225	0	0	187	**412**	520	0	0	83	**603**	478	196	0	118	**792**	1223	196	0	388	**1807**	23	41
MCM Module 4	0	0	0	0	**0**	0	98	0	0	**98**	0	212	0	0	**212**	0	310	0	0	**310**	4	15
STA Module 5	0	0	0	0	**0**	12	0	0	0	**12**	7	0	0	0	**7**	19	0	0	0	**19**	0	3
(In percent of total annual TTF TA expenditures)																						
MNRW TA 1/	**56**	**29**	**4**	**11**	**100**	**63**	**24**	**6**	**8**	**100**	**52**	**35**	**3**	**10**	**100**	**57**	**29**	**4**	**9**	**100**		
FAD	56	29	4	11	**100**	63	20	6	8	**96**	52	28	3	10	**93**	57	25	4	9	**96**		
Module 1	38	26	4	1	**69**	39	4	6	5	**54**	20	2	3	6	**31**	32	8	4	4	**49**		
Module 2	6	3	0	0	**9**	6	16	0	0	**23**	16	20	0	0	**36**	10	15	0	0	**25**		
Module 3	12	0	0	10	**22**	17	0	0	3	**20**	15	6	0	4	**26**	15	2	0	5	**23**		
MCM Module 4	0	0	0	0	**0**	0	3	0	0	**3**	0	7	0	0	**7**	0	4	0	0	**4**		
STA Module 5	0	0	0	0	**0**	0	0	0	0	**0**	0	0	0	0	**0**	0	0	0	0	**0**		

Source: Derived from the MNRW TTF Annual Reports for FY 2012-14. Annual amounts for FY 2013-14 calculated as the differences between the cumulative amounts reported in successive MNRW TTF Annual Reports.

1/ Projects endorsed in FY12-FY14. Excludes general project management and Trust Fund management fee.

ANNEX VI. LIST OF QUESTIONS FOR INTERVIEWS WITH GOVERNMENT OFFICIALS

1. Did your institution receive TA from the IMF prior to the TA delivered under the TTF?
2. Was a work plan prepared for the project?
3. Main areas to be covered by the TA.
4. Did the IMF customize/adapt the advice to the specific needs of the country?
5. Was the design of the TA properly sequenced?
6. Was the time frame adequate?
7. To what extent did the project build on your institution/government's preferences?
8. Was the TA delivered according to the work plan?
9. Did relevant government agencies participate at different stages of the activity?
10. Did you or your staff have the opportunity to provide inputs for the IMF missions' tasks and outputs?
11. Were the TA's recommendations feasible, taking into account capacity requirements and administrative viability?
12. Were the outcomes sought at the beginning of the TA achieved, and was there a results framework to measure the contribution of the TA?
13. Were the project outcomes and objectives too ambitious?
14. Please assess the effectiveness of the different forms of TA delivery and capacity building.
15. Could the project have used other TA delivery form to improve efficiency?
16. Was the advice received under this project clear, practical and easily implementable?
17. What were the main risks present in the implementation of the project?
18. What were the main strengths of the project's design and implementation?
19. What were the main weaknesses of this project's design and implementation?
20. Do you expect the results of this IMF project to be sustained?
21. How well was the project coordinated with related activities?
22. Has your institution received conflicting policy advice from other TA providers?
23. Is there a formal/informal inter-governmental coordinating instance on the TA being provided in your country?
24. Overall, was the project successful in building capacity in your institution/country?
25. How would you evaluate the MNRW TTF's programmatic approach and modular structure as an instrument to deliver TA?

ANNEX VII. LIST OF INTERVIEWEES

IMF Staff

Gerd Schwartz	Deputy Director	FAD
Philip Daniel	Advisor	FAD
Cemile Sencak	Acting Division Chief	FAD
Andrea Lemgruber	Deputy Division Chief	FAD
Shamsuddin Tareq	Deputy Division Chief	FAD
John Brondolo	Senior Economist	FAD
Ricardo Fenochietto	Senior Economist	FAD
Almudena Fernández	TA Advisor	FAD
Lesley Fisher	TA Advisor	FAD
Suzanne Flynn	Senior Economist	FAD
Patrick Fossat	Senior Economist	FAD
David Gentry	TA Advisor	FAD
Håvard Holterud	TA Advisor	FAD
Andrew Masters	Senior Economist	FAD
Peter Mullins	TA Advisor	FAD
Jean Pierre Nguenang	Senior Economist	FAD
Andrew Okello	Senior Economist	FAD
Patrick Petit	Senior Economist	FAD
Xavier Rame	Senior Economist	FAD
Grégoire Rota Graziosi	Senior Economist	FAD
Artur Swistak	Senior Economist	FAD
David Wentworth	TA Advisor	FAD
Benoit Wiest	TA Advisor	FAD
Christophe Waerzeggers	Senior Counsel	LEG
Luc Everaert	Assistant Director	MCM
Michael Papaioannou	Deputy Division Chief	MCM
Samar Maziad	Senior Economist	MCM
Robert Dippelsman	Deputy Division Chief	STA
Alberto Jiménez de Lucio	Senior Economist	STA
Maxime Bonkoungou	Senior Economist	STA
Marshall Reinsdorf	Senior Economist	STA
Adrienne Cheasty	Deputy Director	WHD
Xiangming Li	Deputy Division Chief	ICD
Masaharu Makino	Sr. Technical Assistance Officer	ICD
Constance Vigilance	Sr. Technical Assistance Officer	ICD

Steering Committee Members

Thomas Benninger	Switzerland
Ishara Davey	Australia
Rebekah Grindlay	Australia
Jan Hijkoop	Netherlands
Trond Kvarsvik	Norway

Inmaculada Montero-Luque	European Union	

Other Institutions

Paulo de Sa	Practice Manager, Energy and Extractives	World Bank
Ekaterina Mikhaylova	Lead Strategy Officer,	World Bank
William Remington	Associate Director, Revenue Advisory Program, OTA	U.S. Treasury

Mongolia

Enkhtaivan Batbayar	Head, Fiscal Revenue Division, Fiscal Policy and Planning Department	Ministry of Finance
Batsengee Dorsjembed	Head, General Budget Policy and Planning Division, Fiscal Policy Department	Ministry of Finance
Baajiikhuu Tuguldur	Head, Sovereign Wealth Fund Division, Fiscal Policy and Debt Management Department	Ministry of Finance
Ms. Enkhzul	Economist, Fiscal Revenue Division, Fiscal Policy and Planning Department	Ministry of Finance
Bat-Ireedui Anar	Specialist, Financing, Reporting and Accounting Division, Treasury	Ministry of Finance
Lkhagvabayar Enkh-Amgalan	Specialist, Financing, Reporting and Accounting Division, Treasury	Ministry of Finance
Mergee Batkhuyag	Specialist, Financing, Reporting and Accounting Division, Treasury	Ministry of Finance
B. Badral	Director General, Tax Management and Cooperation Department	General Directorate of Tax
Tunrev Batmagnai	Commissioner	Large Taxpayer Office
Byambadorj Davaademberel	Head, Audit Division	Large Taxpayer Office
A. Purev	Senior Specialist, Dept. of Strategic Policy and Planning	Ministry of Energy
Tsengemaa Amraa	Deputy Chairman	Petroleum Authority of Mongolia
Ochir Enkhbayar	Head, Contracting and Exploration Division	Petroleum Authority of Mongolia
Luvsandash Dashdorj	Advisor to the President	Presidency
Taeyhun Lee	Senior Country Economist	World Bank Office in Mongolia

Tanzania

Shogholo Msangi	Assistant Commissioner, Fiscal Policy	Ministry of Finance

Siraji Majura	Policy Analysis Department, Fiscal Section	Ministry of Finance
Tsisilile Igogo	Policy Analysis Department, Fiscal Section	Ministry of Finance
Rished Bade	Commissioner General	Tanzania Revenue Authority
Neema Mrema	Commissioner, Large Taxpayers' Department	Tanzania Revenue Authority
Mr. Habiemene	Director, Compliance and Enforcement Department	Tanzania Revenue Authority
Mr. Mapinga	Assistant Manager, Audit Natural Resources	Tanzania Revenue Authority
Dominic Rwekaza	Chief Executive Officer	Tanzania Minerals Audit Agency
Michael Kambi	Acting Director, Financial Audit and Analysis	Tanzania Minerals Audit Agency
Venance Bahati	Manager, Tax Analysis and Audit	Tanzania Minerals Audit Agency
Julius Moshi	Mineral Economist	Tanzania Minerals Audit Agency
James Andilile	Acting Managing Director	Tanzania Petroleum Development Corporation
Thomas Baunsgaard	Resident Representative	IMF Office in Tanzania
Svein Olav Svoldal	Country Economist	Norwegian Embassy, Dar es Salaam
Thomas Allan	Senior Economic Adviser	DFID Tanzania
Jacques Morisset	Lead Economist, Africa Region	World Bank Office in Tanzania
Sukhwinder Singh	Center Coordinator	AFRITAC East
Muyangwa Muyangwa	Revenue Policy and Administration Advisor	AFRITAC East
Guy Anderson	Public Financial Management Advisor	AFRITAC East
Amitabh Tripathy	Public Financial Management Advisor	AFRITAC East
Fazeer Sheik Rahim	Macro-Fiscal Advisor	AFRITAC East

Kenya

Esther Koimett	Investment Secretary	Treasury
Geoffery Mwau	Economic Secretary	Treasury
Festus Kingori		Treasury
Wilson Wasike	Acting Head, Project Management and Resource Division, Economic Affairs Department	Treasury
Peter Odengo	Senior Policy Analyst, Resource Mobilization Division, Economic Affairs Department	Treasury
Wario Adano	Senior Policy Analyst, Resource Mobilization	Treasury

	Division, Economic Affairs Department	
Pancrasius Nyaga	Commissioner, Domestic Taxes Department, Large Taxpayers' Office	Kenya Revenue Authority
Ann Irungu	Sr. Assistant Commissioner, Large Taxpayers' Office	Kenya Revenue Authority
Clement Migai	Acting Assistant Manager, Extractive Industries, Large Taxpayers' Office	Kenya Revenue Authority
Joseph Njoroge	Principal Secretary	Ministry of Energy and Petroleum
Hudson Andambi	Senior Principal Superintending Geologist	Ministry of Energy and Petroleum
Martin Mungai	Chief Accountant	National Oil Corporation of Kenya
Armando Morales	Resident Representative	IMF Office in Kenya
John Mungai		Delegation of the EU in Kenya
Robert Rudy	Regional Integration and Strategy Expert	African Development Bank, East Africa Resource Centre
Tom Onyango	Program Manager	Australian High Commission, Nairobi