VITARA

Virtual Training
to Advance Revenue
Administration

REFERENCE GUIDE

REFORM MANAGEMENT FUNDAMENTALS

Setting Up a Reform Program

Inter-American Center of Tax Administrations
International Monetary Fund
Intra-European Organisation of Tax Administrations
Organisation for Economic Co-operation and Development

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Preamble

A series of Virtual Training to Advance Revenue Administration (VITARA) reference guides have been developed based on the content of the VITARA online modules. Readers are encouraged to enroll in the online modules. For more information on the schedule to register for the VITARA courses, scan the QR code below.

This reference guide provides a good grounding in what tax administration reform is, why it is important, what is involved in implementing it, and who should be involved in the reform process. A separate reference guide—*Reform Management Specific Topics: Managing a Reform Program*—builds on this reference guide by providing additional material on key issues tax administrations face in implementing reforms.

The materials covered in this reference guide are designed to cover the key practices that have been proven to assist the management of reform efforts and will give the tax administrations the best chance of success in developing and implementing reform programs.

This guide is divided into five chapters highlighting key terms and definitions, processes to develop and manage a reform program, and how to plan and manage a reform project.

CHAPTER 1.

Introduction

This chapter explains the features of good reform management and provides some key definitions and terms that are covered throughout this reference guide.

Sound **reform management** practices are critical to ensuring that reforms are delivered on time, within budget, and are of acceptable quality. Experience has shown that successful reform requires, above all, strong leadership from senior management and disciplined project management and governance. The features of good reform management are summarized in Box 1.1.

BOX 1.1: Features of Good Reform Management

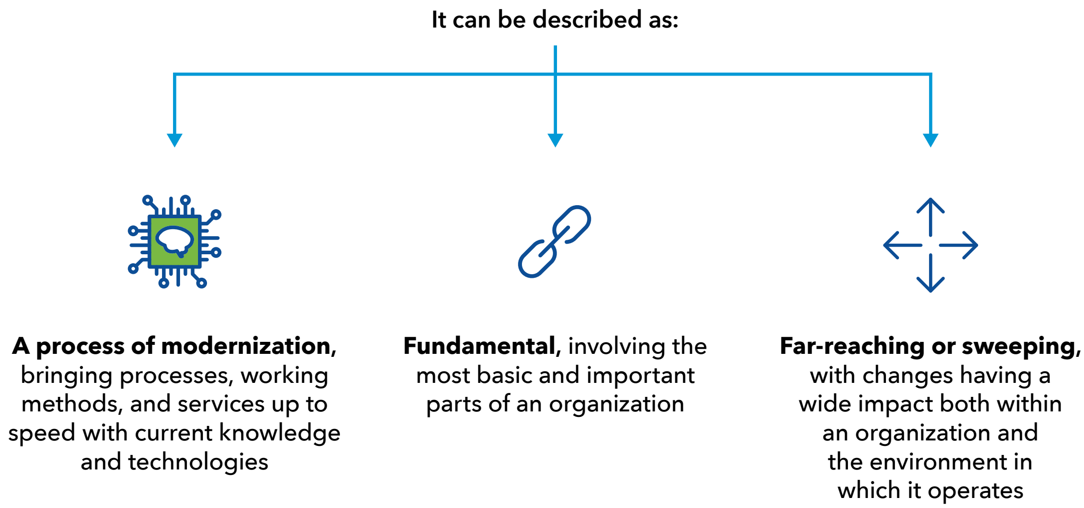
- Attainment of political support for the reform program
- Strong commitment and active involvement by the Executive Leadership Team (ELT) in the development and execution of the reform program
- An effective reform management infrastructure with clear roles and responsibilities of key players; reform programs require different governance and management arrangements than those used in managing a tax administration's day-to-day operations
- Close attention to project planning, change control, and management of project risks
- Adequate funding and effective use of resources
- Rigorous monitoring and reporting of progress
- Attention to stakeholder engagement and involvement—including internal and external communication and consultation—to ensure tax administration staff and external stakeholders are well prepared and ready for the changes when they happen

Key Terms and Definitions

It is important to detail a few terms and definitions that are used throughout this reference guide.

Reform means improving or changing something that is not working well, out-of-date, or failing to meet desired objectives. The changes that require reform are generally big and important. Reform is transformational and yet durable, since it is intended to have an enduring effect. Figure 1.1 describes the characteristics of reform.

Figure 1.1: Reform Description



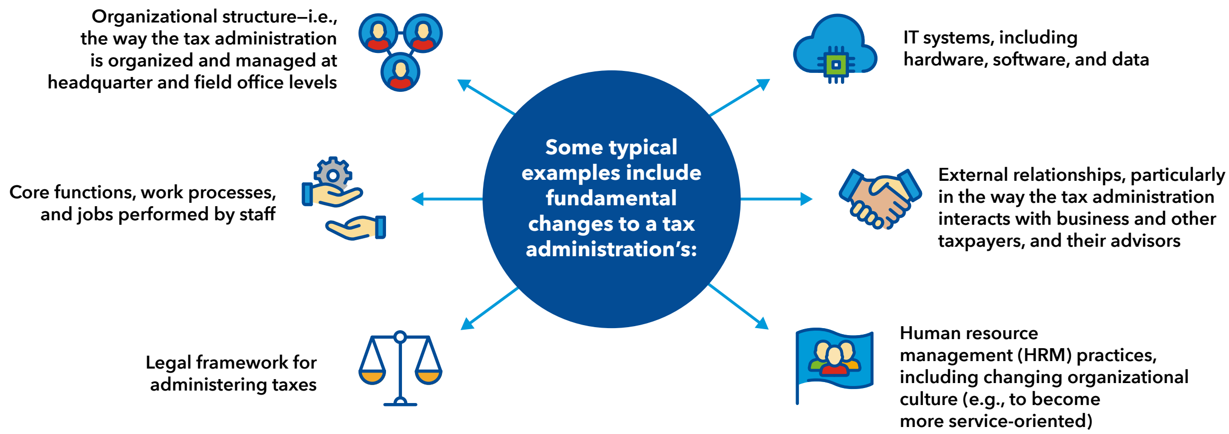
For tax administrations, reform is a fact of life, since they operate in a dynamic environment that demands that they be agile to meet the ever-expanding needs and expectations of the government and citizens. It is the role of senior management to create a climate for reform by:

- Taking a fresh look at the way things are done
- Having an open mind to opportunities for improvement
- Challenging the way the organization has always done things—for example, existing structure, processes, procedures, service orientation, and approaches to audits
- Bringing together the resources to innovate

Tax administration reform is all about making fundamental changes to a tax administration and its systems of administration to improve collection, improve transparency, increase the scope of its mandate and functions, or even increase the overall performance. Tax administration reform typically crosses organizational boundaries and impacts staff across the organization. Often, it also impacts the business community and taxpayers.

Reform activities vary in form and nature and reshape tax administrations and the way they operate in different ways. Some typical examples are included in Figure 1.2.

Figure 1.2: Typical Tax Administration Reform Examples



Tax administration reform is driven by external and internal factors.

External drivers include the following:

- Government initiatives, such as tax policy changes (which may involve introduction of a new tax or taxes), e-government programs, and civil service reforms (e.g., specific measures aimed at improving efficiency, accountability, and governance of government agencies, including addressing corruption and strengthening the professionalism of tax administrations)
- The need for tax administrations to adopt new technologies to keep pace with the way business is done in the digital age
- Community demands for better services and support from their tax administrations
- Pressure on tax administrations to continually modify their approaches to keep abreast with the growing complexity of business arrangements and transactions
- Major shocks to the economy such as natural disasters or "pandemics"

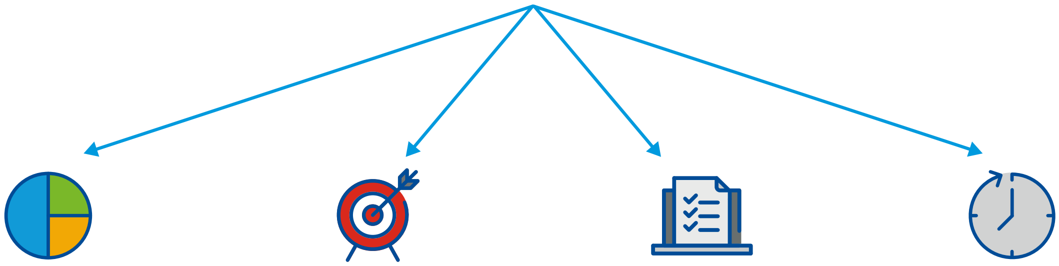
Internal drivers include the following:

- The desire of senior management to pursue reform opportunities identified during a tax administration's strategic planning process
- Suboptimal performance results
- The decision of senior management to adopt international good practices in the tax administration to address weaknesses identified by diagnostic assessments of the tax administration's performance (e.g., evaluations using the Tax Administration Diagnostic Assessment Tool [TADAT])

A **reform program** is a comprehensive plan of reform activities to be done within a medium-term timeframe, generally three to five years. Figure 1.3 shows the objectives of a reform program.

Figure 1.3: Objectives of a Reform Program

Specifically, a reform program:



Maps out the specific areas of reform necessary to achieve the tax administration's strategic goals as set out in its strategic plan

Establishes the reform objectives and describes the products and services to be delivered (commonly referred to as reform deliverables) and outcomes to be achieved

Identifies the specific reform projects toward achieving the objectives and deliverables and establishes indicative project budgets

Sets the priorities and sequencing for development within an implementation timeline

Reform programs are approved by the head of the tax administration but may require approval by a higher authority (e.g., the Minister, Cabinet, or other oversight body), especially where a large budget is involved, legislative changes are required, reforms involve another agency (e.g., Customs), or a major impact on taxpayers is expected.

Information technology tends to feature strongly in most tax administration reform programs. Often, insufficient attention is given to the broader impact of information technology on the organization's work practices, staffing levels, jobs, skill requirements, and the effect on external stakeholders. All these aspects need to feature in a reform program.

> The scale of reform programs varies from country to country. Countries with low administrative and financial capacity tend to have smaller targeted reform programs rather than sweeping reform agendas.

A **reform project** comprises the body of work to be done to implement a specific product or service (deliverable)—or in some cases, several deliverables—identified in the reform program. Each reform project within the reform program has a defined start and finish date and unique scope of work. The work is carried out by a project team headed by a project manager. A reform project may include development and implementation of new compliance and service initiatives, or even the introduction of a new tax.

CHAPTER 2.

Developing the Reform Program

This chapter explains the relationship between a tax administration's strategic plan and the reform program and the six steps involved in developing a reform program.

Linking the Reform Program to the Strategic Plan

The key prerequisite for developing a reform program is a commitment to fundamentally change the tax administration in one or more of the following areas:

- Improved compliance levels
- Reducing taxpayers' compliance costs through improved taxpayer service and minimizing the intrusion of tax officials in taxpayer business operations
- More efficient use of resources
- Delivery of a government initiative
- A combination of two or more of these or other areas

For most tax administrations, the decision to embark on reform has either an external or internal driver. Whatever the driver, the reform outcome will be documented in the tax administration strategic plan.

The tax administration strategic plan sets the context and direction to guide lower-level plans and provides a framework for prioritizing resources. The relationship between the strategic plan and subordinate planning documents is referred to as the **hierarchy of planning** documents. Figure 2.1 sets out the hierarchical nature of the strategic, tactical, and operational plans from the government level to the tax administration for a well-developed tax administration.

Figure 2.1: Hierarchy of Planning Documents

The tax administration reform plan is one of the multiyear focused plans that sits below the strategic plan. These multiyear focused plans provide further specific detail on the work needed to "give life" to the strategic plan. These plans are anchored in the strategic plan and should not deviate from it.

Where there is a strategic plan for a tax administration, it is the starting point for the reform program.

Reform themes, activities, or projects in a reform program must be consistent with the strategic plan. The reform program must not compete with, or comprise an agenda, that conflicts with the strategic plan. There should always be a "clear line of sight" from any subordinate level of planning to the planning level above it (i.e., activities in any lower-level plan can be mapped to the planning documents above them).

But what if the tax administration does not have a strategic plan? If this is the case, the reform program will become a de facto strategic plan. Where a tax administration has not yet developed to the point where strategic planning has matured or been implemented, it is still possible to develop a reform program. The six steps, which are set out below, should be followed, but the starting point would be the driver for change rather than the strategic plan.

What Should a Reform Program Exclude?

There are essentially two types of tax administration work that should not be classified as reform, which are explained further below:

- **Operational activities**, or the day-to-day work of the tax administration (related to registration, filing, payments, and reporting obligations under the revenue laws supported by technology and human resource management and a sound legal interpretation capability)
- **Annual system changes or continuous improvement projects** for the existing systems and processes within a tax administration

Operational Activities

Operational activities (such as processing filed returns; auditing taxpayers and collecting unpaid taxes) are the day-to-day work and are required to be undertaken regardless of any decision to undertake reforms. They need to be maintained and managed through the regular operations of the tax administration during periods of reform (i.e., the tax administration needs to manage the delivery of both day-to-day operations and the reforms). While both operations and reform need separate management structures, staffing, and focus, they do have some overlaps in two key aspects:

- Subject matter experts in the operational areas will need to be available to assist with reform activities; they will be "in demand" by both the operational and reform streams.
- When the reforms are developed and implemented, it will be the operational areas that make the shift from the old to new ways of working; there needs to be ongoing communication updates and planning activities between both streams to prepare the operational stream for the reforms once they are implemented.

Reforms should not be implemented as part of "business as usual" activities, because the demands and pressure of delivering today's results overwhelms the focus needed to deliver reforms.

EXAMPLE: A reform project is established to deliver a new taxpayer register, and the project is allocated to the registration unit within the tax administration without any additional staff. The Director for this unit and the staff will have to manage and deliver ongoing day-to-day registration as well as make space for the development activities. Inevitably, the need to meet performance standards with the day-to-day registration workloads will take priority over the new taxpayer register project; project deadlines will be missed; and, in time, the project will not be delivered.

Annual System Changes or Continuous Improvement

Reform implies transformational changes to a tax administration. Routine system changes or continuous improvements are not reforms. These types of changes are generally either cyclical (annual or periodic IT system updates) or aimed at modifying an existing business process.

Reform must focus on the fundamental reform goals. When developing a reform program, there is a tendency to "bundle up" routine and/or annual changes into the program. Inclusion of this type of work indicates a misunderstanding of the reform process or an internal move to maintain the status quo. There will always be a tendency for a tax administration to stick to known systems and processes. The nature of reform is to shift the revenue agency and fundamentally change how work is done.

In summary, start with articulating the driver or reason for reform in the strategic plan. Then build the reform program to provide the detail on what is needed to achieve the reforms—the projects that are required, the sequencing and priority of the projects, and the timeline and costs to deliver the projects. Figure 2.2 shows the sequence of developing the reform program.

Figure 2.2: Developing a Reform Program

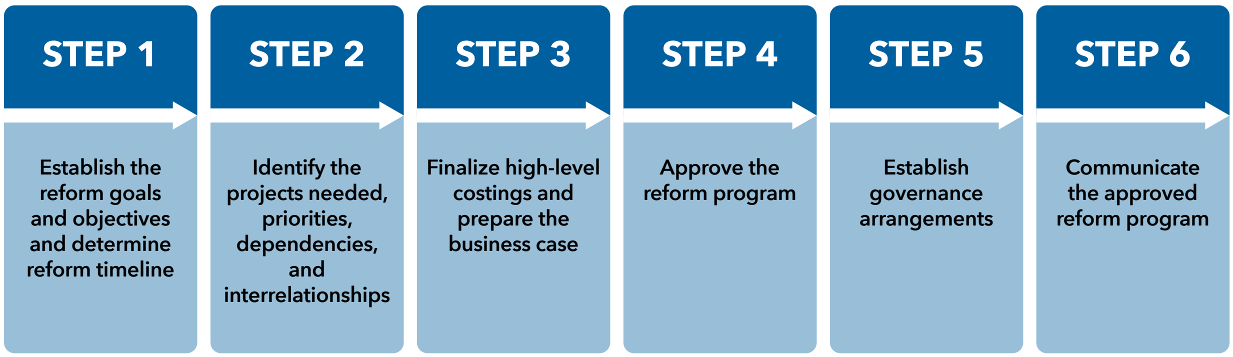
Developing the Reform Program

Six steps are needed to develop a reform program (see Figure 2.3). Note that while these steps are set out in a sequence, the steps will be iterative—each new step can require a revision of an earlier step.

A small team should be established to develop the detailed reform program. The team members may also form part of, or be the nucleus for, the reform program management unit, which will be established once the reform program has been approved.

Figure 2.3: Key Steps in Developing a Reform Program

Follow a structured, step-by-step approach to successfully develop a three- to five-year reform program.



Selecting the staff for this team is critical. The staff need to have a good understanding of the processes and organizational functioning of the tax administration and be committed to changing the tax administration. Remember that these staff will have an impact on all stages of reform, from developing the reform program through to implementation.

Step 1: Establish the Reform Goals and Objectives and Determine the Reform Timeline

Establish Reform Goals and Objectives

Identify the reform goals based on the reform drivers detailed in the tax administration strategic plan. These goals will be outcome statements and set the aspiration to be achieved through the reform.

For example, where a tax administration intends to implement a stronger headquarters and make better use of technology, then a reform goal could be expressed as "modernize the tax administration."

Each goal then needs to be broken down into reform objectives, which are the building blocks for the reform program. Building on our "modernize the tax administration goal" example, it may have two objectives: improve use of technology and strengthen headquarters.

Each reform objective should have corresponding success criteria that will be used to evaluate whether the objective has been achieved.

After establishing the reform goals and objectives, identify at a high level the projects that will be required to deliver the goals. At this stage, the focus is on developing sufficient details to assist a high-level costing the program and identifying the likely work required to deliver the objectives.

Note: The detailed project plans will be developed once the program has been approved. Project management and planning is covered in more detail in Chapter 4.

Determine the Timeline for Reform

The timeframe needs to be realistic and must consider not only the time to do the projects but also the time needed for administrative approvals (e.g., ministry approval, obtaining financing, time needed for procurement procedures or legal changes, etc.). If the tax administration has experience with procurements or arranging finances, then this experience should inform the timeframe assessment. Unrealistic or overambitious timeframes should be avoided, and understanding timelines for similar reforms in other tax administrations can be a good guide.

Typically, the timeline is three to five years.[1] If a timeline is greater than five years, a good practice is to break the reform into phases and determine a focus for each phase, for example:

- **Phase 1 (years one to four):** Establish the foundations for improved revenue collection by implementing a new core tax administration information technology system, supported by improvements to the role and capability of headquarters.
- **Phase 2 (years five to seven):** Build on these foundations to develop risk-based compliance processes and stronger central management of field operations.

Attempting to develop a detailed reform plan beyond five years is not recommended, because while the goals and objectives may not change over the longer term, other key aspects such as priorities and costs can change dramatically.

Reform is generally managed over a three-to-five-year planning horizon. However, reforms can be achieved through a series of incremental reforms that are implemented over a relatively long period of time (10–20 years). In fact, some countries have successfully modernized their tax administrations in an incremental way through a series of smaller targeted programs rather than a single sweeping reform agenda.

Step 2: Identify the Projects Needed, Prioritize the Projects, and Identify Dependencies and Interrelationships

Identify the Projects Needed to Deliver the Objectives

The projects are the delivery mechanism for the reform program, with a dedicated project manager, timeframe to deliver, resource allocation, and approved scope to deliver. An estimation of the high-level project cost and benefits must be undertaken to determine the total cost and benefits of the reform program.

Some projects may be eliminated from the reform program if the costs of the project do not justify the benefits.

[1] In situations where a reform is expected to be completed in less than three years, the same steps should still be followed.

As the projects are identified, a picture of the reform program emerges. Typically, a document is developed called a Reform Program Plan, which sets out the reform goals, with the supporting objectives, and projects grouped under each goal. Figure 2.4 sets out a simple example of a program plan. At this stage, projects have not been formally initiated; this will occur once the program has been approved and the final commitment to the reform program has been made.

Figure 2.4: Example of Program Plan

Reform Goal 1 *(State the goal)*	**Modernize Tax Administration**				
Reform Objective 1.1 *(Allocate a unique number to each objective for reference purposes)*	**Improve use of technology**				
Projects	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Project 1.1.1					
Project 1.1.2					
Reform Objective 1.2	**Strengthen headquarters**				
Project 1.2.1					
Project 1.2.2					

Prioritize Projects

An objective analysis or assessment is needed to rank the contribution of each project to the reform outcomes. A ranking of the projects to distinguish their criticality to reform objectives should use a four-criteria approach—mandatory projects, high-priority projects, medium-priority projects, and low-priority (or "nice-to-have") projects. Figure 2.5 provides more detail on this process. The mandatory and high-priority projects (above the horizontal line) form the "must-do" component of the reform program; without these indispensable and obligatory projects, the reform will not happen. The medium- and low-priority projects (below the horizontal line) form the discretionary aspects of the reform program. Medium-priority projects are important projects that may have value for staff or citizens but are not critical to delivery of the program. Low-priority projects are desirable projects but can only be included if time, budget, and resources permit.

Figure 2.5: Project Ranking Matrix

Mandatory Projects • Must be completed due to legislative or government policy requirements • Building blocks for reforms	**High Priority** • Reform critical projects; cannot achieve reform without the project • Essential enabling projects
Medium Priority • Considered a priority but the reform objectives could be achieved (although to a lesser degree) without the project	**Low Priority** • Project desirable but reform objectives can be met without the project

Additional aspects to be considered to finalize the list of project candidates are as follows:

- The relative cost and benefit of the project (which will be established in Step 3)
- An assessment of the project implementation capacity of the tax administration (e.g., where there is limited tax administration experience or capacity to implement a specific project, then external assistance will be required, which comes at additional cost)
- Projects that can deliver short-term gains to demonstrate success while keeping the medium-term agenda on track

It is sometimes helpful to be clear about what projects will not be included in a reform program. This could be needed where there is an expectation that the reform will cover projects that have been ruled out of the program through the prioritization process.

Identify Project Dependencies, Interrelationships, and Timelines

Project dependencies exist when a project cannot be completed unless a separate project (or a key task within another project) is completed. The type of dependencies can vary but generally relate to either project deliverables, supply of infrastructure, or resources.

EXAMPLE: A reform program involves implementing a value-added tax (VAT), which requires both a VAT law and a new information technology system to support the VAT. In this scenario, the new information technology system project will have a dependency on the project developing the new VAT law for the legislative requirements that will be used to design aspects of the VAT information technology system.

Project interrelationships exist where a project requires an enabling capability to be delivered to ensure successful program implementation. Interrelationships can occur within a strategic objective or across reform goals.

> **EXAMPLE:** A business readiness project to develop updated business processes and procedures has an interrelationship with the project to develop the supporting information technology system changes.

Identifying dependencies and interrelationships is critical for the effective "governance" and management of the program. Any change or delay within one of the related projects will impact the delivery of the other. It is also important for scheduling the start dates for projects.

The key difference between dependencies and interrelationships is that failure to manage dependencies results in nondelivery of projects; failure to manage interrelationships will likely result in suboptimal program outcomes.

A timeline for each project can be developed once dependencies and interrelationships have been mapped (generally in a dependency matrix—see Appendix 1) based on the order and sequence of each project. The reform program timeline is based on the overall sequencing of the projects and covers the time from the beginning of the first project start date and ends with the end date of the last project.

Figure 2.6 updates the draft program in Figure 2.4 to show how the project timelines for the reform program are mapped.

Figure 2.6: Reform Program with Project Timelines

Reform Goal 1	**Modernize Tax Administration**				
Reform Objective 1.1	**Improve use of technology**				
Projects	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Project 1.1.1					
Project 1.1.2					
Reform Objective 1.2	**Strengthen headquarters**				
Project 1.2.1					
Project 1.2.2					

Step 3: Estimating High-Level Costings and Preparing the Business Case

Estimate High-Level Costings

The costing is based on estimates of the cost of delivering the program and will include three categories of cost estimates. Figure 2.7 lists the three cost estimate categories and provides examples of the type of costs for each category. The estimates are developed using the best available calculations of cost (both direct and indirect) based on a set of assumptions developed for the estimating purposes.

It is good practice to provide for a contingency to cover any unexpected costs that might emerge. This is generally a percentage of the total direct and indirect cost and varies between 5 percent and 10 percent (but can be higher depending on the level of risk associated with the estimates). Rules relating to who is authorized to draw on the contingency should be established at this stage.

Figure 2.7: Cost Estimate Categories and Examples

Cost Category	Examples of Types of Costs
Direct Project Costs	• Salaries for project managers and staff • Hardware and software • External contractor costs
Indirect Project Costs	• Costs for program monitoring and reporting • Accommodation and equipment • Travel • Program assurance and reviews
Contingency	• Projects rarely go to plan so make an allowance to cover change, risk, or uncertainty in cost estimation • Generally, a percentage (5%–10%) of total direct and indirect costs

Figure 2.8 shows how an aggregate costing is built as individual elements of the reform program are costed. The direct costs plus contingency for each project are estimated. Finally, the overall program cost is the sum of the individual project costs (direct, indirect, plus contingency).

Figure 2.8: Reform Program with Project Timelines and Costings

Reform Goal 1	Modernize Tax Administration					
Reform Objective 1.1	Improve use of technology					
Projects	Year 1	Year 2	Year 3	Year 4	Year 5	Direct Costs (including contingency):
Project 1.1.1						$
Project 1.1.2						$$$
Reform Objective 1.2	Strengthen headquarters					
Project 1.2.1						$
Project 1.2.2						$$
Total Direct Costs (direct costs of 1.1 and 1.2)						$$
Other Program Costs (indirect)						$$
Total Costs (direct and indirect) of the program						$$$$

Prepare the Business Case

The tax administration needs to satisfy itself that the cost of the reform program can be met. Once the costs are estimated, the business case for reform is prepared. Reform is an investment either by the government or the tax administration, and the benefits of that investment need to be articulated. The tax administration may need to develop a proposal to the Ministry of Finance or another central government ministry for investment or discussion to secure the funds. Decisions may be needed to direct capital funding available to the tax administration to the reform effort over the life of the reform program. In some cases, a donor may have committed a loan or grant for the reform program.

The business case drives accountability for the reform program by establishing a "contract" between the government and the tax administration. The business case presents two aspects of the reform:

- **Benefits of the investment:** the tangible and intangible benefits of the reform
- **Cost of the investment:** the estimated cost of delivering the reform

The benefits are established by working through each of the reform goals and setting the efficiency gains that the reforms will bring in terms of the cost of the tax administration operations along with intangible benefits such as productivity and service improvements. Figure 2.9 sets out typical financial and intangible benefits.

When the costs and benefits of the program are completed, the business case for the reform program is ready for approval.

Figure 2.9: Typical Financial/Tangible and Intangible Benefits

Financial Benefits	• Staff savings • Hardware and software savings • Productivity improvements	• Cost avoidance • Increased compliance or revenue
Intangible Benefits	• Increased electronic take-up • Ease of use of system	• Increased user satisfaction • Risk mitigation

A guide to the key elements of a business case document is provided in Appendix 2.

Step 4: Approving the Reform Program

The next step is submitting the reform program to the Executive Leadership Team (ELT) for review and endorsement. This may take several sessions with the ELT. The ELT is critical in approving aspects such as prioritization and funding and should be kept informed at each step of the development process to ensure the team developing the program is aligned with the executive's thinking. The ELT also acts as a sounding board for the team, and regular reviews by the ELT will ensure that the program is "owned" by the ELT.

Finally, the head of the tax administration or the appropriate authority that the tax administration reports to will formally decide on the reform program implementation. The final approved reform program will vary in form and style to suit the tax administration or the authority that is approving the program. Appendix 3 sets out the key elements in a typical reform program document.

The detailed costings and business case that have been developed should be submitted for approval in a separate document and not be included in the formal reform program document that is prepared for publication or communication purposes. The formal program document will form the basis of informing staff and external stakeholders of the reform program; it can be published as a document for distribution and on the revenue agency website. The detailed costings may include commercial-in confidence information and would not be published. The high-level program cost and intended benefits should be communicated as and when required.

Step 5: Establishing the Governance Framework

Reform programs require different governance and management arrangements than those used in managing a tax administration's day-to-day operations. The decision to formally establish the governance arrangements should be inherent in the reform program approval. Reform programs need an effective reform management infrastructure with clear roles and responsibilities of key players. The Reform Program Management Unit is part of the governance framework.

The small team established to develop the reform program generally forms the nucleus of the Reform Program Management Unit.

An early task of the Reform Program Management Unit will be to identify the risks that the reform program may face and the actions necessary to mitigate those risks. The governance structure and processes required to ensure that proper reform management arrangements are in place and risk management are covered in more detail in Chapter 3.

Step 6: Communicating the Reform Plan

A key role of the Reform Program Management Unit is to assist the ELT to inform staff and key stakeholders of the reform program. A good communication tool is a reform roadmap. The roadmap is based on the reform program plan and captures the reform goals, objectives, and key projects that will deliver the reforms over the ascertained time period. The roadmap sets out in one or two pages:

- Reform goals and objectives
- Current state of the tax administration that will be the focus of the reform
- How the revenue agency will make the changes
- Future state of the tax administration when the reforms are implemented

The roadmap is typically a diagrammatic summary of the reform program.

CHAPTER 3.

Establishing a Program Management Framework

This chapter focuses on how to manage implementation of the program in terms of both the context of reform program management and how reform program management works in practice.

Context and Importance of Reform Program Management

Reform program management consists of a set of centralized management arrangements designed to control and coordinate the work of multiple related reform projects in a holistic way. It entails oversight (often referred to as "governance") and management of the entire reform program to ensure that all reform projects and activities within it adhere to the goals, objectives, scope, timelines, priorities, sequencing, budgets, and quality standards set out in the approved reform program.

The Importance of Program Management

Without effective program management, the reform program is destined to falter and will probably fail. This is because reform programs are complex ventures and far riskier and harder to manage than a tax administration's normal day-to-day operations and require specialist management skills and approaches.

Reform programs are prone to costly mistakes that often put them in jeopardy. In extreme cases, reform programs have been abandoned completely because they have gone off course, wasted public money, missed critical delivery deadlines, and lost the confidence and support of government, donors, and development partners.

But this should not deter tax administrations from pursuing reform; it is entirely possible to succeed if the right management framework is in place. Many countries have achieved success with large and complex reform programs, such as those involved in implementing a new "revenue authority" (a more autonomous organizational structure) or large-scale IT system.

Critical Success Factors for Reform

Experience with tax administration reform programs over many years indicates the best chance of success occurs when the following exist:

- Strong support for the reform program from the government (e.g., Cabinet and the Ministry of Finance)
- Visible commitment and determination to reform by the tax administration's ELT

- Wide agreement and understanding among managers of the tax administration's reform program—its scope, objectives, deliverables, implementation schedule, and costs
- Provision of adequate funding and other resources to implement the reforms
- Clearly defined roles, responsibilities, and accountabilities of all key players
- Close attention to project planning, change control, risk management, and effective use of resources
- Rigorous monitoring and reporting of progress and project spending
- A committed donor-partner such as an international development agency
- Proactive communication and consultation that prepares the tax administration staff and external stakeholders for the upcoming changes

Experience also shows that these success factors are closely aligned to sound program management practice; that is, success occurs when multiple related reform projects are controlled and coordinated at the program level. Conversely, it has been shown that there is a high risk of failure when reform projects are managed separately and independently of each other; that is, projects are not managed in a holistic way at the program level.

Reform Program Management

Program management requires close monitoring of several areas of effort, including the following:

- Preparations to get the tax administration and stakeholders ready for change
- Timely responses to program risks
- Efforts to ensure relationships with government and development partners remain intact
- Processes and actions to keep the reform program on track to deliver outcomes

With regard to the processes and actions to keep the reform program on track, disciplined oversight is required in relation to four things in particular:

1. **Scope** of work to be done (as defined in the approved reform program)
2. **Time** available to deliver the expected reform products and services
3. **Cost** of the program (in money and other resources)
4. **Quality** of the end products, services, and outcomes

Figure 3.1: Constraints Triangle

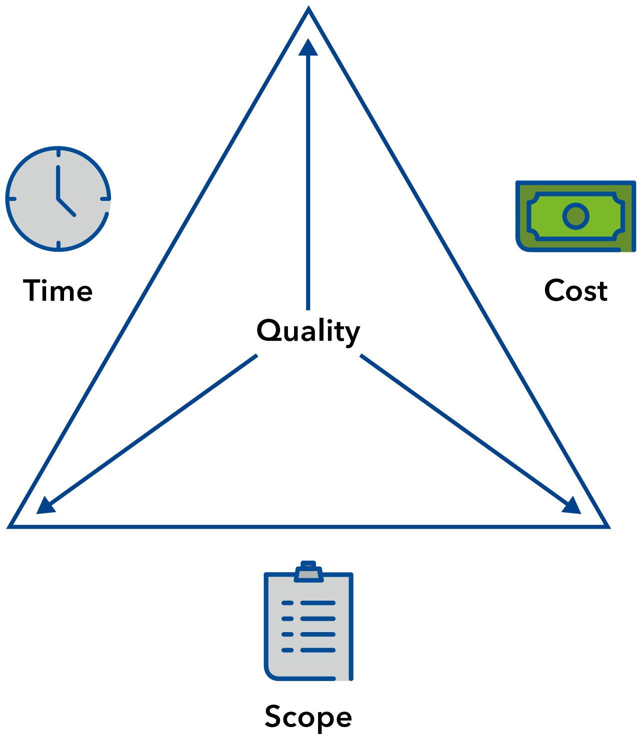


Figure 3.1 illustrates the relationship between scope, time, cost, and quality. The "Constraints Triangle" shows that the quality of end products and services is constrained by the program budget (cost), implementation deadlines (time), and scope. Changes to any one of these variables—which invariably happen while implementing reform programs—will necessitate corresponding changes in the others, lest quality be affected. For example, if the scope of a project within the reform program is broadened from that initially approved without increasing financial and human resources (cost) and/or extending the deadline (time), the quality of end products and outcomes will likely decline.

The art of program management is to make timely and informed decisions that keep these constraints in balance so that the reform program continues to progress and deliver expected results. Furthermore, good program management should deliver savings in time and costs in the following ways:

- Tightly monitoring progress and spending against approved project plans
- Stopping activities that do not align with the reform program's objectives or fit within the approved scope ("scope creep"—where reform activities extend beyond their approved scope—can cause the reform program to drift off course, resulting in slippage and budget overspends)
- Minimizing duplication of effort by using common processes, methods, and tools across all reform projects (refer to the *Reform Management Specific Topics* reference guide)
- Deploying the right resources to the right projects at the right time
- Avoiding costly surprises by assessing program risks and developing mitigation strategies and contingency plans
- Resolving conflicts and issues quickly
- Delivering results faster by paying close attention to project sequencing and interdependencies

How Reform Program Management Works in Practice: An Overview

The best way to understand how reform program management works in practice is to examine the roles and responsibilities of the key players and how they interact with each other. Each key player has a specific role to perform, either individually or as part of a team, to ensure that the reform program progresses as planned. These key players can be placed in three categories:

- Reform leadership
- Program governance
- Project management

Reform Leadership

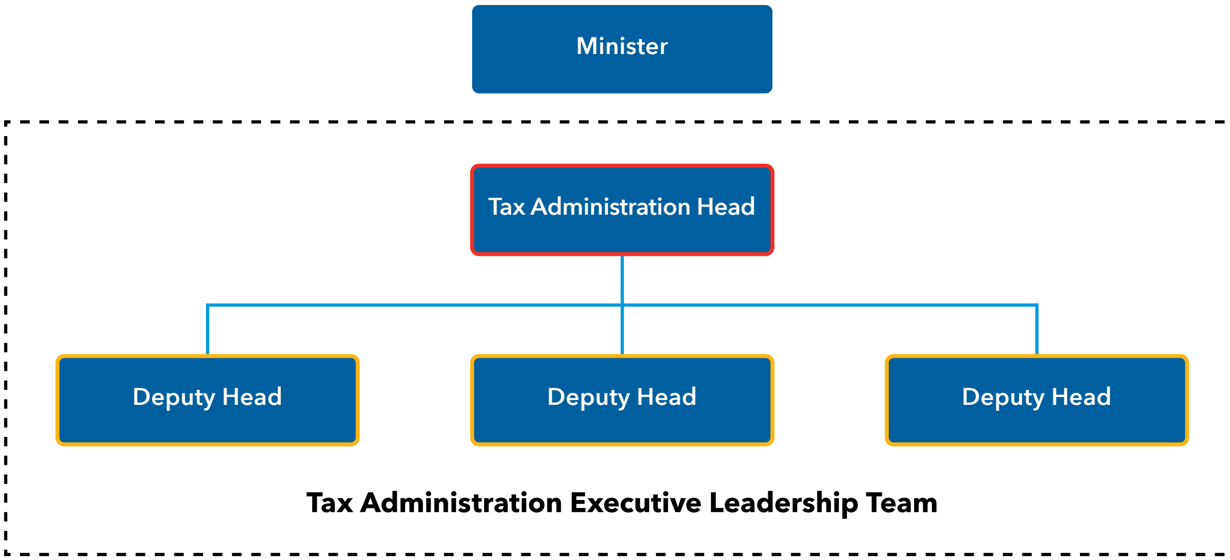
Key players in reform leadership include the following:

- Minister (or other government oversight body)
- Tax administration head
- Executive leadership team (comprising the tax administration head and deputy heads)

Figure 3.2 shows the organizational relationship between the key players. These key players lead from the top in creating the climate for tax administration reform and seeing it through to fruition. They are the initiators and champions of reform.

As stated in Chapter 1, the driver for reform may come from the **government and minister** in the form of, for example, changes in tax policy, e-government initiatives, or civil service reform. Or it may be generated internally by the **tax administration head** and **Executive Leadership Team** (ELT) as they go about the task of setting the strategic direction of the tax administration and shaping the path of reform. It is the ELT's role to ensure that the tax administration is responsive to the needs and expectations of government, business, and the community.

Figure 3.2: Organizational Framework for Reform Leadership



The ELT commissions the preparation of the reform program and plays an active role during its development in critical areas, such as giving direction on reform priorities and exploring funding options (including with the Minister, Ministry, and/or other government bodies as well as development partners where appropriate).

Once the reform program is finalized to the satisfaction of the ELT, it is formally approved by the tax administration head and submitted to the Minister or other oversight body (e.g., Cabinet) for endorsement. Having the Minister backing the reform efforts can make a big difference to the success of the reform program.

Following the endorsement of the reform program, the ELT should waste no time establishing sound governance arrangements for implementation—in particular, by creating a reform program steering committee and appointing a reform program head.

As for its ongoing role, the ELT should do the following:

- Remain a key player in the reform efforts.
- Routinely seek assurance from the reform program steering committee that the reform program is on track to deliver the agreed benefits and outcomes.
- Keep the Minister informed of reform progress through the tax administration head.
- Seek out opportunities to engage with tax administration staff and external stakeholders to sell the benefits of reform and encourage all to get on board and prepare for the changes.

This leadership role should not be underestimated. Visible commitment and determination by the tax administration's leaders are critical to maintaining the momentum of reform.

At the conclusion of the reform program, the tax administration head and ELT should receive a program post-implementation evaluation report (see Chapter 4) and act upon the findings and lessons learned.

Program Governance

Key players in program governance include the following:

- Reform program head
- Reform program steering committee
- Reform program management unit

Figure 3.3: Organizational Framework for Reform Program Governance

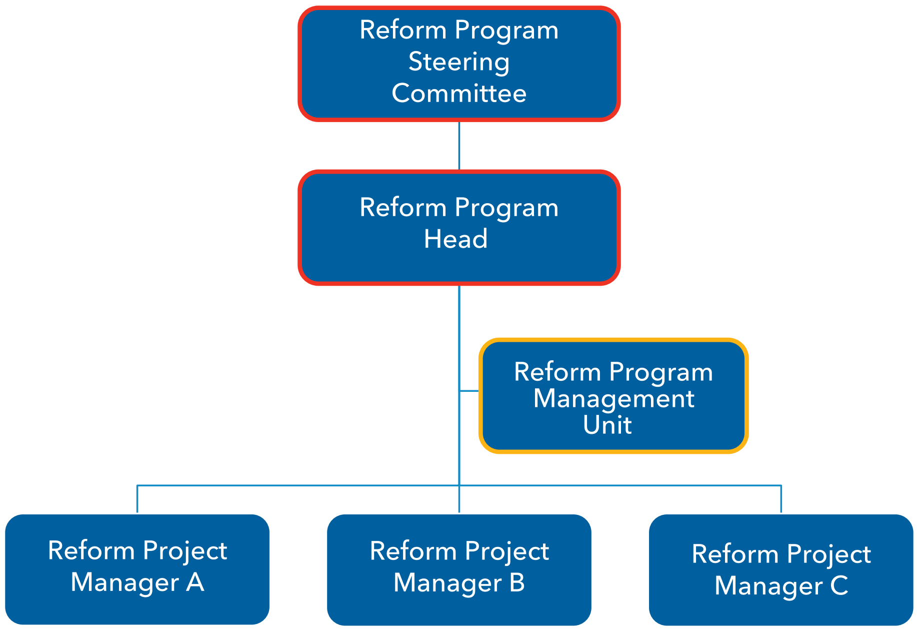


Figure 3.3 shows the organizational framework for reform program governance.

The reform program steering committee and program head oversee the entire reform program. They make the big decisions required to drive the reform program forward and achieve successful delivery.

Reform Program Head

The position of the **reform program head** should be at a senior level with appropriate authority and accountability to ensure the smooth running and realization of the reform program. For large reform programs, the position is typically at a level equivalent to a deputy head of the tax administration and is undertaken as a full-time role. For smaller reform programs, the role may be added to the existing role of a senior-level official. Either way, the role involves controlling and coordinating all major reform-related activity in the tax administration. All reform project managers report to the reform program head.

The reform program head:

- Has wide-ranging authority–for example, in directing priorities and redeploying reform program resources

- Is a key decision-maker for the program within the boundaries agreed with the tax administration head and the reform steering committee
- Considers options and decides on remedial action where planned activities are reported to be off-track (in the most serious situations, involvement of the steering committee may be necessary)
- Is instrumental in resolving conflicts and issues that put the reform program at risk

The reform program head is supported by the reform program management unit and works collaboratively with the ELT and other senior tax administration officials, particularly HQ department heads. The reform program head reports to the reform program steering committee and is a full voting member of the committee.

Reform Program Steering Committee

The **reform program steering committee** has a specific mandate—it is the principal oversight and decision-making body on reform-related matters. Comprising senior officials, it "steers" the reform program by, among other things, initiating projects, approving plans, seeking assurance that projects are on track, reviewing outcomes, making decisions on critical issues, and advising and supporting the reform program head. It is not involved in day-to-day management of the reform program.

> The steering committee should be no larger than eight to ten members; any more makes it harder to manage. For smaller tax administrations, four to five members are recommended.

It is important to select the right members to ensure buy-in from those who lead the tax administration and are most influential in moving it forward. In addition to the reform program head, the steering committee may include the following:

- A deputy head of the tax administration
- HQ department heads whose areas are most affected by the changes being introduced by the reform program; often referred to as the "business owners," they are the bridge between the operational side of the tax administration and the reform program and are responsible for preparing their staff for the changes ahead
- The head of a major field office who, like the department heads, brings an operational perspective to the steering committee
- Senior advisors, as required

In many tax administrations, the head of the tax administration is also a member of the steering committee and performs the role of chairperson.

The reform program steering committee meets on a regular (e.g., monthly) basis and drives program governance by:

- Approving project initiation documents (a Project Initiation Document is prepared for each reform project and establishes the baseline for scope, schedule, and budget for each project)
- Seeking assurance from the reform program head that the program is on track to deliver the agreed benefits and outcomes

- Ensuring that the program remains focused on the right things to achieve the tax administration's strategic goals and objectives (this includes stopping activities unaligned to the tax administration's strategic directions and approved reform program)
- Considering and deciding on "change requests" from project sponsors and project managers to make changes of a material nature to a project's scope, timeline, and/or budget
- Signing off on critical phases completed by reform projects and approving significant funding drawdowns (e.g., from contingency funds) and assignment of resources
- Seeking assurance that adequate assessments of program and project risks have been completed and mitigation strategies and contingency plans have been developed and are being implemented
- Ensuring that adequate steps are being taken to prepare tax administration staff and external stakeholders for the upcoming changes
- Resolving conflicts
- Approving project closures

Reform Program Management Unit

The **reform program management unit**—comprising full-time staff with adequate budget and facilities—provides support to the reform program head and steering committee. This unit acts as the guardian of the approved reform program by

- Ensuring that all project plans have a clear line of sight to the objectives and deliverables of the reform program
- Routinely monitoring progress of reform projects (including oversight of dependencies and the program critical path[2]) to ensure all reform projects are on track to deliver in accordance with approved project plans. In this regard, the unit
  - gathers monthly progress reports from project managers, collates the reports into an executive dashboard, and highlights issues and matters requiring decision by the reform program head and/or steering committee; and
  - performs the role of secretariat for the steering committee, including preparing the meeting agenda, briefing papers, finance reports, etc., and recording decisions
- Monitoring project spending and resource usage against approved budgets
- Ensuring that reform projects comply with quality assurance processes and other program requirements, including use of standardized processes, methods, and tools
- Administering change control and issues resolution processes
- Ensuring risk assessments are completed for all projects and the overall reform program and that mitigation strategies and contingency plans are prepared and implemented, when needed
- Coordinating the activities of donor partners and technical assistance providers
- Negotiating and managing external supplier contracts, including ensuring compliance with government procurement guidelines and maintaining integrity standards

[2] The critical path is the sequence of projects that have dependencies across those projects, which collectively are essential to delivering the overall program on time and within budget. The critical path determines the overall timeframe needed to deliver the reform program.

Project Management: Key Players

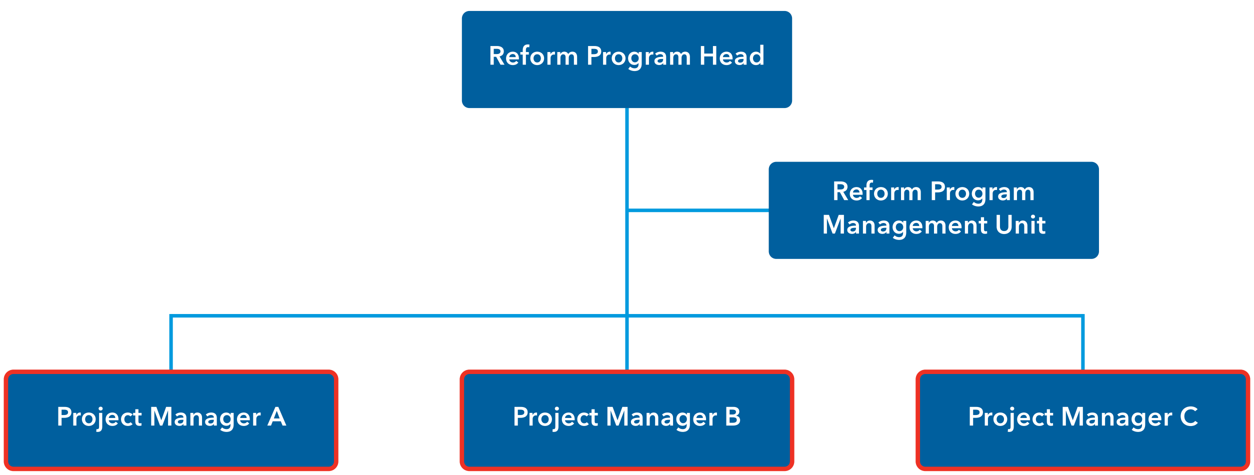
Key players in project management include:

- Reform project managers
- Project-level steering committee (relevant for large-scale and high-risk projects)
- Project sponsor

Reform Project Managers

Prominent among the key players are full-time **project managers** responsible for getting the work done in developing and delivering the reform products and services within the approved time, budget, quality, and scope constraints. As shown in Figure 3.4, their work is overseen by the reform program head. The reform program management unit assists the program head in reviewing the work of the project managers.

Figure 3.4: Organizational Framework for Managing Reform Projects



Each project manager's role is to do the following:

- Lead and manage reform projects on a day-to-day basis
- Develop detailed project plans
- Monitor and accurately report progress against key milestones and the project's critical path to the reform program head
- Manage project budgets and deploy resources
- Manage project risks, issues, and changes to project constraints (scope, time, cost, and quality)
- Implement quality assurance processes and meet program documentation and other requirements
- Collaborate with related projects to ensure dependencies are monitored
- Keep tax administration 'business owners' and other stakeholders informed of developments and consult on design and implementation issues
- Escalate issues to the reform program head for decision, if significant

Project-level Steering Committee

Large-scale and high-risk projects may require additional support, either in the form of a **separate project-level steering committee** or **business reference group**. The reform program steering committee will decide if either of these is needed.

A business reference group consists of a small number of senior operational staff who are given the role of providing the project with:

- Assurance of the design of the project deliverable
- Assurance that testing processes adequately represent the work undertaken in the operational areas
- Assistance in resolving design issues detected in the development and test phase of the project
- Assistance with implementation of the change management strategy, including planning for upskilling staff
- Advice and guidance in resolving issues

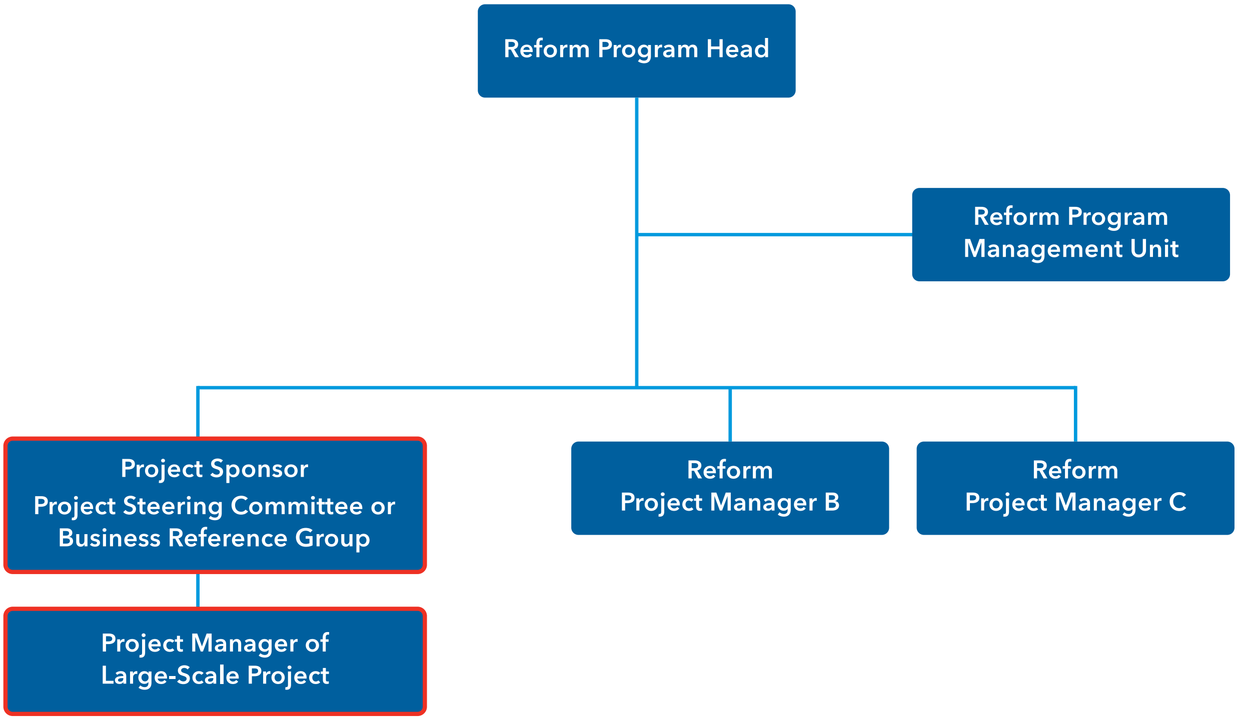
The decision to create a separate project-level steering committee should not be taken lightly. Committees of this nature add an extra layer of management, which may in practice introduce unnecessary complexity. A preferred alternative is to establish a business reference group. IT-related reform projects are a good example of where this might be needed.

If it is decided to establish a project-level steering committee, it is good practice to keep the size of the steering committee as small as possible; a maximum of five members is recommended. The project steering committee should be chaired by the **project sponsor**, being the manager of the operational area, most affected by the reform. For all reforms, big and small, it is the role of a project sponsor to:

- Oversee and sign-off on the business case for the project and the project plan
- Champion and lead communication about the project internally and externally
- Maintain a close relationship with the project manager and monitor progress to ensure the project is focused on achieving the agreed business objectives and benefits

Figure 3.5 shows where a project-level sponsor, steering committee, and business reference group fit into the overall reform organizational framework.

Figure 3.5: Project-level Sponsor, Steering Committee, and Business Reference Group



CHAPTER 4.

Planning and Managing a Reform Project

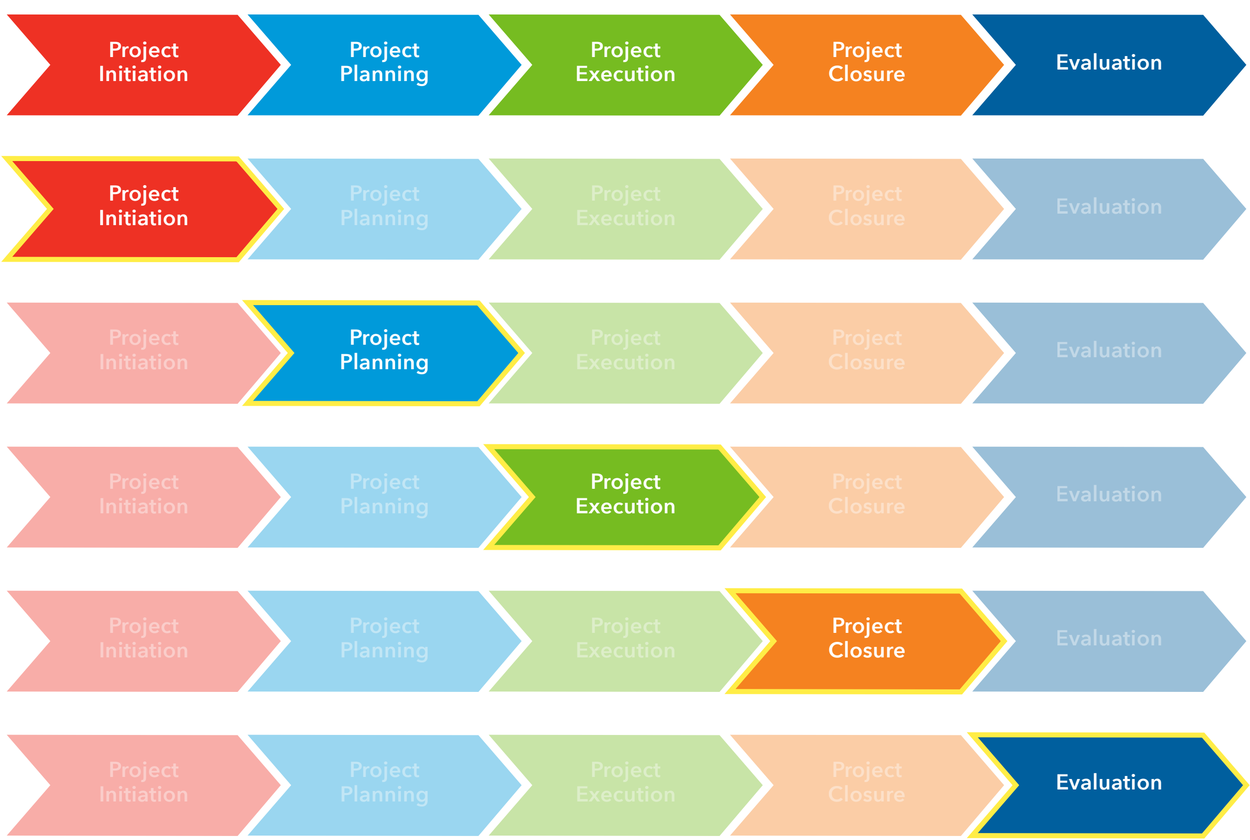
This chapter explains how a reform project is planned, and what is involved in managing it to its conclusion. Chapter 1 stated that a **reform project** comprises the body of work to be done to develop and implement a specific product or service (deliverable) identified in the reform program.

Each reform project within the reform program is a temporary activity in that it has a defined start and finish date and a unique scope of work. Unlike the ongoing operations of a tax administration, a reform project comes to an end once it has delivered the reforms that it was established to develop and implement. Examples of reform projects include development and implementation of a new information technology system, new work processes, a new tax, or new ways of interacting with taxpayers.

A reform project is carried out by a project team and led and managed on a day-to-day basis by a project manager. First and foremost, the project manager must **plan the project**. Once the planning stage is completed, the project manager's role is to **execute the project plan**.

The path a reform project takes from beginning to end is known as the **project management lifecycle**. It comprises five key phases (set out in Figure 4.1) that are explained below.

Figure 4.1: Reform Project Management Lifecycle



Project Initiation

A key step in developing the reform program is to identify the projects needed to deliver the reform goals and objectives and to detail the following for each project:

- Scope of work to be done
- New products and services to be delivered
- Timeline to deliver
- Resources to be allocated
- Estimated cost

Furthermore, the reform program identifies project interrelationships, dependencies, and implementation priorities, thus establishing the milestones by which project deliverables need to be implemented. Once the reform program is officially approved, the projects within it are given the green light to proceed to the detailed planning phase (Phase 2).

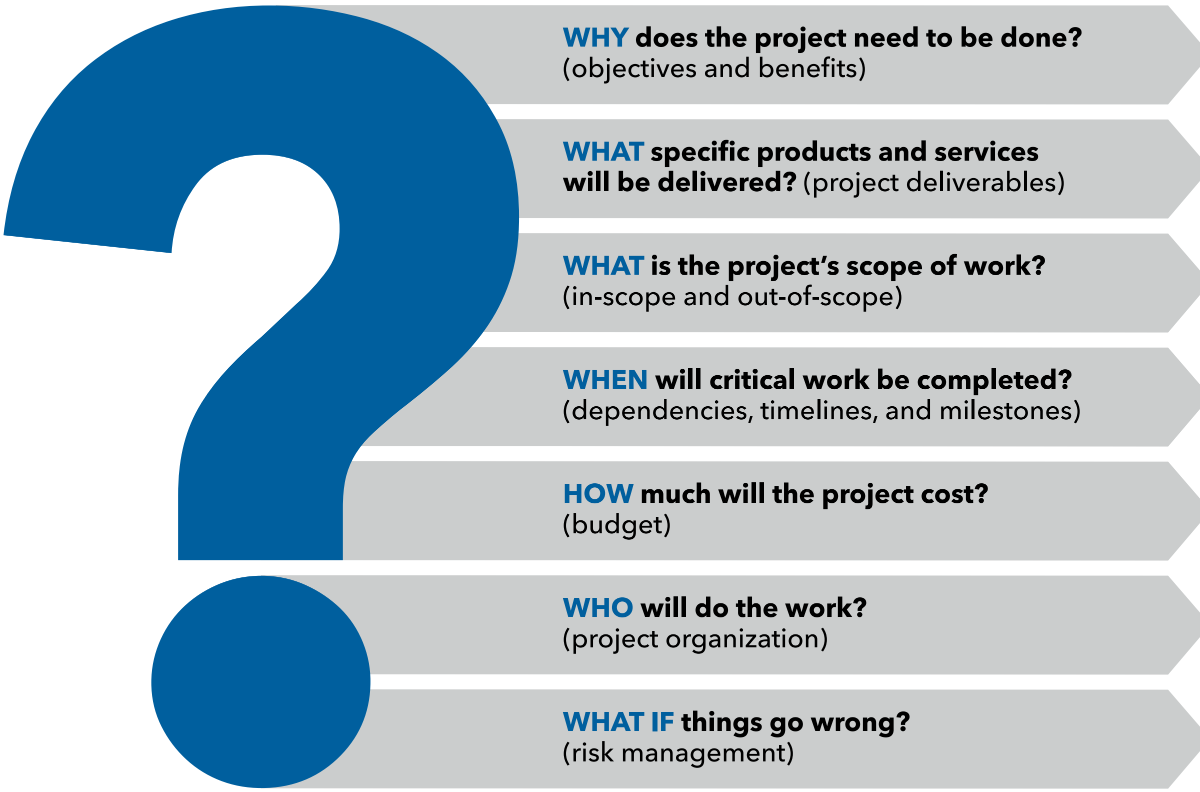
But before Phase 2 can commence, two things must happen in respect of each project:

1. A project manager must be appointed (usually by the reform program head in collaboration with the reform program steering committee and the project sponsor).
2. The reform steering committee must decide whether a project-level steering committee or business reference group is needed.

Project Planning

The purpose of this phase is to plan the work of the reform project in enough detail to ensure clarity on what is required. To achieve this, the project manager—assisted by a small number of inaugural team members—must prepare planning documentation that provides clear answers to the following questions in Figure 4.2.

Figure 4.2: Key Questions to Inform Reform Project Planning



It is good practice to develop a **Project Initiation Document (PID)** to formally answer these questions. The PID is important because of the following:

- It acts as a refined version of the project description in the reform program, clarifying the purpose and importance of the project.
- It forms the baseline for assessing the project manager's performance once it has been approved by the steering committee.
- It is the baseline for the scope, schedule, and budget for the project; any changes to it must be referred to the reform program head and reform steering committee for approval.

For larger projects, the PID may consist of a suite of related documents.

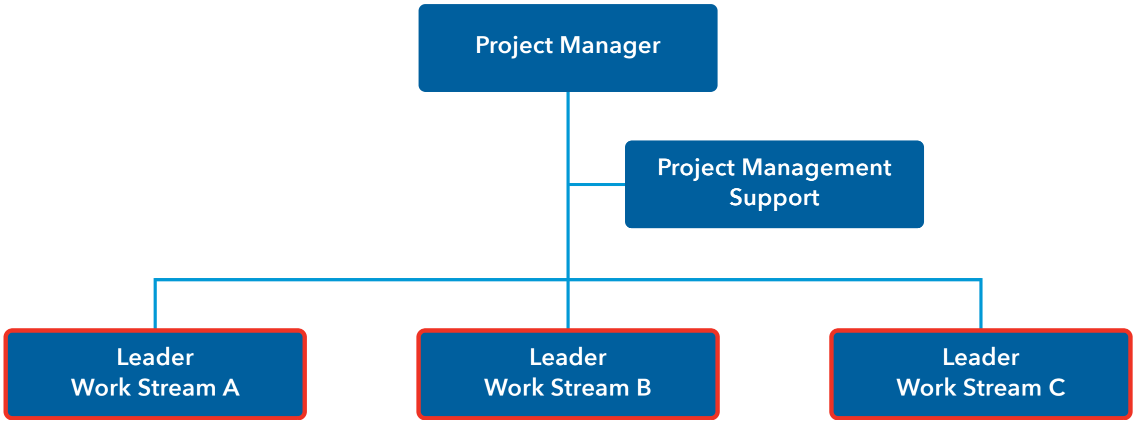
> The PID does not need to be a single document; it may be several documents.
>
> - The content will vary depending on the size of a project; PIDs of large-scale and high-risk projects are comprehensive whereas for smaller projects, PIDs will comprise a summary of no more than a few pages.

The PID of a large project will typically contain the following:

- **Project objectives:** The starting point is to restate the relevant objectives expressed in the approved reform program; these can be expanded upon for further clarity, if required. The objectives must be sufficiently measurable to allow post-implementation evaluation (the final phase of the project lifecycle).

- **Project scope:** Scope, by definition, is the full extent of the work to be done by the project team. Project boundaries need to be defined to distinguish between in-scope and out-of-scope work. Where work is to be broken down into workstreams, a description of the scope for each workstream should be provided. The boundary between the project and other reform projects within the reform program should be explained; this helps prevent overlaps and gaps in the reform program. The scope should be sufficiently detailed to form a measurable baseline for "change control."
- **Project deliverables:** Project deliverables must be clearly defined, for example: "a new information technology system for managing tax arrears," "a revamped headquarters structure for the tax administration," "a new tax procedure code," "new service delivery channels for taxpayers" (such as a call center or online portal), or "a new process to prefill income tax declarations."
- **Project benefits:** Project benefits are the positive outcomes that justify the reform investment and should, therefore, be quantified and defined in sufficiently precise and measurable terms; this will facilitate ease of assessment of outcomes at the post-implementation evaluation phase.
- **Project budget:** Where the estimated budget is materially different from the initial high-level estimates at the reform program approval stage, the PID will need to explain the main reasons for the variance.
- **Project timeline:** The project timeline is often represented by a Gantt Chart (refer to the *Reform Management Specific Topics* reference guide) illustrating the project activities, scheduled start and finish dates, key milestones, dependency relationships between activities, and current status of the project schedule.
- **Project change control:** This component describes the controls to be used to manage changes to the main project constraints (scope, cost, time, quality) throughout the project lifecycle. Particular attention should be given to "scope creep," where the work of the project extends beyond its approved scope and can cause the project to drift off course, resulting in slippage and budget overspends. An essential feature of the change control process is that any material changes to a project's approved scope, budget, timeline, or quality standards must be approved by the reform program head or steering committee.
- **Project risk management:** The PID should include a summary of known risks facing the project. It should also contain a description of the process in place to identify, assess, and mitigate risks of a material nature—including use of a risk register to record risks, assess the likelihood and impact of occurrence, and record the management actions to be taken to minimize the risks.
- **Project approach:** The project approach should be described in terms of the development methodology to be used by the project. For reform programs, the methodology to be adopted is determined at a program level rather than by individual projects, thereby ensuring consistency in approach across projects and apprising management of dependencies between projects. Methodologies can vary depending on the nature of the project deliverable. For example, with information technology projects, development methodologies can vary from a traditional "waterfall" approach (completing one stage of the project before the next stage begins) to an "agile" approach (conducting multiple stages of the project concurrently, with multiple iterations or cycles of development) and various iterations in between.
- **Project organization:** A description of the overall project team structure should be provided along with how the work of the project is broken down into manageable workstreams allocated to teams. A summary of roles and responsibilities of key players (e.g., workstream leaders) should be provided. It is useful to use a diagram to illustrate the project organization (see Figure 4.3).

Figure 4.3: Organizational Framework for a Reform Project



- **Quality assurance:** The project must be delivered in compliance with the quality standards set or adopted by the tax administration. These will vary from country to country and are guided by published industry and/or government standards.
- **Stakeholder engagement:** All key stakeholders for the project should be identified and assessed in terms of their level of interest and power to influence the success of the project. A stakeholder engagement and communications plan should be developed, ensuring that it is aligned with broader reform program engagement and communication plans and guided by the reform program stakeholder engagement strategy (refer to the *Reform Management Specific Topics* reference guide).
- **Major dependencies:** A description of known significant dependencies should be provided, including (1) things that the project is depending on others to provide (e.g., IT systems support, training, and amendments to the law) and (2) things that others are depending on the project to provide. Any uncertainty about the likelihood of delivery of an external dependency should be treated as a risk.
- **Human resources:** This is the project manager's assessment of the human resources required to complete the project. It should identify the skills and experience sought, when the resources are needed, and where they are likely to come from, both from within the tax administration and externally.

Project Execution

This phase focuses on the creation and implementation of the new products and services within the scope, time, budget, and quality constraints set out in the PID.

During this phase, the project manager:

- Ensures that the project is properly resourced and is clear about what is to be achieved and to what standards

- Keeps a close watch on project spending, timelines, and milestones and provides regular progress reports to the reform program head and reform steering committee
- Ensures that the design of the new products and services can deliver the expected benefits defined in the PID—product and service designs generally require a sign-off by the project sponsor
- Tightly monitors any deviations from the project scope agreed in the PID and ensures adherence to the formal change control procedures
- Keeps risks and issues under control and escalates matters for decision to the reform program head and reform steering committee, where necessary
- Ensures the tax administration can support the new products and services after project completion and that change management is underway to get staff and other stakeholders ready for the reforms when they happen

This phase ends with a complete handover of all new products and services to the end-users and obtaining their formal acceptance of these deliverables. Once the end users have confirmed that they are satisfied with the project deliverables, the reform steering committee can approve the project to move to Phase 4.

Project Closure

A project can be closed once any, or all, of the following are confirmed:

- Acceptance of the project's deliverables
- Achievement of the objectives set out in the PID
- Acknowledgment that the project has nothing more to contribute (early closure)

During this phase, the project manager:

- Reviews the performance of the project against the PID and prepares a project closure report to be approved by the steering committee
- Plans for an objective post-implementation evaluation to be undertaken
- Assists with the reallocation of project team members to other reform projects or to operational roles

Post-implementation Evaluation

Post-implementation evaluation forms part of the overall reform program management process and is done at both project and program levels. The purpose of this phase is to:

- Evaluate whether the objectives outlined in the PID were met
- Determine how effectively the project was run
- Identify improvements for the future

Since accountability is central to post-implementation evaluation, it should be objective and constructive and should be undertaken by an independent person who was not involved directly in the activities of the project.

In terms of timing, the evaluation should ideally be conducted as close to the end of the project as possible while the project is still fresh in people's minds. For some project deliverables, however, this may be too early to properly assess effectiveness. In this case, the evaluation should be conducted in two stages:

1. **Stage 1:** evaluate aspects of project management (time, cost, scope, quality) and note lessons learned.
2. **Stage 2:** assess the effectiveness of the project in terms of meeting the objectives and achieving the benefits set out in the PID.

CHAPTER 5.

Summary

Reform management requires specialist skills and approaches. The success of reforms in tax administrations depends on many factors, including the following:

- A clearly articulated vision for reform
- Strong ownership by the tax administration's leaders
- Sustained support at the political level
- Sound governance and management processes
- Adequate funding
- Involvement of stakeholders in the reform process

Based on these success criteria, the key points to keep in mind when managing reform are:

- **Recognize and accept that reform is a fact of life for tax administrations**, given that they operate in a dynamic environment of ever-changing needs and expectations of government, business, and citizens.
- **Drive reform from the top.** Remember, it is the role of the tax administration head and ELT to provide the impetus for reform and create an environment to make it happen. Crucially, the ELT must gain support for reform from the government and communicate and consult with staff and external stakeholders and get them ready for the changes ahead.
- **Recognize that reform is complex, risky, difficult to manage, and requires special approaches.** Reform is much harder to manage than a tax administration's normal day-to-day operations.
- **Follow these steps to develop a reform program:**
  1. Establish the reform goals and objectives and determine the overall reform timeline. Make sure that the goals and objectives are fully aligned to the tax administration's strategic plan.
  2. Identify the projects needed, prioritize them, identify all project interdependencies, and decide the order in which project activities will be done.
  3. Make high-level cost estimates and identify funding sources. Prepare a business case of reform benefits and costs.
  4. Approve the reform program.
  5. Determine the broad governance and management framework for implementing the reform program.
  6. Communicate the approved reform program to staff and external stakeholders and start preparing them at the earliest opportunity for reform.

- **Adopt a sound program management framework** to control and coordinate the work of multiple related reform projects in a holistic way.
  Specifically:
  - **Create a reform program steering committee** to oversee the reform program, guide its direction, monitor progress, and deal with issues that cross organizational boundaries.

  - **Appoint a reform program head** at senior executive level to take overall responsibility for coordinating the entire reform program to deliver expected outcomes and benefits.
  - **Set up a reform program management unit** to support the reform program head and steering committee. A principal function of the unit is to monitor key reform activities to ensure all are on track to deliver expected outcomes on time and within budget, scope, and quality constraints. The unit is also the guardian of approved methods and tools such as those used for project planning, risk management, and change control.
  - **Appoint reform project managers** to manage reform projects on a day-to-day basis.
- **Ensure that every project is clearly defined.** Each project must have a defined start and finish date and a unique scope of work that creates something new (e.g., a specific product, service, or benefit) identified in the reform program.
- **Remember the five phases of the project management lifecycle:** initiation, planning, execution, closure, and evaluation.
- **Commence each project by preparing a Project Initiation Document (PID).** A PID of a large project will typically provide details of project objectives, scope, deliverables, budget, timeline, dependencies, and key management processes (e.g., change control, risk management, and quality assurance).
- **Keep a close watch on project spending, timelines, and milestones** and ensure regular progress reports are provided to the reform program head and steering committee.
- **Install strict change control procedures.** Tightly monitor any deviations from a project's scope agreed in its PID to avoid "scope creep," which will cause the project to drift off course.
- **Remember to prepare for project risks** by identifying and assessing potential risks, and developing mitigation strategies, during the initiation and planning phases.

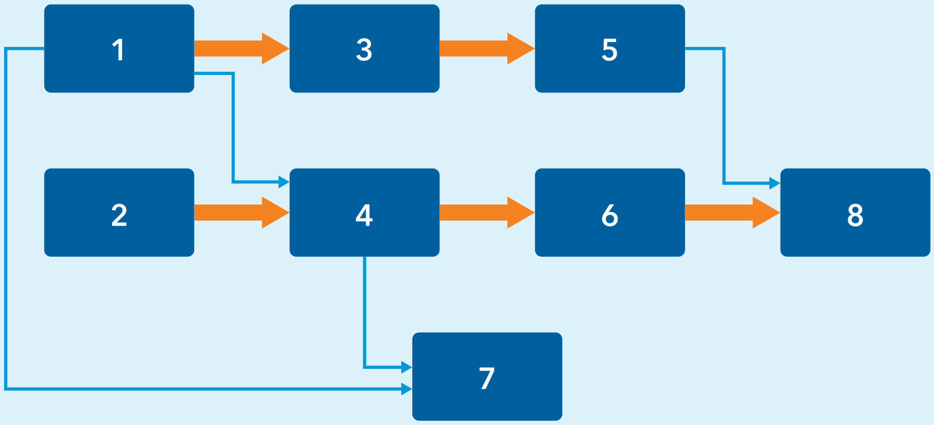
A further reference guide—Reform Management Specific Topics: Managing a Reform Program—provides additional material that will assist in implementing a reform program covering the following topics:

- An overview of the methods and tools commonly used in planning, monitoring, and reporting, risk management, change control, and resolution of issues
- Approaches required to resource the reform program with adequate funds, skilled people, information technology, and other assets, together with guidance on how to deal with resourcing tensions
- Change management processes aimed at preparing staff and other stakeholders for upcoming changes
- Guidance on how to conduct post-implementation evaluation of the reform program

APPENDICES

Appendix 1. Dependency Matrix

To demonstrate how a dependency matrix is developed, consider a reform program that has eight projects. The links between the projects have been mapped in the following flow chart:



The dependencies are then mapped into the matrix as follows (with the vertical axis showing where a dependency exists):

PROJECTS

DEPENDENCY LINKS	1	2	3	4	5	6	7	8
1								
2								
3	X							
4	X	X						
5			X					
6				X				
7	X			X				
8					X	X		

In this example, Project 4

- has dependencies on Projects 1 and 2, and
- generates outputs needed for Projects 6 and 7.

Appendix 2. Elements of a Business Case Document

SECTION	CONTENT
Executive summary	• Recommendations • Summary of results • Decisions to be taken
Introduction	• Business drivers—the case for change • Scope • Financial metrics
Analysis	• Assumptions • Costs • Benefits • Risks • Options
Conclusion	• Recommendation • Next steps
Appendices	• Detailed supporting material

Appendix 3. Key Elements in a Reform Program Document

TITLE	Identifies the reform title and period of the reform program
Introduction	• The head of the tax administration sets an overview of the reform goals and provides the context and reasons the reforms are needed and the value proposition of the reforms (ideally—one to two pages); Minister of Finance may also provide a statement
Reform Goals and Objectives	• The reform goals are detailed with a short narrative describing the intent, and the supporting objectives are set out with a short description
The Plan to Deliver	• The projects that will support each objective and the timeline for the project activity are documented in a similar format to the one used in this course
Roadmap (if available)	• Include a roadmap if it has been developed

VITARA

Virtual Training to Advance Revenue Administration

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