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

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Final Report

Part I

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CONTENTS

ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
AFR	African Department (IMF)
ANP	Autoridade Nacional do Petrôleo (Timor Leste)
APD	Asia and Pacific Department (IMF)
AT	Autoridade Tributaria (Mozambique)
BCRP	Banco Central de Reserva del Perú
CBTL	Central Bank of Timor Leste
CIT	Corporate Income Tax
COM	Council of Ministers
COREF	Comité d'Orientation de la Réforme des Finances Publiques (DRC)
CSO	Civil Society Organization
DAC	OECD DCD Development Assistance Committee
DFID	Department for International Development (United Kingdom)
DGI	Direction Générale des Impôts (DRC)
DGRAD	Direction Générale des Recettes Administratives (DRC)
DRC	Democratic Republic of Congo
DTA	Double Tax Agreement
EAC	East African Community
EI	Extractive Industries
EIRA	Extractive Industries Revenue Act (Sierra Leone)
EITI	Extractive Industries Transparency Initiative
ESI	Estimated Sustainable Income
EU	European Union
FAD	Fiscal Affairs Department (IMF)
FARI	Fiscal Analysis of Resource Industries
FSL	Fiscal Stability Law (Mongolia)
FTC	Fiscal Transparency Code (IMF)
GFSM	Government Finance Statistics Manual
GiZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HDI	Human Development Index
HIPC	Heavily Indebted Poor Country
HQ	Headquarters
IAB	Investment Advisory Board (Timor Leste)
IBL	Integrated Budget Law (Mongolia)
JSA	Japan Administered Account for Selected IMF Activities (IMF)
KEPTAP	Kenya Petroleum Technical Assistance Project (World Bank)
KRA	Kenya Revenue Authority
LEG	Legal Department (IMF)
LNG	Liquefied Natural Gas
LOT	Lapse of Time
LTD	Large Taxpayer Department
LTO	Large Taxpayer Office
LTX	Long-term Expert
MAGTAP	Mining and Gas Technical Assistance Project (World Bank)
MCD	Middle East and Central Asia Department (IMF)
MCM	Monetary and Capital Markets Department (IMF)
MDGs	Millennium Development Goals

MEF	Ministry of Economy and Finance
MEM	Ministry of Energy and Minerals (Tanzania)
MEP	Ministry of Energy and Petroleum (Kenya)
MFF	Macro Fiscal Framework
MFU	Macro Fiscal Unit
MIA	Model Investment Agreement (Mongolia)
MIREM	Ministry of Mineral Resources (Mozambique)
MMRE	Ministry of Mineral Resources and Mining (Mongolia)
MNIS	Mozambique National Institute for Statistics
MNRW-TTF	Managing Natural Resource Wealth Topical Trust Fund
MOFED	Ministry of Finance and Economic Development (Sierra Leone)
MOFPED	Ministry of Finance, Planning and Economic Development (Uganda)
MOMR	Ministry of Mineral Resources (Sierra Leone)
MTA	Mongolian Tax Administration
MOB	Ministry of Budget
MOF	Ministry of Finance
MOM	Ministry of Mining (Kenya)
MRA	Mozambique Revenue Authority
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTF	Medium Term Framework
MTFF	Medium Term Fiscal Framework
NMA	National Minerals Agency (Sierra Leone)
NOCK	National Oil Corporation of Kenya
NORAD	Norwegian Agency for Development Cooperation
NR	Natural Resources
NRA	National Revenue Authority (Sierra Leone)
NRU	Natural Resource Unit (Lao PDR)
NT	National Treasury (Kenya)
ODI	Overseas Development Institute
OTA	Office of Technical Assistance (U.S. Treasury)
PEFA	Public Expenditure and Financial Accountability
PFA	Public Finance Act (Uganda)
PFD	Petroleum Fund Directorate (Timor Leste)
PFL	Petroleum Fund Law (Timor Leste)
PFM	Public Financial Management
PFTAC	Pacific Financial Technical Assistance Centre
PPP	Public-Private Partnerships
PSA	Production Sharing Agreement
PSI	Policy Support Instrument (IMF)
RBM	Results-Based Management
ROSC	Report on the Observance of Standards and Codes
RR	Resident Representative
SAA	Strategic Asset Allocation
SALM	Sovereign Asset Liability Management
SC	Steering Committee
SCR	IMF Report to the MNRW-TTF Steering Committee
SECO	State Secretariat for Economic Affairs (Switzerland)
SPPFR	Strategic Plan for Public Finance Reform (DRC)

SSL	Statistics Sierra Leone
SWF	Sovereign Wealth Fund
STA	Statistics Department (IMF)
STX	Short-term Expert
SWF	Sovereign Wealth Fund
TA	Technical Assistance
TOR	Terms of Reference
TPA-TTF	Tax Policy and Administration Topical Trust Fund
TPDC	Tanzania Petroleum Development Corporation
TRA	Tanzania Revenue Authority
TSA	Treasury Single Account
TTF	Topical Trust Fund
VAT	Value Added Tax
WHD	Western Hemisphere Department (IMF)
WP	Work Plan

PREFACE

The Report presents the findings of the external evaluation of the IMF's Managing Natural Resource Wealth (MNRW) Topical Trust Fund (TTF) activities from April 2011 to April 2014. MNRW TTF activities evaluated were technical assistance (TA), research projects, and workshops.

The Report consists of an Executive Summary, six sections and three appendices presented in Part I and seven annexes presented in Part II. Section I is the Introduction that gives a brief description of the characteristics of the MNRW TTF.

Section II constitutes the core of the report. It discusses the results of the evaluation at the TTF level. The section discusses management aspects of the TTF; the overall results of the evaluation for each DAC criterion; a comparison of evaluation results obtained from the surveys from project managers, experts, government officials, and the results of the evaluation team with respect to the DAC criteria; and a brief analysis of the survey results that are presented in Annex IV.

Section III presents in summary form the evaluation for the case studies, Kenya, Mongolia and Tanzania.

Section IV presents a brief description and evaluation of the current Results-Based Management (RBM) system and the proposed approach. Section V reviews the governance structure of the TTF and the IMF's reporting mechanisms. Section VI concludes by presenting the evaluation team's main findings and recommendations.

Appendix I describes the methodology used to evaluate the TTF's activities. Appendix II presents the evaluation results for the desk review countries for each country and each project and within projects by DAC criterion. Appendix III discusses the assessments conducted for the research projects and workshops.

In Part II, Annexes I-III and V provide the support to the evaluation results discussed in Part I. Annex IV presents the results of the surveys, Annex VI the questions posed to government officials in the case study countries, and Annex VII the list of interviewees.

The evaluation team conducted meetings with the East African Regional Technical Assistance Center (AFRITAC East), which covers three countries (Kenya, Tanzania, Uganda) receiving TA under the TTF. The IMF office in Mongolia and the IMF Resident Representative (RR) offices in Kenya and Tanzania provided the team with invaluable assistance, in particular by connecting the team and setting appointments with key government officials, and with other TA providers in the country, such as the World Bank, DFID, Norad, and the EU.

The DevTech Evaluation Team consisted of Ms. Ana María Jul (Team Lead, macro-fiscal expert), Mr. Rolando Ossowski (public finance expert), and Mr. Reuben Hermoso, monitoring and evaluation expert. The team wants to express its appreciation to the members of the SC, the IMF counterparts, including the Institute for Capacity Development (ICD), TA departments, the IMF office in Mongolia, RR offices in Kenya and Tanzania, and AFRITAC East, and other TA development partners for the support provided in conducting this evaluation.

EXECUTIVE SUMMARY

Purpose and scope of the evaluation

The purpose of the evaluation is to assess the extent to which the MNRW TTF is delivering its planned objectives and outcomes at both activity and trust fund level, to identify lessons learned, and to make recommendations for improvements. The evaluation rated performance of the activities with respect of the DAC criteria of relevance, effectiveness, efficiency, impact, and sustainability.

Evaluation Methodology

The evaluation methodology was designed as a bottom-up approach where each project was assessed using questions grouped according to the DAC criteria. The questions were customized to reflect the features of the TTF and the characteristics of the countries receiving TTF TA. To conduct the evaluation, the team processed and analyzed information collected from a desk review of documents and data, interviews, surveys, and country visits (Kenya, Mongolia, and Tanzania).

Evaluation of Projects

The overall performance of the projects has been solid and relatively even across evaluation criteria. The overall average rating of the projects is Good (on a scale of Excellent, Very Good, Good, Modest and Poor), with more than a third of the projects rated Very Good, including three projects rated close to Excellent, and over 50 percent of the projects rated Good. Overall average ratings across the DAC criteria were Very Good for Relevance, and Good for all the other criteria, with effectiveness of objectives and outcomes rated on average somewhat lower than the other criteria, with a large dispersion partly as a result of factors over which the IMF has little or no control.

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

To compare the results of the evaluation with the project managers' ratings on effectiveness of outcomes and objectives, ratings were constructed for each project using the ratings in the 2014 project assessments. Of the 24 projects compared, the evaluation rated 11 projects in the same category as the project manager; 9 projects were rated one category higher; three projects were rated two categories higher; and only one project was rated one category lower. The three projects rated two categories higher are projects where substantial progress was achieved in the second half of 2014, a period not taken into consideration by the managers' assessments prepared in May 2014.

Evaluation of Research Projects and Workshops

The TTF's research and workshop program has already delivered some important products that have contributed to the dissemination of findings related to policies and practical guidance on resource management relevant to TTF eligible countries. In some cases, a greater focus on the issues faced by low income and lower middle income resource-rich countries would have enhanced the relevance of the projects to beneficiary countries and the TTF's work.

Evaluation of RBM

The report addresses some issues raised by the present top-down approach, and raises questions on the use of two sets of scores in the proposed bottom up approach to rate performance, instead of one set as was done in this evaluation.

Evaluation of Governance

The SC has provided strategic guidance to the TTF and monitored results. The priority roles that SC members assign to the SC are in line with the objectives for the SC defined in the MNRW TTF Program Document. SC members strongly emphasized the SC's role in two areas: shaping the strategic direction of the TTF, and monitoring the results of TTF projects. IMF reporting to the SC is delivering timely and appropriate information to the SC, and has improved over time, but could be further strengthened, particularly through greater standardization.

Recommendations

The evaluation identified areas to improve systems and processes, which would contribute to accelerate the pace of implementation of the projects, and increase the effectiveness and efficiency of TA delivery. This would further enhance the TTF’s contribution to help countries maximize the benefits from their natural resources. All the recommendations are strategic on different aspects of the TTF, and many recommendations are complementary. Most require only corrective actions and not new instruments to be put in place; and almost all can be implemented as part of a normal course of events in the TTF’s work. There is no time frame for the implementation of the recommendations, at most the need for some sequencing.

At the TTF level, the report makes the following recommendations:

- Appoint a full time supra-manager in FAD financed by the TTF to enhance standardization, the RBM system, technical aspects of the projects, and distill lessons across projects.
- Consider providing TA support on MCM and STA modules under non-TTF IMF TA.
- Improve synergies and coordination among FAD modules and with LEG.
- Improve project budgeting to reduce the over costing of projects.
- Proposal to deal with inactive projects.

At the Activity level, the report makes the following recommendations:

- Strengthen project design, planning and TA delivery through scoping missions, more focused and realistic objectives, outcomes and time frames, defining milestones and preparing road maps, more in-depth risk analysis, delivering more hands-on TA, and aiming at continuity of engagement and capacity building.
- Increase participation of RTACs and regional advisors.
- Enhance the use of research projects and workshops to achieve TTF objectives.

Other recommendations are:

- Enhance the RBM as a monitoring tool by disaggregating outcomes and objectives in the log frame used in the top-bottom approach and using one set of scores for the bottom-up approach.
- Measures to enhance the efficiency of reporting to the SC.

I. INTRODUCTION

1. The multi-donor topical trust fund for Managing Natural Resource Wealth (MNRW-TTF) was launched in March 2011 to help low and low-middle resource-rich income countries maximize the benefits from their natural resources. It has been funded with contributions totaling US$25.3 million from six countries and the EU.

2. The MNRW-TTF has targeted about 50 low-income and lower-middle-income countries with substantial current or prospective hydrocarbon and/or mineral production. Besides countries already receiving large revenue flows from their natural resources, the group of eligible countries includes countries considered "prospective" natural resource producers based on ongoing exploration. Eligible current resource-producing countries had revenues from natural resources that on average made up at least 25 percent of government revenues (or 25 percent of export earnings) over 2000-07. Prospective countries include at least those that are either EITI Candidate countries or EITI Compliant countries.

3. The technical assistance (TA) is demand driven and results based. Therefore, demonstrated commitment to reform is a key consideration for inclusion in the work program of the TTF. The TA financed by the TTF utilizes the IMF's specialized expertise and ability to integrate policy, administrative and legislative dimensions.

4. The TA seeks to deliver concrete outcomes over a multi-year horizon. The program strives to cover all economic topics along the chain that transforms natural resource wealth into development, which typically requires a long-term engagement and a programmatic approach. The chain is covered through five modules, which are interconnected but can be administered separately to adapt to country specific needs. The modules are defined around sets of outcomes, and in any country they aim to deliver an appropriate subset of those outcomes. The five modules and targeted key outcomes are: Module 1—Extractive Industries Fiscal Regime; Module 2—Extractive Industries Revenue Administration; Module 3—Extractive Industries Macro-Fiscal Policies, Public Financial Management, and Expenditure Policy; Module 4—Asset and Liability Management; and Module 5—Statistics for Natural Resources.

5. In addition, the TTF seeks to disseminate findings related to policies and practical guidance on management of natural resources (NR) through conferences and workshops, and conducts research and analytical work to identify best practices and distill lessons from experiences.

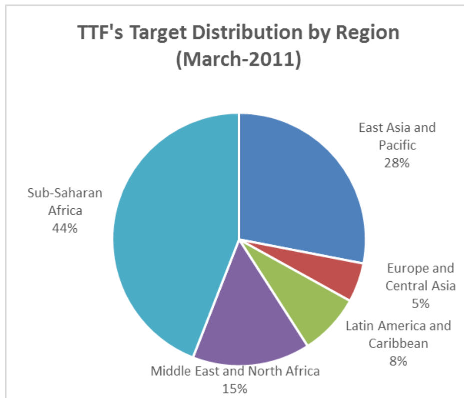
6. The TTF also complements the implementation of the *Extractive Industries Transparency Initiative (EITI)* and coordinates with other stakeholders to develop synergies from complementary initiatives, such as *the EITI Multi-Donor Trust Fund,* the World Bank's *EITI++ Initiative,* and the *Natural Resource Charter*.

7. Work under the MNRW-TTF is guided by a Steering Committee (SC), composed of representatives of the seven donors and IMF staff from ICD and TA departments. The SC decides by consensus; provides strategic guidance; and helps set policies and priorities by, inter alia, endorsing an indicative annual work plan.

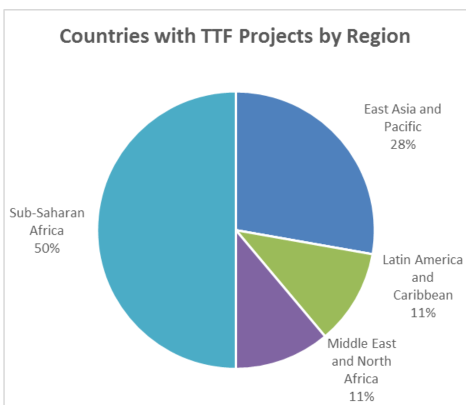
II. EVALUATION RESULTS AT THE MNRW-TTF LEVEL

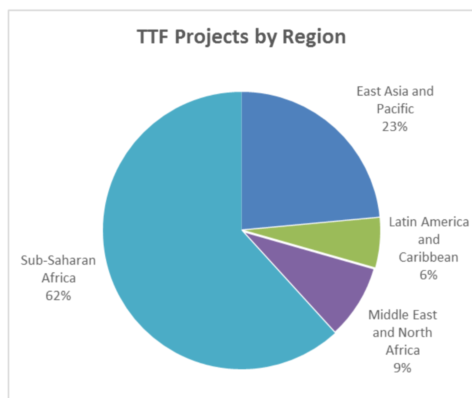
II.1 TTF Program by Region and Modules

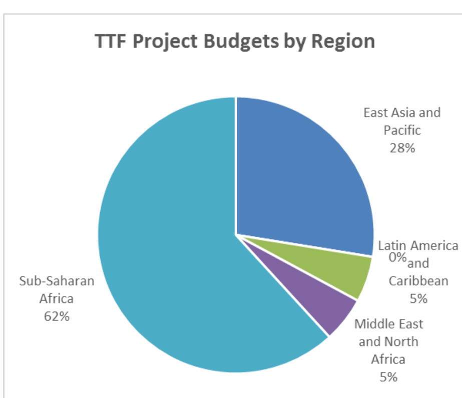
8. At inception, the TTF sought to achieve a geographical distribution of resources over its five-year horizon, broadly consistent with its design intentions of 44 percent to Sub-Saharan Africa (SSA), 28 percent to East Asia and Pacific (EAP), 15 percent to Middle East and North Africa (MENA), 8 percent to Latin America and Caribbean (LAC), and 5 percent to Europe and Central Asia (ECA).

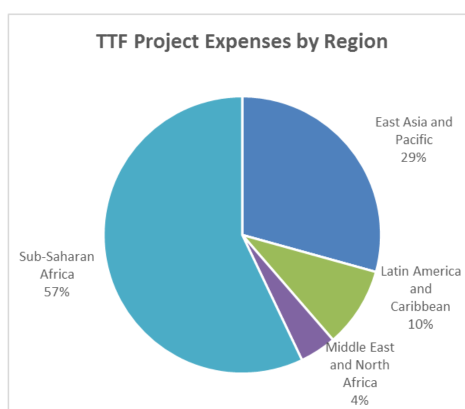


9. Since the TTF's start of activities through April 2014, the TTF endorsed 34 TA projects in 17 countries and one regional project. Measured by the number of countries receiving TTF TA, 50 percent of the TA had gone to SSA, 28 percent to EAP, and 11 percent each to MENA and LAC.



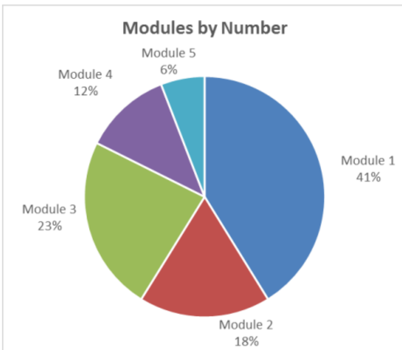


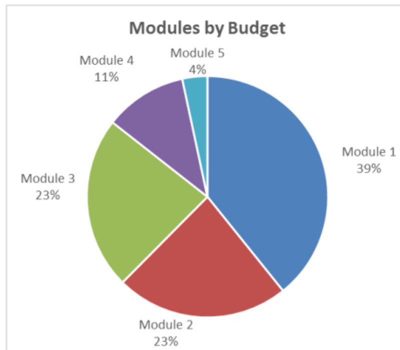


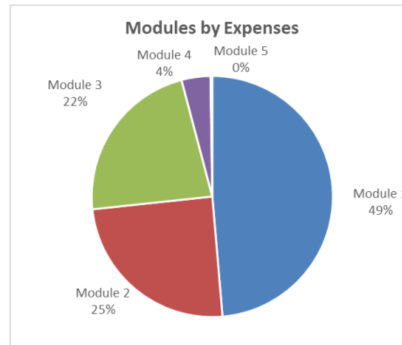


By number of projects, 62 percent of the TA's projects went to SSA, 24 percent to EAP, 9 percent to MENA and 6 percent to LAC. By endorsed budget, the TA provided to SSA also amounted to 62 percent of the total, EAP 28 percent, MENA 5 percent, and LAC also 5 percent, while if classified by actual expenses, the percentages are 57, 29, 4, and 10 percent respectively.

10. Measured by the number of projects, budgeted expenses or actual expenses, module 1 has been the largest module during the three-year period, accounting for 39 percent of budgeted expenses and close to 50 percent of actual expenses. Modules 2 and 3 accounted for about a quarter of the TTF's TA each. FAD's modules accounted for 96 percent of total TTF TA spending.







II.2 Country Distribution by Modules

11. Table 1 shows the projects endorsed under the TTF through April 2014 by countries and modules.

Table 1. Country Distribution of TA Modules

	Fiscal Regimes	Revenue Administration	Macro-Fiscal and PFM	Asset/liability Management	Statistics
Andean Regional	•				
DRC	•	•	•		
Guinea	•		•		
Kenya	•				
Iraq	•			•	
Lao PDR		•			
Mali [1/]	•				
Mauritania	•				
Mongolia	•	•	•		
Mozambique	•	•	•		•
Niger	•		•		
Papua New Guinea				•	
Peru			•		
Sierra Leone	•	•	•		•
Solomon Islands	•				
Tanzania	•	•			
Timor Leste	•			•	
Uganda			•	•	

1/ Launched after April 2014.

II.3 Project Time Frames

12. The average initial time frame for the projects varied by modules. Projects under modules 1, 3 and 4 averaged 24 months, and projects under modules 2 and 5, 30 months. Twenty-four out of the 32 projects that started were extended. Module 3 projects were extended on average by 14

months, module 5 projects by 12 months, module 1 and 2 projects by 11 months and module 4 projects by 9 months.

Table 2. Time Frame of TTF TA Projects
(Projects endorsed through April 30, 2014)

	Number of projects	Average Time Frame (in months)		
		Project Proposal	Actual (if ended) or latest time frame	Extension
Module 1	14	25	36	11
Module 2	6	30	41	11
Module 3	8	24	38	14
Module 4 [1/]	2	24	33	9
Module 5	2	30	42	12

1/ Excludes Iraq (4) and Uganda (4), which did not start.

13. Project extensions reflect several factors. In a number of projects, initial time frames were ambitious given the reforms sought. Capacity constraints have sometimes been more acute than initially anticipated, including at the ministry of finance. Political issues and elections can affect the timing of reforms that require changes in legislation. The TA often has to interact with several ministries and agencies that may have different objectives, and inter-agency coordination difficulties have surfaced in several cases. Commitment to reform can vary among agencies, between political and managerial levels, and over the life of a multi-year project.

II.4 Budget Execution

14. As of April 2014, 42 percent of a budget of US$19.2 million had been executed. Module 1 projects had executed 52 percent, module 2 projects 44 percent and module 3 projects 41 percent. Reflecting implementation issues, module 4 projects had executed only 15 percent of their budget, while module 5 projects had executed only 3 percent. If projects are disaggregated by vintage, the 14 projects launched in FY2012 still active by April 2014, with an average length in April 2014 of 30 months, had executed on average 59 percent of their budget; the 10 projects launched in FY2013, with an average length of 18 months in April 2014, had executed on average 33 percent of their budget; and the 5 projects launched in FY2014, with an average length in April 2014 of 8 months, had executed on average 21 percent of their budget.

Table 3. Budget and Actual Expenses of TTF TA Projects
(As of April 30, 2014)

	Number of projects	In thousands of dollars		Percent of budget
		Endorsed Budget	Actual Expenses	
Module 1	14	7527	3893	52
Module 2	6	4453	1973	44
Module 3	8	4444	1807	41
Module 4	4	2122	310	15
Module 5	2	644	19	3
Total	34	19190	8002	42

15. There is great dispersion among projects regarding budget execution, not all of it explained by the length and pace of implementation, and there appears to have been, with a few exceptions, some overestimation of the costs of the projects. Several projects had their budgets cut in December 2014. The evaluation team does not have the information required to determine whether the overestimation has resulted from changes in TA delivery modes or other factors which could not have been foreseen at the time of the project summary. However, because of the size of the under execution in many of the projects launched in FY2012, it is worthwhile for TTF management to

analyze the individual projects to determine if there has been an overestimation of costs and the reasons for it.

II.5 RTAC Participation

16. Table 4 describes the participation of RTACs in the provision of TA under the MNRW TTF identified from project documents. In some cases RTACs were instrumental in the provision of TA in specific areas such as the treasury single account (TSA) and in general contributed toward providing continuity to the TTF TA in the implementation of reforms that require hands-on support, and in training. RTACs constitute an efficient alternative to LTXs, as economies of scale can be exploited through the use of RTAC- based regional experts. They are also less likely to actually take over work that should be done by government officials, which is a risk posed by LTXs, thus strengthening the ownership of the authorities and of the technical personnel of government agencies.

Table 4. RTAC Participation in TTF Projects

TTF Project	RTAC Participation
DRC (2)	AFRITAC Central provided assistance to the DGI from mid-2014 in the implementation of e-filing procedures
DRC (3)	AFRITAC Central: Participation of expert in HQ-led mission AFRITAC Central: Assistance on implementation of a new public finance law and public accounting and on capacity building outside of the TTF project.
Niger (3)	AFRITAC West: provided support on cash management and accounting system outside of the TTF project
Tanzania (2)	AFRITAC East: Participation of resident revenue administration advisor in HQ-led mission and follow-up
Tanzania (3)	AFRITAC East: Participation of PFM experts in HQ-led module 1 mission on approaches to macro-fiscal policy and PFM for natural gas development
Timor Leste (1)	PFTAC: Assistance under module 1.
Uganda (3)	AFRITAC East: Provision of technical advice and implementation support to the expansion of the TSA under module 3

II.6 Evaluation DAC Criteria

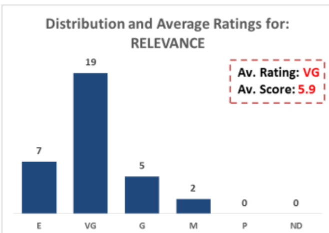
17. The evaluation of the overall performance of the projects was done using a bottom-up approach as described in Appendix I. Individual projects were assessed and rated, and the results were averaged to obtain scores and ratings at project, country and TTF level and across the evaluation criteria.

18. The system used to evaluate the TTF projects was a rating from 1 to 7. The scores are grouped into five categories of ratings. In the case of effectiveness in the achievement of outcomes and objectives they should be understood as (a) Excellent (E): 6.5 to 7—outcomes and objectives were achieved; (b) Very Good (VG): 5.5 to 6.4–outcomes and objectives were substantially achieved; (c) Good (G): 4.5 to 5.4–outcomes and objectives were largely achieved; (d) Modest (M): 2.5 to 4.4—outcomes and objectives were partly achieved; and (e) Poor (P): 1 to 2.4—little or no progress in achieving outcomes and objectives. If there is not enough information to substantiate a rating, ND was utilized and when the question did not apply, a NA was utilized. For DAC criteria other than effectiveness on outcomes and objectives, the same categories are used. They should be understood as the extent to which the project was relevant; the quality of the TA delivered and of reporting; the size of the impact achieved; and the likelihood that the reforms will be sustained.

19. The overall performance of the projects has been solid and relatively even across evaluation criteria. The overall rating is G with an average score of 5.2 (with 5.5 being VG) and a standard deviation (SD) of 0.42. Average scores ranged from 5.9 (VG) for relevance to 4.5 (G) for effectiveness of outcomes and objectives, with all other criteria clustered between 5.1 and 5.4.

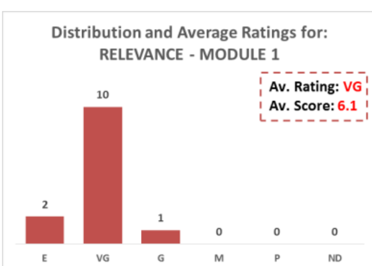
II.6.1 Relevance

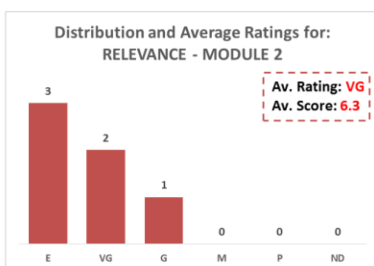
20. Of the seven DAC criteria used to evaluate the TTF program, relevance is the criterion with the highest rating (VG) across projects with an average score of 5.9 and a SD of 0.82.

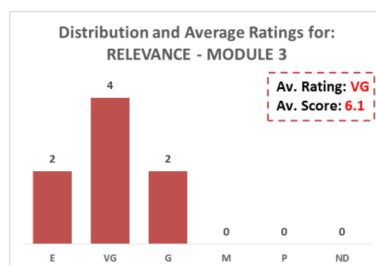


The strongest sub-category under relevance was consistency with TTF selection criteria, followed by the extent to which projects address the country's needs and recipient governments' priorities. The weakest sub-category was the capacity to implement TA advice (existing capacity as well as potential capacity to be developed through the TTF). This assessment is backed by the finding on project extensions that were due in part to weaker implementation capacity than envisaged at project inception. The other three sub-categories (coordination and complementarity with other TA providers and non TTF IMF TA; sequencing of the TA from TTF and non-TTF TA; and assessment of the commitment by the authorities) were rated G to VG. Mechanisms used to assess commitment included scoping and diagnostic missions; information provided by prior TA, the area department and other TA providers; and discussions with the authorities at the time of the request for TA. In all, a very strong and consistent performance for relevance across projects.

21. All three FAD modules were rated as VG, with average scores higher than 6. By contrast, MCM projects were rated M reflecting issues in sub-categories other than compliance with TTF selection criteria and addressing the country's needs and the government's priorities, although there was dispersion among the four projects assessed in this respect. The two STA projects were rated VG. Although both projects have been in the work program since 2012, progress in implementation has been slow, particularly for Mozambique which only became active in February 2015.







22. On coordination and complementarity of the TTF projects with NR-related TA provided by other multilateral and bilateral donors, the projects were rated VG on average. Dimensions considered for this assessment include the extent to which the project drew from prior TA provided by the IMF and other providers; whether there were important gaps in the TA under the TTF and other TA providers that hindered the implementation of the project; use of information provided by other TA providers to assess commitment by the authorities; whether there was conflicting policy advice from other TA providers; coordination of delivery of inputs and TA with other TA providers; and coordination of the project with related activities in general. In most projects, the IMF

coordinated with other TA providers at project inception and subsequently in the field, often in pre- and post-mission meetings, or through participation in local donor coordination groups.

23. The evaluation identified five cases of conflicting or uncoordinated advice from other TA providers. Of these, in one project this issue appears to have been a problem delaying the implementation of the IMF's advice; in one project, differences in one aspect of the TA advice resulted in the IMF advice not being implemented, causing disruption in the implementation of the project; and in one project it was necessary to devote significant efforts to get the authorities to come to terms with the fact that some of the advice of other providers was inconsistent with the general framework being recommended by the IMF. In the other two projects disruption caused by this issue was less significant. All five cases are documented in Part II.

24. Another source of information regarding coordination and complementarity of the TTF's TA with other TA is the survey responses from government officials, project managers and experts. On coordination with other TA providers, 60 percent of the government officials who responded to the question were of the view that the IMF project was reasonably coordinated with other TA providers (the other 40 percent had no opinion). All respondents were of the view that they had rarely received conflicting advice.

25. Seventy-one percent of managers and 85 percent of experts thought that their projects had been well or reasonably well coordinated, while only 20 percent of the managers were of the view that more could have been done to improve coordination. Ninety-three percent of the managers and 80 percent of the experts responded that they had taken steps to ensure that the TA provided complemented that of other TA providers and to avoid duplication or overlap with other TA providers, while 75 percent of the managers and 70 percent of the experts responded that they had taken steps to bring in other TA providers to help implement the project's TA recommendations.

II.6.2 Effectiveness

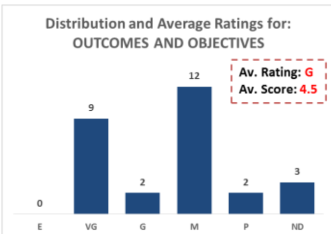
26. To assess the effectiveness criterion, the evaluation team used two categories that are rated separately. The effectiveness of outcomes and objectives category assesses the extent to which the project is delivering results. Performance under this category is significantly affected by factors other than the quality of the TA delivered. The effectiveness of TA delivery category assesses the "how" (project design) of the TA delivery with respect to inputs, outputs, risk management and processes. Performance under this category is mostly under the control of the IMF.

Outcomes and Objectives

27. The lack of well-defined timelines and milestones made the evaluation of this criterion somewhat more difficult than for the rest of the criteria. Project summaries and proposals include only completion dates for the outcomes, in many instances established for the end-date of the project, with no intermediate milestones or disaggregation by components of the outcomes, which are also not prioritized. Through an extensive, exhaustive and detailed review of the available documentation and interviews, the evaluators identified timelines for the projects which are presented in detail in Part II, Annexes I and II. Using the timelines, the evaluators incorporated adjustments to the ratings for this criterion to differentiate between projects for on-track versus off-track performance. Adjustments were not made for shocks such as the Ebola epidemic or elections.

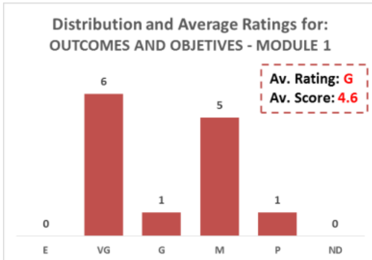
28. Effectiveness of outcomes and objectives is the DAC criterion where the IMF has the least control on performance, because achievement of outcomes and objectives is subject to external events (elections, legislation approval by parliament, changes in government, continuity of relevant

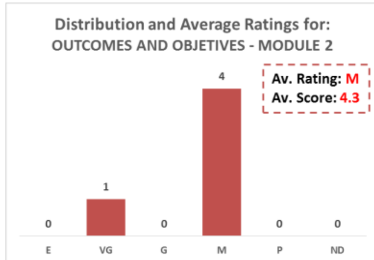
officials) and shocks (Ebola) over which the IMF and the authorities in charge of implementation of the TA have little or no control. Moreover, existing conditions (competition for resource rents and non-transparency, political support, the presence of many stakeholders with different objectives) may pose significant challenges for the implementation of TA advice. Furthermore, the authorities' actions depend not only on the quality of the TA received, but also on a broad array of specific circumstances (homogeneity of reform objectives within the government, commitment, capacity, inter-agency cooperation), which the IMF can influence to some extent, but which may require substantial efforts and more time than anticipated at project inception. The latter is one of the reasons why the identification of risks, including during implementation, plays such a key role regarding performance on effectiveness of outcomes and objectives. For these reasons, projects are expected to present a wider dispersion of ratings on this criterion than for other criteria, and these factors need to be taken into consideration when assessing performance at the TTF level on this criterion.

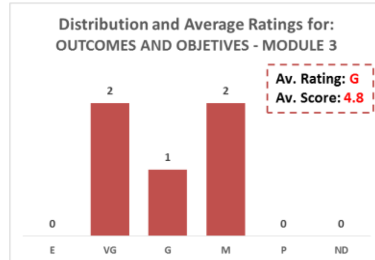


Twenty-five projects were evaluated for this criterion: 23 FAD projects, and one project each from MCM and STA. Effectiveness in achieving outcomes and objectives, including a rating for flexibility to adapt to changes in country or project circumstances, was rated G with an average score of 4.5, which is borderline with M, and of 4.6 for FAD projects. The SD across projects for this criterion is the largest for all criteria at 1.39. No project was assessed as E; however, two projects had average scores of 6.3. Rated as VG to G were close to half of the projects, with projects rated M representing slightly less than 50 percent, and less than 10 percent rated as P. In all, a solid performance for effectiveness on achieving outcomes and objectives, considering the factors noted above, with the implementation of several projects affected by elections and changes in government, and a fifth of the projects by the Ebola epidemic.

29. Module 2 was the weakest performer on effectiveness on outcomes and objectives among the FAD modules: four out of the five projects assessed were rated M. Some of these projects were affected by disagreements on recommendations regarding the establishment of NR revenue units (or LTOs) within existing revenue authorities or on consolidating revenue collection responsibilities, and/or by issues arising from inadequate fiscal regimes. This compares with a G rating for module 3, where three-fifths of the projects were rated VG to G. This can be explained in part by substantial earlier macro-fiscal and PFM progress under non-TTF IMF TA that in a number of cases facilitated subsequent progress under the TTF. For module 1, the large dispersion in performance with almost half of the projects rated VG and 40 percent rated M, can be attributed in part to differences in the scope and ambitiousness of outcomes and objectives, but also to widely diverse initial conditions in the resource sectors and in the political economy of reform, that may affect module 1 projects to a greater extent than the other two modules. In some cases there were auspicious conditions regarding interagency cooperation, capacity, relationship with resource companies and the political environment, while in others lack of cooperation from relevant sectorial government agencies, weak capacity in the ministry of finance and other agencies, issues with the resource companies and political complications conspired against the timely achievement of results.





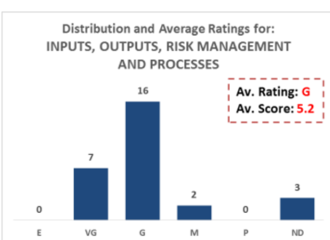


30. Using the project managers' ratings of outcomes and objectives in the 2014 project assessments, the evaluators prepared ratings for each project in order to compare them with the assessment conducted in this study. Out of 24 projects rated for this criterion, 11 were rated by the evaluation in the same category as rated by project managers; 9 were rated one category higher; three were rated two categories higher; and only one project was assessed below the rating given by project managers, one category lower. For the three projects that were rated two categories higher than the project managers, the evaluators' rating incorporates developments in the second half of 2014, when these projects showed substantial progress, after the project assessments, which were prepared in May 2014.

31. The actions taken by project managers to strengthen the authorities' ownership of the project, such as discussing project objectives and outcomes with senior policy makers, and building the project on the authorities' preferences and on an existing work plan prepared by the authorities, were rated VG. The authorities' actions to achieve project outcomes and objectives, however, were rated G. This difference can be explained by factors such as interagency tensions that were not overcome by the TA, weak capacity, turnover of officials, and inadequate identification of the risks that could materialize during the implementation process and of mitigation measures.

Inputs, Outputs, Risk Management and Processes

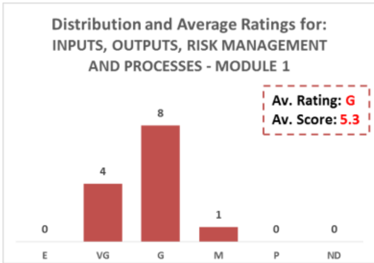
32. To assess the effectiveness of IMF TA delivery, the questions to evaluate this criterion addressed the effectiveness of project design. In this way, the evaluators sought to distinguish factors that were under control of the project managers from those on which they had no control, such as elections.

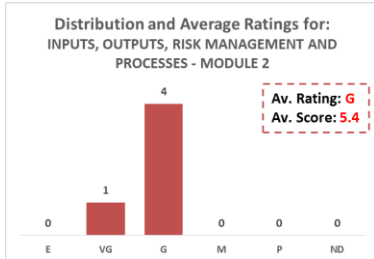


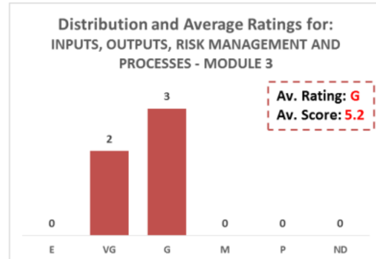
This criterion was evaluated as G with a score of 5.2, and a SD of 0.71, the second lowest for the DAC criteria. The sub-category with the lowest rating was risk management, because the identification of risks has been mostly done pro-forma or in generic terms, and mitigating measures were not explicitly incorporated in the design of the projects. One notable exception was Iraq (Module 1). Moreover, few proactive measures appear to have taken place to address unforeseen risks that materialized during implementation, including an underestimation of risks such as tensions among agencies. Evaluators found that the joint preparation of action plans with timelines, continuity of engagement, and TA delivery in the form of a hands-on approach, including through STXs and RTACs, were key in expediting the implementation of some projects and accelerating achievement of results. Differences in TA delivery forms explain to some extent the differences among projects. In all, a strong performance which supports the TA delivery forms being used by the IMF.

33. Regarding the FAD modules, all three present a similar performance with a G rating. As noted above, the risk management sub-category was the lowest performer. The inputs and outputs sub-categories ranked as best performers. The processes sub-category was in the middle range in

modules 1 and 3. By contrast, module 2 projects were rated VG for this sub-category, but had the lowest rating for risk management.





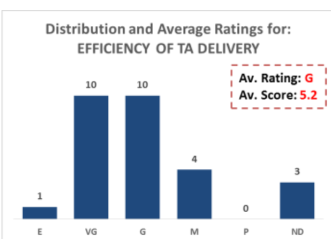


II.6.3 Efficiency

34. Efficiency is interpreted from an operational point of view as achieving outcomes and objectives at the lowest possible cost given the project's characteristics. The evaluators considered that two set of factors affect the efficiency of a project. These are the adequacy of the TA delivery to the project in hand, and the adequacy of the information in the reports to the SC, project summaries, proposals and assessments. The documentation serves as the basis for TA departments first, and the SC next to monitor developments, and make the corresponding adjustments.

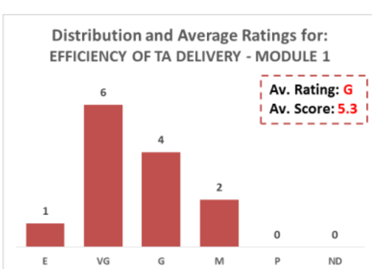
Efficiency of TA Delivery

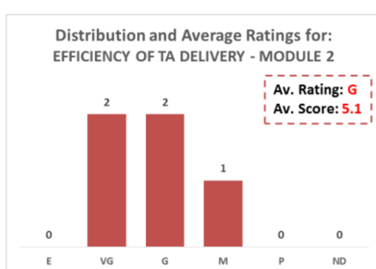
35. The rating for this criterion, which is affected by the evaluator's opinion on the extent to which efficiency could have been improved, was evaluated on the basis of background information such as project status; whether the project experienced periods of inactivity; whether it was extended, once or more than once; the execution and modifications of the budget; TA delivery forms and outputs used and their adequacy to the country's characteristics in terms of existing capacity and necessary capacity build up; and impact of risks on project implementation.

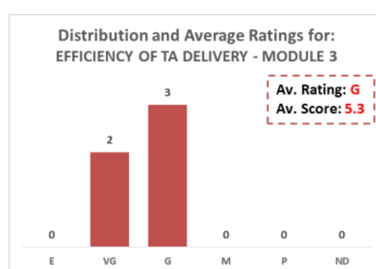


The rating of this criterion was G with an average score of 5.2, with an SD of 0.71. One project was rated E, 40 percent of the projects were rated VG and 40 percent rated G. In all, a strong performance at the TTF level across projects, that nevertheless provides lessons on how to improve in terms of the TA managerial structure.

36. All three FAD modules have a similar performance with a G rating. Module 2 projects are assessed with a slightly lower rating, in contrast with the higher rating they show under effectiveness of processes, which in turn may be explained by their weaker performance under the effectiveness of outcomes and objectives criterion.

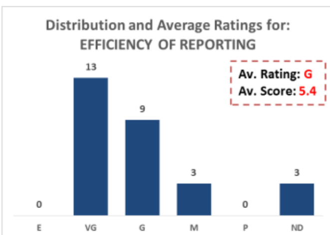






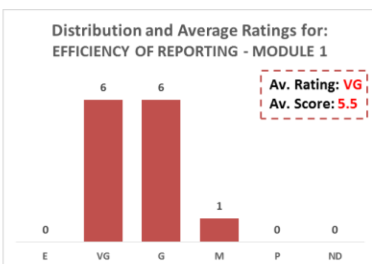
Efficiency of Reporting

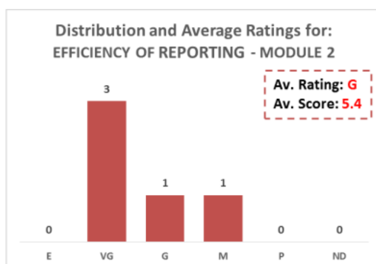
37. The documentation prepared by the IMF is quite comprehensive. Efficiency of reporting evaluates the usefulness and appropriateness of the documentation prepared for the SC. The ratings were based on an extensive, exhaustive and detailed review of the documentation provided by the IMF, including project summaries, project proposals, project assessments for 2012 (not for all projects), 2013 (not for all projects), and 2014, and reports to the SC (including one-pagers) and minutes of SC meetings. The evaluators sought to identify in the documentation the timeliness of the information provided; gaps of information within projects and across projects; inconsistencies between documents and across time; unexplained changes in outcomes and completion dates, and in project scope; and inconsistencies in ratings on achievement of outcomes and objectives across projects, including in the weighting system used.

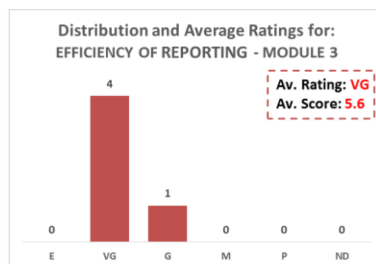


The rating for this criterion, G, is the second highest, with an average score of 5.4. The SD at 0.61 was the lowest for all criteria. More than half of the projects were rated VG and 36 percent were rated G. This said, the evaluation revealed some areas for improvement in the information provided in project summaries, proposals and assessments, and the need for greater standardization in project documentation across projects; these issues are discussed in the last section. In all, however, a strong performance at the TTF level and an even performance across projects.

38. FAD modules 1 and 3 are rated VG, while module 2 was rated G (borderline VG).

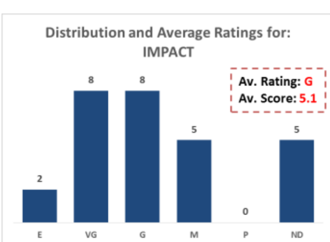






II.6.4 Impact

39. The evaluators have rated this criterion on the basis of positive impacts because they did not identify negative impacts. In addition to an actual positive impact, the evaluators rated as impact the extent by which the project had contributed to improve and explore international standards in the area of extractive industries.

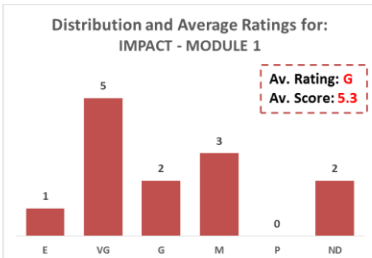


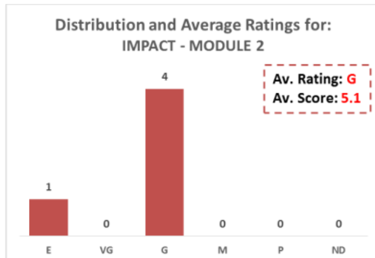
This criterion was rated as G, at a 5.1 average score. The SD for this criterion at 0.99 is the second highest for all the criteria. The impact of some projects has been enhanced by IMF experts having systematically reached out more broadly to government and civil society through workshops and regular discussions, and by supporting the government's efforts in conducting consultations on draft legislation, including in countries with little previous experience with such outreach practices.

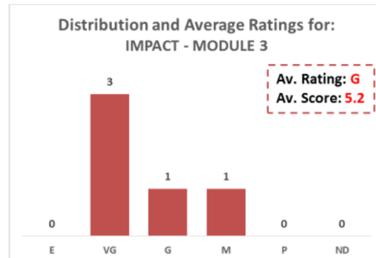
40. The impact of the projects has also been enhanced by the improvement of the practices used to manage NR, including in some cases better inter-agency cooperation, through the implementation of the TA advice. In a number of cases, broader impacts such as improvements in the resource investment environment, in the formalization of transactions, in revenue administration indicators

and in the transparency of fiscal frameworks can already be seen. The higher dispersion across projects reflects to some extent factors similar to those contributing to high dispersion in the effectiveness of outcomes and objectives, i.e. elements on which the IMF has little or no control such as approval of legislation by parliament. In all, the impact of the TTF program has been significant, contributing to the overall performance of the projects supported by the TTF.

41. The ratings for impact are quite similar across the three FAD modules, all rated G, where more than half of the projects were rated E to VG. Changes in the petroleum and mining regimes can generate a more visible impact than changes in tax revenue administration or PFM because they change the way a country does business with foreign corporations, and because of the benefits the countries can obtain from the modernization of the legal and institutional oil and mining framework.



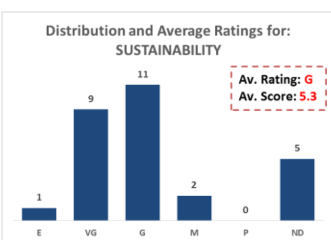




42. The impact of the MNRW TTF TA on contributing to improving/exploring international standards in the area of extractive industries can be viewed in two ways: has the TA contributed to improving/exploring international standards in the receiving countries? Or has the work done under the TTF in the beneficiary countries contributed to drawing lessons to improve/explore international standards in the rest of the world? Answers to the first question gave an assessment of G, borderline with VG. This resulted from the fact that the TTF TA has aimed at implementing good/best practices in the area of managing NR. In some cases, country project results have been profiled in international conferences, regional workshops have taken place, and TA reports have been disseminated, all of which contributes to the improvement of international standards. Answers to the second question are discussed in Appendix III on research projects and workshops.

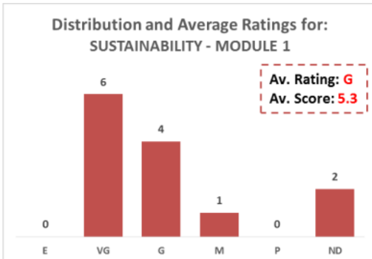
II.6.5 Sustainability

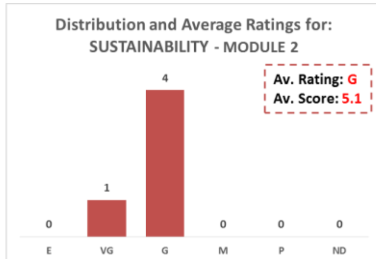
43. The evaluators rated the TTF for sustainability on the basis of the likelihood that the changes which had been brought about by the projects would be sustained. Factors taken into account to form a judgement in this respect included the extent to which the project was integrated with the country's reform agenda, whether local institutions/capacities had been strengthened to sustain results, and whether there was evidence that structures and processes were being integrated into the recipients' institutional or legal arrangements and resulted in a better management of NR.

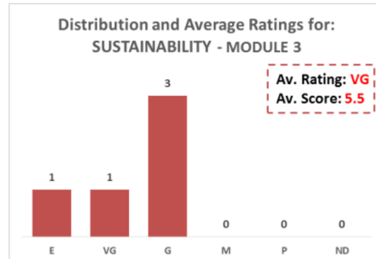


This criterion was rated as G, at an average score of 5.3, borderline with VG. An SD of 0.72 indicates an even performance across projects. The weakest aspect of sustainability performance is in respect of capacity building, which brings back the point made under the effectiveness criterion regarding training through hands-on TA. The strongest aspect refers to the integration of the project into the countries' reform agendas, which was rated VG, reflecting also the integration of the TTF TA into other IMF-related activities such as non-TTF TA. In all, the performance with regards to sustainability is strong, which would augur well for future provision of TA under the TTF.

44. All three FAD modules were rated G. Half of module 1 projects were rated VG, whereas only thirty percent of projects under modules 2 and 3 combined were rated VG or better. This assessment may reflect in part the fact that module 1 is somewhat less dependent on complex and lengthy administrative and institutional reform processes that are frequent under modules 2 and 3.







45. One of the most important features of the multi-year/modular approach is that it allows the integration of the TA provided under the TTF into the reform agenda in a continuous and broadly-encompassing way, and in a coordinated fashion with other TA providers. Capacity building is a key component of the TTF TA that requires a sustained long-term effort. Both capacity building and integration of the TA provided into the reform agenda are necessary for the TA to have a sustainable impact. The evaluation rated the likelihood that the changes brought about by the TA provided would be sustained with a score of 5.3, borderline with VG, explained mainly as noted above by the integration of the TA with the reform agenda.

II.7 Comparison of Evaluation DAC Criteria

46. Table 5 shows the ratings and scores by DAC criteria as responded by Project Managers (PM), Experts (E), and Government Officials (GO) in the surveys. One point to consider in analyzing the survey results is that there may be a bias towards higher scores in the GOs scores as a result of a participation rate by GOs of only 23 percent, half that of PMs and Es. GOs that answered the survey may have been those with a better perception or higher awareness of the TA delivered or both. This said, GOs rated TTF TA highly and evenly, with all categories evaluated as VG.

Table 5. Comparison of Evaluation by PMs, Es, GOs, ET

	Project Managers	Experts	Government Officials	Evaluation Team
Relevance	E (6.6)	…	VG (6.2)	VG (5.9)
Effectiveness Outcomes and Objectives	G (4.9)	VG (5.6)	VG (5.5)	G (4.5)
Effectiveness Project Design (I, O, RM, P)	G (5.1)	VG (5.8)	VG (5.6)	G (5.2)
Efficiency of TA Delivery	VG (5.6)	VG (6.1)	VG (6.0)	G (5.2)
Impact	VG (5.9)	VG (5.7)	VG (5.5)	G (5.1)
Sustainability	M (4.3)	VG (5.5)	VG (5.6)	G (5.3)
Overall	G (5.4)	VG (5.7)	VG (5.7)	G (5.2)

47. According to the survey responses, PMs rated relevance as E while GOs rated it as VG, the same rating as the ET but with a higher score. On effectiveness on outcomes and objectives, the scores given by Es and GOs are similar and significantly higher than the score given by PMs and the ET. The same is the case for effectiveness of project design, but the differences between the scores given by Es and GOs and PMs and ET is smaller. On efficiency of TA delivery, PMs, Es and GOs rated it as VG while ET rated it as G, with PMs scoring midway between ET and GOs. On impact, PMs, Es and GOs cluster around 5.7 (VG) while ET score is 5.1. On sustainability, PMs gave the lowest score of 4.3, the only M rating, significantly below the ET which is clustered with Es and GOs at about 5.5. The overall rating is the same for Es and GOs at 5.7 (VG) while the rating by PMs and ET is G with similar scores of 5.4 and 5.2, respectively.

III. EVALUATION RESULTS AT THE ACTIVITY LEVEL

III.1 Summary of Evaluation Ratings at Country and Module Level

Table 6. Summary Evaluation Ratings

	Average	Mod 1	Mod 2	Mod 3	Mod 4	Mod 5
Case Study Countries						
Kenya	VG	VG				
Mongolia	VG	G	VG	VG 1/		
Tanzania	G	G	E 1/			
Desk Review Countries						
Andean Regional	G	G				
DRC	G	VG	G	G		
Guinea	VG	VG		E 1/		
Iraq	G	G			G 2/	
Lao PDR	G		G			
Mauritania	VG	VG				
Mozambique	G	G	G	G		G 2/
Niger	M	M		VG 1/		
Papua New Guinea	…				VG 1/	
Peru	VG			VG		
Sierra Leone	VG	VG	G	VG		G
Solomon Islands	VG	VG				
Timor Leste	M	G			M	
Uganda	G			G	M 2/	

1/ Module where only Relevance was evaluated. Not included in the country average.
2/ Module where only Relevance was rated. Not included in the country average.

III.2 Case Study Countries

48. The case study countries, Kenya, Mongolia and Tanzania, were subject to the same evaluation methodology described in Appendix I to ensure comparability with the desk study countries. They differ from the desk study countries in two important aspects: the team was able to obtain details of the dynamics of the TA assistance provided under the TTF from government officials, and also to obtain the authorities' views on the delivery of TA, lessons learnt and recommendations that can be used in other countries in this respect.

III.2.1 KENYA: VG (6.3)

III.2.1.1 Evaluation

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	VG	VG	VG	VG	E	VG	E	VG
Scores	6.3	5.9	6.3	6.4	6.5	6.3	6.5	6.4

49. Extractive industries have only recently assumed major importance in Kenya. The country 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. To further coordination with donors, the government established an inter-agency committee, while development partners set up a coordination group on EI, in which the IMF RR participates.

50. Outcomes were almost fully achieved with exception of adequate capacity building at the Ministry of Mining (MOM), within the original time frame and budget, 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 Ministry of Energy and Petroleum (MEP), implements a scheme according to details set out in technical notes prepared under the project.

51. On legislation, in collaboration with the National Treasury (NT) and the Kenya Revenue Authority (KRA), a draft of new income tax provisions for mining and petroleum was completed, with the revised Income Tax legislation published in late 2014; and a full review of the draft Mining Bill was conducted, with the NT adopting the advice provided, and legislation enacted in 2014. Comments were provided to the new Petroleum Bill prepared by the World Bank. On capacity building, the project trained government officials on the FARI model and transferred petroleum FARI simulation models to the agencies, with the National Oil Corporation of Kenya (NOCK) operating it actively.

52. The project was launched with a diagnostic mission in February 2013. Timelines for milestones in the reform program were formally defined. 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 team held extensive consultations across government, and with private sector and civil society representatives, which contributed to fast track approval of the legislation. The workshops were delivered at the right level, which contributed to the motivation of the government officials to get involved. In this respect, participation in the workshops of an expert in basic skills such as Excel or in giving hands-on assistance to the MOM in this area could have improved the participation of the MOM. The FARI model is being simplified to accommodate weaker capacity in the MOM and the Petroleum Department at MEP.

53. Commitment of the 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 team working actively with all three. Agencies such as the NOCK are actively using the FARI model and staff capacity in the NT is under enhancement to do so.

54. 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.

III.2.1.2 Views of Government Officials

55. Officials strongly praised the quality of the TA and highlighted its high professional level. The IMF had consulted them on the sequencing of the project and took into account their preferences, with jointly agreed milestones. Officials appreciated the continuity of the activities and the intensive and frequent interaction, which had helped keep momentum and achieve timely results, and the IMF’s flexibility in responding to their needs. Staff at the technical level was highly satisfied with the FARI model and the training the IMF had provided to transfer this technology and knowledge to Kenya. Some senior officials thought that regional advisors with resource expertise from AFRITAC East would be very helpful. Finally, officials who had attended Workshop 1 in Tanzania were very satisfied with its format and contents, including in particular the provision of ample time for presentations from African officials.

III.2.2 MONGOLIA: VG (5.6)

III.2.2.1 Evaluation

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	G	VG	M	G	G	G	M	VG
Scores	5.0	6.0	3.2	5.4	5.2	5.2	4.2	5.8
Module 2	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings	VG	E	VG	VG	VG	VG	E	VG
Scores	6.3	6.7	6.3	6.4	6.0	5.9	6.5	6.4
Module 3 [1/]	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings		VG						
Scores		6.3						

1/ Module where only Relevance was evaluated. Not included in the country average.

56. Mongolia is a resource-rich lower-middle income country with vast mineral resources, and more limited petroleum potential.

57. On Module 1, at the request of the authorities much of the work in the initial phase focused on petroleum fiscal regimes rather than on mining regimes. Progress in a number of areas was brisk, and the project contributed towards the drafting of a New Petroleum Law (eventually passed in mid-2014), the preparation of a model petroleum PSA, and provided advice on the renegotiation of double tax treaties. However, 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. The TA efforts took place in an increasingly complex institutional and political environment as there were major differences between the MOF and the Ministry of Mineral Resources and Energy (MMRE), and the MOF was weakened when important responsibilities were transferred to a new ministry. On the political front, widely different views about the fiscal terms that should be applied to the mining sector led to successive changes in mining tax legislation. Moreover, no progress was made toward the project objective of achieving a transparent management of mineral revenues. As a result, the project was terminated in December 2013, three months before its original end-date. Budget execution was 52 percent.

58. In the initial phase of the project there was continuity of engagement and interaction with officials. A significant part of the outputs of the TA was in the form of mission advice in the field, hands-on joint work including with STXs, workshops, and advice from HQ. This intensive hands-on approach was an efficient way to help achieve timely results, and contributed significantly to capacity building. The beneficial effects of the TA on improvements in capacity are visible years after the provision of the TA. A number of officials interviewed during the team's visit indicated that they continue to benefit from the materials, analysis and advice provided by the TA for their work, the training of new staff, and as aides to university teaching.

59. On module 2, the project has synergies with FAD's large taxpayer project implemented in cooperation with the U.S. Treasury's Office of Technical Assistance (OTA). The first mission determined the sequencing of the project in conjunction with the authorities.

60. The project has contributed to a significant strengthening of mining tax administration. 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), outcomes had been fully achieved, with timings that were broadly consistent with project completion dates. Progress on the implementation of anticipated changes in tax legislation depends on the enactment of tax amendments which as of late 2014 had not taken place. In two other areas (taxpayer services and

policy coordination among agencies), progress has been made but further improvements are needed. The support of the MOF to the project has been strong and the tax department's management has been committed to the reforms. There is early evidence of favorable broader impact of the reforms. For example, nearly 100 percent of large businesses, including large mining companies, are filing on time. The project was extended by 15 months to April 2015 and the budget almost doubled to US$1.6 million. 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 will be some way below budget.

61. The project involves a structured and sequenced approach to reform, a very high degree of continuity of activities, and intensive engagement that contribute to its effectiveness. 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 project has a lead advisor who works closely with the STXs. The hands-on approach involved in frequent STX visits has a training aspect. Coordination with the World Bank and OTA has been very good. The TA providers consult frequently to ensure complementarity.

62. On module 3, the project was launched in May 2013, so only its relevance has been evaluated. Against the background of earlier deficiencies in fiscal policy and management and projected higher resource revenues, the project aims to strengthen fiscal management in three focused and well defined areas. First, strengthening the medium-term fiscal framework (MTFF) in terms of contents, coverage and structure. Second, addressing significant and long-standing deficiencies in cash management that have hampered the efficient use of resources, by promoting improvements in the collection of information, inter-agency coordination, and methodologies to forecast short-term revenues and expenditures. Important progress under the project has already been achieved in the MTFF and cash management, supported by STX work. Third, supporting the authorities in establishing a Sovereign Wealth Fund (SWF); the TA focuses on the purpose, governance, and policies affecting flows in and out of the fund. The project provided an early assessment of draft legislation and advice for improvements. The project builds on earlier IMF TA on the fiscal framework (including the MTFF), TA from other providers on cash management, and World Bank TA on the SWF. The project was extended by 11 months to April 2016.

III.2.2.2 Views of Government Officials

63. Officials were highly satisfied with the TA received across the three modules. The TA was perceived as being of high quality and effective. As a result of the TA, important improvements had been 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. Officials praised the responsiveness and flexibility of the TA. They noted that the TA tried to help inter-agency coordination. They strongly emphasized the importance they attach to TA continuity and the key role played by STXs for the timely advance of reforms and capacity building. Training provided by STXs in the form of workshops and classroom and hands-on training was much appreciated. Several officials noted a long-term contribution made by Module 1 TA toward capacity building, with TA materials being used to this day by officials for a variety of purposes including training of new staff and in university courses taught by government officials. Some officials felt that some reforms needed more time than initially envisaged, but ambitious plans had been adapted. Some felt that workshops had been too short. A few officials would have wanted to have the TA’s technical experts on site more often.

III.2.3 TANZANIA: G (4.7)

III.2.3.1 Evaluation

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	G	VG	M	G	G	VG	M	M
Scores	4.7	6.1	3.2	4.8	4.5	6.1	4.2	4.0
Module 2 [1/]	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings		E						
Scores		6.6						

1/ Module where only Relevance was evaluated. Not included in the country average.

64. Tanzania is a low-income country richly endowed with natural resources. In the last few years natural gas has emerged as one of the most important prospective extractive industries.

65. On module 1, until recently, progress under the project was very limited, with little follow up to the TA's recommendations. The Ministry of Energy and Minerals (MEM) released a draft gas policy paper that took limited account of the advice provided. The model PSA for a licensing round did not incorporate project recommendations. 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.

66. 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. The approach across agencies to the project's initial outputs showed marked differences, with less engagement from the MEM and the Tanzania Petroleum Development Corporation (TPDC), and significant coordination difficulties between agencies. The initial phase was followed by a period of lack of formal activity, which lasted for over a year. Activity resumed in August 2014, following a request from the authorities for re-engagement, with a STX visit and a subsequent mission that was able to make more progress, with improved cooperation from the sectorial resource agencies, although inter-agency cooperation issues remain. The project was affected by policy fragmentation and severe lack of capacity at the MOF. Timeliness was also hindered by the proposed introduction of a new Constitution and the approach of elections in 2015. The prospects for the project look brighter following the latest TA activity. Working relations with the resource sectorial agencies are much improved, and some key personnel changes have helped the TA gain receptiveness and move the project forward in the last few months. But the political calendar could affect timely progress. The project was extended by a year to June 2015. Budget execution by October 2014 was 54 percent.

67. Regarding outputs, an initial and comprehensive TA report laid out the wide range of issues, reform needs, and strategic decisions confronting the authorities. The usefulness of the report would have benefited from a preliminary prioritization and sequencing of its sizeable list of recommendations. The TA provided estimation models but no uptake has taken place because officials had received previous training in a resource revenue model provided by Norway, had gradually gained experience with that model, and saw no reason to change from it to the FARI model, despite several workshops. The last mission under module 1 had a component for preparation of a module 3 project for Tanzania, which was carried by two PFM experts from AFRITAC East.

68. On Module 2, which was evaluated only for relevance as it was launched in March 2014, new management in the Tanzania Revenue Authority (TRA) has shown commitment to the project. An earlier mission made a preliminary assessment of the EI revenue administration, discussing with the authorities the possible content of the TA to be provided. This has helped focus and structure the project around the areas most in need of strengthening. The project is being coordinated with other

TA providers. 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.

III.2.3.2 Views of Government Officials

69. Officials were appreciative of the IMF's TA. They indicated that the TA had provided valuable information and advice. The TA reports had given them useful material and the opportunity to learn from best practices; but some felt that the reports should have prioritized and sequenced the recommendations to make them more useful. 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 support from STXs. While the workshops were appreciated, some officials felt they were too short given existing capacity levels. In general, it was felt that more could have been done for capacity building. Officials indicated that they had become comfortable with a forecasting model provided by Norwegian TA prior to the IMF's TA, and that there had been reluctance to change models and adopt the FARI model. A number of officials thought that it would be useful for AFRITAC East to have NR expertise: this could strengthen continuity and provide useful training and hands-on interaction. Like their Kenyan counterparts, officials who had attended Workshop 1 in Tanzania were highly appreciative; they noted the quality of the presentations and the active participation of officials from the region.

III.3 Desk Review Countries

70. Appendix II and Annex II of Part II present a summary and a detailed description, respectively, of the evaluation conducted for the desk review countries.

III.4 Research Projects and Workshops

71. The TTF's research and workshop agenda aims to complement the direct TA modules, by supporting TA and distilling from it results of wider interest to be disseminated. Targeted research and analytical work aims at identifying good or best practice approaches and distill lessons from experience. Conferences and workshops aim at disseminating issues, practices and policies for managing natural resource wealth in TTF-eligible countries.

72. The TTF's research and workshop program has delivered some important products that have contributed to the dissemination of findings related to policies and practical guidance on resource management relevant to TTF eligible countries. Appendix III and Annex III of Part II present a summary and a detailed description, respectively, of the evaluation conducted for the research projects and workshops.

IV. EVALUATION OF RESULTS BASED MANAGEMENT (RBM)

73. The RBM system is the framework used by the IMF to report on projects under the TTF. The TTF log frame was approved at the mid-year FY2013 SC meeting.

IV.1 Present System

74. The RBM system used by the TTF can be characterized as a top down approach. This approach is based on a log frame, which defines the strategic objective of the TTF, and aims at standardizing the projects by type of module on objectives, verifiable indicators, baseline indicators, progress achieved, and means of verification; and for all modules, on risks/mitigating actions. In this manner, the system aims not only at facilitating comparison of performance under the individual country projects by module, but also at being able to aggregate results at the TTF, module or project level.

75. The log frame builds on the existing management system used to process individual projects under the TTF. Project summaries are prepared for each project so that each project supports at least one TTF level objective. After a project is approved by the SC based on the project summary, a project proposal is prepared for IMF internal approval, budgeting, and management purposes, and is available on the IMF donor gateway. During project implementation, TA reports, workshops, inputs into draft legislation or other outputs are produced. Project assessments are completed for each project annually. These assessments provide input to the assessment of overall progress at the TTF strategic log frame level.

76. To evaluate outcomes and objectives at the project level, the TTF uses a scale from 0 to 4 where 0 is not started, 1 is not achieved, 2 is partly achieved, 3 is largely achieved and 4 is fully achieved.

IV.1.1 Evaluation of the Present System

77. The top down method tracks the ultimate goals of the TTF, based on the strategic log frame, but has limitations as an indicator of project results because it is defined at an aggregate level. For example, for module 1 the June 2014 Annual Report stated that over half (17 out of 30) of the targeted module outcomes had already been fully achieved or largely achieved and that almost a third (8 out of 30) of the targeted country-module outcomes had been partially achieved. Since there is no information provided on the number of modules and the number of outcomes per each module, these results could have been achieved in various forms. They could stem from one very successful module with more than average number of outcomes, or from achieving one or two outcomes in most or all of the modules. From the point of view of assessing the TTF TA results, these two scenarios tell two very different stories. Moreover, this type of indicator does not allow for a good understanding of progress from one year to the next.

78. These difficulties are compounded by the fact that the 0 to 4 rating system is applied with respect to the achievement of the outcome without adjusting for a timeline for each project, i.e. an outcome gets the same rating whether the project has been in place for a few months or a few years. Thus, if no new projects are added, the indicator will improve over time as more outcomes are achieved as part of the progression of the TA delivery and actions by the authorities. If new projects are being added, it is not possible to distinguish between these two effects on the progress reported by the indicator.

IV.2 Proposed System

79. To complement the top down approach, the IMF is proposing to use also a bottom up approach. This approach is based on aggregation of results for individual components of projects to generate composite results. The bottom up approach is built upon the existing system for assessing individual targeted outcomes of each project. Each TTF project consists of one or more project objectives and each objective in turn consists of one or more targeted outcomes. Indicators derived in this manner need to be SMART, i.e.: Specific, Measurable, Actionable, Relevant, and Time-Bound.

80. The bottom up RBM scores, a composite score and an on-track score, are both based on the same weighting system. Each targeted outcome in a project will be weighted based on its relative importance within one module of a project. The weighting applied across projects will be based on the budget for each project.

81. The composite score is a weighted average of the individual scores for each targeted outcome and can be produced for each level within the TTF, that is, for each project module, for each type of module (across all projects), for region, and for the TTF as a whole. It does not adjust for results from early stages of projects, and can rise or fall over time due to changes in the mixture of new and old projects, rather than due to the relative success or failure of projects which was the case for the top bottom approach as discussed above. This problem is addressed, at least in part, by the on-track score, which is an aggregate tracking of the performance of the TTF (and each of its components) relative to project expectations by defining a timeline for the outcome in the project design. The on-track score for each outcome is the difference between the actual score for that assessment period and the target score.

IV.2.1 Evaluation of the Proposed System

82. The proposed system aims at correcting the weaknesses of the top down approach by producing scores which will permit to generate quantitative indicators to assess progress in the implementation of the TA being provided under the TTF. In the process it will also achieve a significant improvement in the standardization of outcomes across projects, which will not only improve the comparability of the assessments at the level of individual projects resulting in a more meaningful aggregate score, but will contribute to enhance project design on the basis of the experience of other countries and other projects. This is a welcome feature because at present, as discussed in Section V on governance, project assessments could be standardized further, a precondition for a successful RBM. The evaluation team has seen different approaches to some aspects of the formulation of objectives and outcomes, assessment and reporting. For example, some projects attach weights to different outcomes, others attach priorities (H, M, O) and it is not possible to determine how the priority translates into weights, and others do not attach weights or priorities.

83. In this context, it is not clear why is it necessary to make the bottom up approach somewhat cumbersome by preparing two sets of scores, composite and on-track, instead of only one that incorporates the features of both sets. By establishing a well-defined timeline, which is key for a successful implementation of a project, milestones can be defined for the outcomes, and the assessments done with respect to the milestone of the outcome and not with respect to the outcome itself. In that way if the project achieves the milestone, the outcome will be assessed as 4 even if it still has some way to go before it is achieved. This incorporates the on-track score in a more transparent and easy way to understand than the on-track score as defined does. Having two sets of

scores also raises the issue of what it means if one set moves in one direction and the other set moves in the opposite direction at the aggregate TTF level, what can be concluded about the performance of the TTF program?

84. The proposal to weight outcomes to aggregate the scores at project level is an important improvement. It allows to get a better picture on the likelihood of achieving the objective of the project and a better differentiation of how different projects are performing than a simple average. It should also result in the possibility of disaggregating outcomes for different levels of importance, which also contributes to stronger project design and successful implementation of the project.

85. However, weighting projects by their budgets to prepare aggregate scores at the module level and the TTF level introduces some distortions that should be recognized. First, why should the aggregate score be different if it is a small country with a small project budget the one to achieve the outcomes than if it is a large country with a large project budget the one to do so? One answer could be that a large country counts more for the visibility and impact of the TTF program than a small country. However, it could be argued also that the impact and the effect of the project may be more significant in a small country. In the view of the evaluation team, the scores should be aggregated as a simple mathematical average. This argument is strengthened by a second issue in this respect, namely what to do if actual expenses relative to budget are significantly different across projects, which they are. Should the budget numbers or the actual expenses to the date of assessment be used as weights? In this respect, should not a project that had a small budget like Solomon Islands for example, which achieved its objective and outcomes by using only 21 percent of its budget, which in turn was only a little more than 1 percent of the total TTF endorsed budget, be given credit for this, and in the process the TTF not be penalized because one country that had a small budget was successful?

86. The evaluation team conducted a simple exercise in this respect which gave interesting insights with respect to the issues raised in the preceding paragraph. Using the scores obtained for outcomes and objectives for countries and the actual expenses to date of assessment, we calculated the ratio between the two, i.e., US$ cost per point of score of effectiveness of outcomes and objectives. For Module 1, the cost ranged from a minimum of US$10,000 to US$151,000, with an average of US$79,000 and a median cost of US$80,000. For Module 2, the cost ranged from US$59,000 to US$155,000, with an average of 92,000, and a median of US$84,000. For Module 3, the cost ranged from US$41,000 to US$86,000, with an average of US$60,000 and a median of US$83,000.

87. From the documentation received it is not clear to the evaluation team how the top down approach will be complemented by the bottom up approach. Would the two sets of scores be used in reporting the progress achieved in the log frame?

V. EVALUATION OF MNRW-TTF GOVERNANCE

V.1 Governance Structure of MNWR-TTF

88. Work under the TTF is guided by the SC composed of donor representatives and IMF staff. The role of the SC is to provide strategic guidance to the setting of policies and priorities, including through the endorsement of an indicative annual work plan. The SC also reviews progress under the work plan as well as performance under the program, and is a forum for coordinating TA on managing natural resource wealth among the TTF, donors, and other stakeholders. For that purpose, the TTF shares with the SC information on mission planning and mission reports (guided by the *Staff Operational Guidelines on Dissemination of TA Information*).

89. IMF staff serve as the Secretariat to the SC by supporting the work of the SC, proposing initiatives for the endorsement of the SC, and providing information on the activities of the TTF to the SC in the form of annual and mid-year reports and via a Donor Gateway to which all donors to the TTF have access. It also coordinates the IMF's responses to SC requests.

90. The TA departments implement the Work Plan, report progress under the projects, and propose new TA projects, research projects and workshops.

V.2 Operational Guidelines and IMF Reporting to the SC

91. The SC is chaired by donors with a strong interest in the work of the TTF. The SC meets in person annually, with at least one additional meeting mid-year conducted via video conference/teleconference. The chair may also convene meetings on an ad hoc basis. The SC decisions are made by consensus, not voting. If consensus is not possible, then a proposed decision is postponed or withdrawn.

92. In the early stages of preparing the annual Work Plan (WP), IMF staff consult informally with SC members, and a WP is presented to the SC four weeks before the SC meeting. Changes to the WP that require SC endorsement are budget changes in excess of 10 percent, project extensions for periods longer than six months, changes to objectives of projects, and changes to the countries in the WP. There is a three-week waiting period for approval on a lapse of time basis. Changes in individual project budgets approved in the annual WP by less than 10 percent and extensions to projects by less than six months can be made without endorsement from the SC.

93. In addition to annual reports, the IMF provides in the Donor Gateway detailed descriptions of projects as they are initiated under the WP; project assessments on the status of the projects; adjustments made to the WP; and updates of drawdown of resources.

94. Proposed projects are submitted for SC endorsement on the basis of a Project Summary (PS). After SC endorsement, a more detailed Project Proposal (PP) is made available to the SC through the Donor Gateway. Approval of the PP by ICD activates the project's budget.

95. Project Assessments (PA) are prepared for the annual SC meetings and are placed on the Donor Gateway. These provide information on progress achieved to date, project performance against objectives and outcomes in tabular form with achievement ratings and comments, notes for future work, and status of budget execution. Starting in June 2014, PAs include information and staff assessments of risk and mitigation measures according to six standardized risk categories.

96. Other forms of reporting to the SC include one-page project summaries (since June 2014), information on developments in the form of tables with selected results in the annual reports, and brief case study summaries.

V.3 Evaluation of Governance

V.3.1 Role of the SC

97. The SC has provided strategic guidance to the TTF and monitored results. A substantial majority of donors in the SC play an active role. The minutes of SC meetings indicate a strong interest in strategic issues, a focus on delivery, and on monitoring of results.

98. The priority roles that SC members assign to the SC are in line with the objectives for the SC defined in the MNRW TTF Program Document. In the interviews with the evaluation team, SC members strongly emphasized the SC's role in two areas: shaping the strategic direction of the TTF, and monitoring the results of TTF projects. They also thought that the SC's role in these areas was clear to SC members. Some members of the SC also highlighted the SC's role in providing guidance on country and project selection.

99. The SC has been interested in, and provided guidance on, issues such as the country eligibility list, the criteria for country and project selection, research project proposals, the RBM, donor coordination, and IMF reporting to the SC. For instance, the SC has emphasized the importance it attaches to the clear commitment on the part of country authorities to the TA for project selection, and the need for project proposals to spell out why countries were chosen and what risks were associated. In the case of research projects, the SC requested the IMF to adopt a systematic approach for circulation of draft research papers among SC members for comments, and to seek ways to link research to implemented TA projects so that research and workshops distil the lessons that can be applied to TTF TA.

100. The SC's focus on results has encouraged improvements in the TTF's efforts with respect to the RBM. Some SC members provided suggestions for improving the RBM log frame, and a workshop held in 2014 brought together donors and IMF staff to share experiences and views.

101. The SC has reiterated the importance it attaches to coordination between TTF projects and donor bilateral programs. On their part, donors are providing information on their programs to the Secretariat, which then circulates consolidated TA lists to the SC. On its part, the IMF is providing monthly updates on TA mission activity, which are placed in the Donor Gateway. Some SC members noted that the IMF informs them in advance of incoming missions to countries where they are active.

V.3.2 IMF Reporting to the SC

102. IMF reporting to the SC is delivering timely and appropriate information to the SC, but it could be further strengthened. This would enhance the role of the SC in endorsing and monitoring projects, and monitoring and quality control in the IMF. In interviews with the evaluation team, SC members indicated their satisfaction with the responsiveness of the IMF to SC requests and the role of the Secretariat in that respect. SC members are also generally satisfied with IMF reporting to the SC. SC members acknowledged the quality of the annual reports, and noted the important improvements introduced in the June 2014 report. The one-page assessments provide succinct and structured information and are an important step toward greater standardization of reporting; and the case studies provide insights into what worked, what did not, and why. These improvements

notwithstanding, some SC members thought that the reports could provide more information on the main implementation problems, the potential contribution of other donors in implementing the TTF's TA, and a greater exploration of complementarities with parallel IMF TA activities, in particular the TPA TTF and the work of RTACs.

103. The comprehensiveness of PSs has been variable. In general, they provide adequate information, but some are short and somewhat generic, including in their risk assessments. The quality and focus of PSs and PPs would be strengthened by undertaking scoping missions to better define the project at inception.

104. PPs and PAs could be standardized further, a precondition for a successful RBM. There have been different approaches to some aspects of the formulation of objectives and outcomes, assessment and reporting. The distinction between objectives and outcomes is not always clear in the PPs. Some projects attach priorities to different outcomes which are not linked to specific weights, others attach weights, and others do neither. The interpretation of achievement ratings for objectives and outcomes has sometimes differed among projects. In some cases ratings were applied to individual verifiable indicators of outcomes, in most cases to outcomes. Comments on outcome achievements occasionally tended to focus on the recommendations made by the TA. Changes to project outcomes during project implementation, either in number, contents or completion dates, have sometimes taken place without discussion in the text of the PAs. Some of the 2014 PAs changed the specification of the outcomes to the standard targeted outcomes for TTF projects included in the June 2014 report; most did not.

105. SC members mentioned the mission reporting system and the Donor Gateway as areas for improvement. The evaluation team has not seen these systems. In the case of the mission reporting system, some SC members felt it could provide more information on mission dates, objectives and results. It could also indicate when the TA reports would be expected to become available.

106. A number of SC members conveyed concerns about the Donor Gateway's current usefulness, and would welcome improvements. Two issues were raised. First, it was felt that the Donor Gateway was not user friendly: members indicated that they find it difficult to find the materials they seek. In addition, they would like to be able to select documents by country or by module and see the projects that are selected according to those criteria. Second, uncertainties were expressed about the timely update of the gateway; members have not always been sure whether the latest information available was uploaded to the gateway.

VI. FINDINGS AND RECOMMENDATIONS

VI.1 Evaluation Results

107. The evaluation of the TTF's TA projects shows a solid and relatively even performance across the DAC criteria. The TTF's processes at the individual project level are generally sound, as evidenced by good evaluation ratings. The TTF scored highest on the relevance of TA projects, with other criteria entirely or mostly under IMF control also showing relatively strong performance. Performance on the effectiveness of objectives and outcomes was somewhat weaker and with larger dispersion across projects than other evaluation criteria. This is the DAC criterion where the IMF has the least control on performance.

108. The TTF's research and workshop program has delivered some important products that have contributed to the dissemination of findings related to policies and practical guidance on resource management relevant to TTF eligible countries. The evaluation was not in a position to evaluate some workshops beyond their relevance. The performance of research projects and of the workshop where it was possible to assign ratings shows considerable dispersion. Two research projects and one workshop were rated favorably for impact, with one project and one workshop assessed to have contributed to the improvement of international or regional standards in EI. In some cases there have been tensions between the TTF objectives of contributing to the improvement of international EI standards and focusing on TTF-eligible developing countries.

VI.2 Main Findings

VI.2.1 Findings at TTF-level

VI.2.1.1 Standardization

109. Several areas were identified at the TTF level where the program would benefit from greater standardization to facilitate project management, comparison of results across projects, and allow managers to learn more from other projects' experiences. On project design, implementation and monitoring of projects these include, to name the more important ones, the definition and disaggregation of objectives, outcomes, verifiable indicators and completion dates, including on the weighting and prioritization system used; the methodology used to rate performance on outcomes and objectives; designing timelines, including milestones; identification of risks and mechanisms to address risks that develop during implementation; and handling delays in project implementation.

110. While the information included in the documents prepared by project managers and IMF reporting to the SC is delivering timely and appropriate information, standardization of the documentation would enhance monitoring and quality control by the IMF and the role of the SC in endorsing projects, monitoring progress and assessing results. Specifically, there is the need to improve and standardize the comprehensiveness of project summaries, proposals and assessments; the way the information is conveyed in the event of delays and/or changes in the definition of outcomes or in their completion dates, and the effect of such changes on the project's timeline, milestones and performance.

VI.2.1.2 MCM and STA Projects

111. The contribution of MCM and STA to the TTF's TA has so far been very limited (STA's contribution will increase with the global project). This casts questions on whether modules 4 and 5 are seen by the countries' authorities as not addressing their priorities and needs.

VI.2.1.3 Synergies and Coordination

112. The boundary between modules 1 and 3 has not always been clear, both at the project inception stage and during implementation as financial models of resource revenues were transferred from module 1 to module 3. Some projects under module 2 have been hampered by lack of reform or delays in the reform of inadequate fiscal regimes. Coordination between modules 3 and 4, including on SWFs, could in some cases have been tighter. Sometimes LEG's support has been requested at short notice, which may have affected LEG's assignment of experts, because EI is a highly specialized area of law, and the availability of legal experts with the required expertise is limited.

VI.2.1.4 Budget execution

113. There is great dispersion among projects regarding budget execution, not all of it explained by the length and pace of implementation. There appears to have been, with a few exceptions, some overestimation of the costs of the projects. A dozen projects had their budgets cut in December 2014.

VI.2.1.5 Inactive Projects

114. There is a need for a more proactive and structured approach, including termination, to the management of projects endorsed but not launched, or launched but inactive.

VI.2.1.6 RBM

115. The top down system suffers from significant weaknesses. In particular, it does not allow for a good understanding of progress over time. Regarding the proposed bottom-up approach, it is not clear why it is necessary to prepare two sets of scores, composite and on-track. As the two sets of scores cannot be aggregated, they would pose the problem of understanding what it means if one set moves in one direction and the other one moves in the opposite direction. The proposal to weight projects by their budgets would also introduce some distortions.

VI.2.1.7 Governance

116. The governance of the TTF is sound. The SC has provided strategic guidance to the TTF and monitored results, in the process taking an increasingly proactive role. IMF reporting to the SC is delivering timely and appropriate information to the SC, but it could be further strengthened.

VI.2.2 Findings at the Project Level

117. The implementation of the TA advice provided under the TTF can be affected by factors that are to some or to a large extent outside the IMF's control, such as external events (elections, legislation approval by parliament, changes in government, continuity of relevant officials) and shocks (Ebola). Moreover, existing conditions (competition for resource rents and non-transparency, political support, the presence of many stakeholders with different objectives) may pose significant challenges for the implementation of TA advice. Furthermore, the authorities' actions depend not only on the quality of the TA received, but also on a broad array of specific circumstances (homogeneity of reform objectives within the government, commitment, capacity, inter-agency cooperation), which the IMF can influence to some extent, but which may require substantial efforts and more time than anticipated at project inception.

118. The documentation reviewed indicates that some of the most successful TTF projects in terms of progress toward outcomes and objectives–including Kenya (1), Mongolia (2), Guinea (1), DRC (1), Sierra Leone (1) and Peru (3)–contained at least some of the following TA characteristics: pre-project proposal mission or extensive discussions with the authorities to delineate the TA; focused, realistic and well-defined objectives and outcomes in line with existing capacity and potential capacity building; joint preparation of action plans and project sequencing with timelines and milestones; continuity of engagement, including through the intensive use of STXs; and strong emphasis on, and TA resources devoted to, capacity building and hands-on training.

VI.2.2.1 Project Design

119. In several instances, outcomes and objectives appear to have been overambitious with respect to the existing and potential implementation capacity of the country and the amount of TA resources available, resulting in projects not being able to achieve them in a timely fashion or at all, and showing as shortfalls in implementation. The bias towards setting overambitious targets may be a consequence in part of objectives and outcomes having been defined at a very aggregated level, almost in generic terms, a feature which has been carried over to the RBM log frame.

120. A large number of projects have had to be extended beyond their original completion dates. Depending on the case, this has been due to factors such as unrealistic initial time frames given the scope and complexity of the reforms sought; more acute capacity constraints than anticipated; political issues; inadequate inter-agency cooperation; and varying degrees of commitment to reform, both across agencies and over time.

121. The lack of well-defined timelines and milestones in the project summaries and proposals, and consequently in the assessments, makes the monitoring of implementation of the projects somewhat ad-hoc. Project summaries and proposals include only completion dates for the outcomes, in many instances established for the end-date of the project, with no intermediate milestones or disaggregation by components of the outcomes, which are also not prioritized.

122. The identification of project risks and of proactive mitigation measures, hitherto done largely in generic terms, is in need of improvement.

123. The IMF has made important efforts to ensure the coordination and complementarity of TTF projects, both at inception and during implementation, with the activities of other TA providers.

VI.2.2.2 RTACs

124. In the projects with RTAC participation, RTACs were instrumental in some projects in the provision of TA in specific areas, and in general contributed toward providing continuity to the TTF TA in the implementation of reforms that require hands-on support, and in training. RTACs constitute an efficient alternative to LTXs, as economies of scale can be exploited through the use of RTAC- based regional experts. They are also less likely to actually take over work that should be done by government officials, which is a risk posed by LTXs, thus strengthening the ownership of the authorities and of the technical personnel of government agencies.

VI.3 Recommendations

125. There is scope to improve systems and processes in some areas, which would contribute to accelerate the pace of implementation of the projects, and increase the effectiveness and efficiency of TA delivery, thus further enhancing the TTF's contribution to help countries maximize the

benefits from their natural resources. In this context, the rest of this section presents a set of recommendations along the lines of the TTF management, and on how to enhance performance respect to the DAC criteria other than relevance.

126. All the recommendations presented below are strategic on different aspects of the TTF, and many recommendations are complementary. Most require only corrective actions and not new instruments to be put in place; and almost all can be implemented as part of a normal course of events in the TTF's work. There is no time frame for the implementation of the recommendations, at most the need for some sequencing. In some cases, the recommendations are broken down into components; these are not to be seen as separate recommendations but as the mechanisms through which the recommendation is to be implemented.

VI.3.1 Recommendations at TTF level

VI.3.1.1 Recommendation No.1—Appointing a Supra-Project Manager in FAD

127. To facilitate standardization and maximize the benefits derived from it, we propose appointing a supra-project manager with technical responsibilities on a full time basis in FAD-distinct from ICD's administrative responsibilities-financed by the TTF. This manager would also be in a position to standardize staff recommendations regarding actions on projects that encounter difficulties, including on scope and budget and distill lessons that can be applied across projects. We expect that the cost to the TTF of the supra-manager will be offset in part by a reduced workload on FAD project managers, including those activities financed from the general project management account, and in an improvement in budget management and duration of the projects.

128. The functions of the supra-manager would, inter alia, include:

- Dealing with all issues related to standardization.
- Ensuring compliance with standardization in all projects through a detailed review of all documents prepared by project managers, including for consistency with previous documentation, and across documents and years.
- Ensuring compliance with the methodology used to assess project performance, both in the indicators for the RBM as well as the qualitative statements included in the project assessments.
- Conducting the top down RBM exercise; providing assistance to project managers in the bottom-up exercise; consolidating the bottom-up results by outcomes, projects, modules, countries, regions.
- Ensuring detailed assessment of project risks, of the risks that develop during project implementation, and responses to the risks.
- Deciding together with project managers the transfer of inactive projects to an inactive project list, and on the early termination of projects which have not been launched within a year of endorsement and projects in the inactive list for a year.
- Distilling lessons from the project assessments that can be applied across projects, both new projects and projects being implemented.

VI.3.1.2 Recommendation No. 2—MCM and STA Modules

129. For efficiency reasons, consideration could be given to provide this type of TA support through IMF non-TTF TA. In respect to asset management, and differently from the establishment of a SWF which is addressed by module 3, there is no need to put in place an investment framework and define an investment policy years in advance of actual implementation.

VI.3.1.3 Recommendation No. 3—Improving Synergies and Coordination

Modules 1 and 2

130. In cases where there are concerns that inadequate and nontransparent fiscal regimes could significantly hamper progress under module 2, TA under module 1 could be made a requirement for the provision of TA under module 2.

Modules 1 and 3

131. Approaches to better synchronize these modules involve the need for a high degree of coordination between the modules, with regular exchange of information. To the extent possible, the resource revenue experts who worked on module 1 should move to work on Module 3 when the models are transferred, until module 3 has made enough progress in incorporating the models into macro-fiscal modeling and forecasting.

Coordination with LEG

132. LEG planning for the deployment of its resources and external experts in TTF TA activities depends on the planning of FAD. Better planning and coordination would help LEG planning and enhance LEG's contribution to the TTF.

VI.3.1.4 Recommendation No. 4—Improving Project Budgeting

133. Given the size of budget under execution in many projects, including in particular those launched in FY2012, it would be worthwhile for TTF management to analyze the individual projects to determine if there has been an overestimation of costs and the reasons for it, and apply the lessons learned to future budgeting.

VI.3.1.5 Recommendation No. 5—Dealing with Inactive TA Projects

Inactive project reserve list

134. Inactive projects are projects which were never launched or projects that were launched but for which there has been no activity for six months to a year. Consideration could be given to transferring the latter projects to an inactive project list, with a parallel transfer of unused budget funds back to the TTF. If circumstances change, reactivation would be proposed to the SC. The inactive project list would be assigned funds in the corresponding FY Work Plan depending on the number and size of the projects in the list. Alternatively, projects in the inactive list could retain around 20 percent of the unused funds in case they are reactivated within a year in the list.

Termination of projects

135. Consideration could be given to terminating projects which were never launched within a year of endorsement, and of projects in the inactive project list after a year on the list. Early

termination of projects would allow the redeployment of scarce TTF resources and a more efficient management of funds. This is an area that would benefit from the comprehensive view of the program by the supra-manager.

VI.3.2 Recommendations at the Activity Level

VI.3.2.1 Recommendation No. 6—Project Design, Planning and TA Delivery

136. The enhancement of project design involves a number of related dimensions. Listed below are the priority areas where the evaluation sees scope for improvement.

Scoping missions

137. Initial missions to discuss the project with the authorities, undertaken prior to submitting project summaries, are recommended in cases of TA requests where there has been little or no IMF TA in the area requested in recent years, cases where there is a need to clarify further the project's objectives and the authorities' capacity to use the TA well, and cases where the authorities' take up of previous TA recommendations has been inadequate. Scoping missions would also help produce more focused project summaries and reduce the likelihood of differences between project summaries and project proposals which we have observed in some instances, which may cause a detriment to the role played by the SC. They would also help achieve better project budgeting. Scoping missions could be financed from a dedicated TTF budget reserve, as it is done in some bilateral TTFs.

Project objectives and outcomes

138. Project objectives need to be focused and realistic given capacity of implementation and the TA resources that can be allocated. Project objectives and outcomes should be clear to both sides. Consideration could be given to sharing draft project proposals with the authorities for their input before their finalization.

Project Planning

139. Project planning should be improved through the setting of realistic time frames, including by taking into account the time needed for capacity building, and applying the lessons from relevant TTF experience. Sometimes the authorities put pressure on TA design to accommodate their desire for results in unrealistically short time frames; giving way to such pressures is counterproductive and should be resisted. Undertaking scoping missions as suggested above would help narrow down project objectives to priority reforms that are pragmatic and feasible given the project's time frame.

Timelines and road maps

140. Taking time to prepare a timeline with corresponding milestones for inputs, outputs, outcomes and objectives prior to preparing the project summary has a high rate of return in terms of performance. It also helps instill more realism into time frame expectations. Roadmaps should be agreed for projects where relevant. They are important in cases involving sequenced processes and milestones. They should be the basis for defining milestones for objectives, outcomes, and verifiable indicators that are key to facilitate implementation and monitoring progress.

Risk assessments

141. Strengthening risk assessment of TA implementation at the onset of a project would help design projects more effectively to address identified risks, and apply measures if those risks materialize. The project proposal for Iraq (1) is an excellent example of the kind of risk assessment we have in mind. The TTF has already moved in this direction with project assessments and one-pagers.

TA delivery modes

142. TTF TA should rely on a balanced combination of activities that will in many cases change over the life of the project, as has already been the case in several projects. In the initial stages, HQ missions at a strategic level are needed to define the reform strategy, including through TA reports. In later stages of the project, active use of STXs to assist with implementation and capacity building and, where relevant and feasible, use of RTACs to assist with implementation and training (see below) should take more prominence, with continued strategic advice and participation of HQ staff in hands-on problem solving and implementation issues.

Continuity of TA engagement and capacity building

143. Continuity of TA engagement helps generate project momentum, more buy-in, and commitment to reform. There is scope for more intensive use of STXs, as is already done in a number of projects. STXs carrying out work plans agreed with IMF HQ and the authorities can provide ongoing support to sequenced reforms.

144. STXs are also a key component of the TA for capacity building through hands-on training and the organization of focused workshops for the participation of relevant officials. Officials in the three countries visited emphasized the importance they attach to continuity of engagement and the positive role played by STXs and hands-on training, relative to general workshops with wide participation which normally cannot be geared and customized for all attendees. RTACs and regional experts can also strengthen the capacity building features of the projects (see below).

VI.3.2.2 Recommendation No. 7—Use of RTACs and Regional Advisors

145. The TTF's activities could be better integrated with the RTACs. The RTACs could participate more actively in TTF work, particularly in implementation and capacity building. While RTACs would not be involved in strategy or policy, they could provide resources to the TTF's work in terms of follow up and support for the implementation of recommendations. RTACs could send experts to the countries to help maintain continuity of inputs, and expand the capacity of specialized assistance from FAD and STXs. In this respect, RTACs could assist with training, for example with FARI in the form of regional workshops or individual country hands-on training conducted by RTAC peripatetic advisors, exploiting economies of scale. The regional advisors could be attached to the RTACs and financed by the TTF.

146. Coordination of TTF activities between the TA departments and the RTACs could be enhanced further. In some countries TA in the same area from the TTF and from RTACs could be better coordinated. A more systematic approach to sharing early information about the TTFs work plans for the next fiscal year and the needs for RTAC participation would help HQ and RTAC planning. Multi-year work plans for TTF projects agreed with the authorities should include plans for RTAC participation if relevant.

VI.3.2.3 Recommendation No. 8—Research Projects and Workshops

Research projects

147. The objectives of the TTF's research project agenda could be more clearly defined in terms of the operational needs of the TTF. Consideration should be given to aligning research projects more closely to the objectives of the TTF, with a focus on issues faced by low income and lower middle income producers. This involves the need to clarify the tension between the objectives of contributing to the improvement of international standards in EI and focusing the research agenda on TTF-eligible developing countries. Given the requirement that research papers issued by the IMF must be cleared by IMF staff, and based on the experience of the TTF’s Research Project 1, consideration should be given not to outsource TTF research papers. Independent advice on policy issues could be obtained through STXs that provide inputs for research papers.

Workshops

148. Regional workshops provide an opportunity for the dissemination of the lessons from the TTF's research and TA, and focus on practical issues faced by the participating countries. The positive experience of regional workshops in Tanzania and the Andean Regional project under module 1 emphasizes the benefits of providing room for peer-to-peer learning and takeaways from the experience of other countries. In this connection, allowing ample participation of government officials in presentations, as discussants, and in panels enhances relevance and effectiveness. Breakout sessions on highly technical issues can be considered.

VI.3.3 Recommendations on the RBM and Reporting

VI.3.3.1 Recommendation No. 9—Enhancing the RBM as a Monitoring Tool

149. The log frame utilized for the top down approach could be modified to define objectives and outcomes in a more disaggregated fashion to allow for a better customization of projects, including on verifiable indicators. This disaggregation will also allow to better define intermediate milestones.

150. There should be only one set of scores for the RBM’s bottom up approach that incorporates the features of both the proposed composite and on-track sets of scores. By establishing a well-defined timeline, milestones can be defined for the outcomes and the assessment be done with respect to achieving the milestone of the outcome and not with respect to achieving the outcome itself. In that way, if the project achieves the milestone, the outcome will be assessed as 4 even if it still has some way to go before it is achieved.

151. The RBM scores need to be complemented by qualitative statements and contextual information regarding implementation of the projects. By providing information on developments under the project, the authorities’ efforts, the main factors behind success or slow progress, and prospects for the projects going forward, including on the risks faced by the project implementation and on factors beyond the control of the authorities and the IMF, qualitative statements permit to understand what is behind the scores as well as comparing experiences among projects and lessons that can be extracted.

VI.3.3.2 Recommendation No. 10—Enhancing the Efficiency of Reporting

Project summaries

152. PSs should be comprehensive and detailed, explain clearly the authorities' needs and why the IMF proposes to undertake the TA under the TTF, and include risk assessments of TA implementation and mitigation measures similar to those now included in project execution documentation, to help the SC take informed decisions. If there are significant changes in the scope or budget of the project between the PS and the PP, a revised PS should be submitted to the SC for endorsement, as is the case if there is a change in the project's objectives or budget above 10 percent during implementation. Consideration could be given to including the finalized PPs in the reports to the SC.

Project proposals and project assessments

153. These documents should be standardized further, a precondition for a successful RBM, including on the formulation of objectives, outcomes and verifiable indicators in PPs, and in the assignment of completion dates and of weights to outcomes. The interpretation of achievement ratings for objectives and outcomes in PAs should be made uniform across projects; changes to outcomes in PAs relative to the PP, either in number, contents, or completion dates, should be noted and discussed in the text of the PA and the one-pagers; changes to project objectives should result in a revised PS submitted to the SC for endorsement as required in the Operational Guidelines, and a revised PP; the text of the PA would usefully provide a balance of information between inputs and results, and between recent developments and earlier progress, as already done in a number of PAs, including updated information on the country's EITI status; final assessments for projects completed or terminated could include a section on lessons learned; and all project documents should be dated for ease of reference and updated for changes in project dates or budget.

Donor Gateway and mission reporting system

154. The evaluation team has not seen these systems. Several SC members requested some improvements. In their view, the Donor Gateway should be made more user-friendly to facilitate finding documents, including searching by country or by module; and the timeliness of placement of documents in the gateway should be ensured. The mission reporting system should provide more information on missions and TA reports.

APPENDIX I. EVALUATION PROCESS

I.1 Purpose, Scope and Objectives of the Evaluation

The purpose of the evaluation is to assess the extent to which the MNRW TTF is delivering its planned objectives and outcomes at both activity and trust fund level, to identify lessons learned, and to make recommendations for improvements. The evaluation rated the performance of the projects with respect of the DAC criteria of relevance, effectiveness, efficiency, impact, and sustainability.

The study evaluated activities launched from April 2011 to April 2013. Projects launched from May 2013 to April 2014 were only assessed for relevance. From April 2011 through April 2014, the SC endorsed 34 modules (programs) in 17 countries and one regional project, five research projects and four workshops. One TA project was launched after April 2014, leaving 33 projects to be evaluated. Five of these projects were launched after April 2013, and only their relevance is evaluated. The assessment of the projects covers developments for the period through end-2014 as reported in the December 2014 Report to the SC.

I.2 Evaluation Methodology

The evaluation methodology was designed as a bottom up approach where each project was assessed using questions grouped according to the DAC criteria, which in turn consist of sub-categories. The questions were customized to reflect the features of the TTF and the special characteristics of the group of countries receiving the TTF. The team processed and analyzed information collected from a desk review of documents and data, interviews, surveys, and country visits.

I.2.1 Collection of Information

Desk review

The documents reviewed included:

- Annual and mid-year Steering Committee Reports (8) through December 2014
- Minutes of the SC meetings (9) through December 2014
- Project Proposals for TA projects (31)
- Project Assessments for TA projects for 2012, 2013 and 2014
- Project Proposals for Research Projects (4) and Workshops (3)
- Project Assessments for Research Projects and Workshops for 2014
- TA Reports (50) 2011-2014
- STXs Notes (3)
- AFRITAC East 2014 Annual Report

On the basis of the documents reviewed, the team prepared a file for each of the 16 countries and the regional project, the 4 research projects and the 4 workshops that have been evaluated.

Interviews

The team met first with the project managers as a group to generate synergies about their experiences. Eleven managers participated in the meeting. Interviews were then conducted with project managers of the 34 projects over a two-and a half week period, including participation by

LEG in the projects where it had been particularly active. A questionnaire was sent in advance to interviewees. The team also met with FAD and MCM senior management, FAD staff in charge of the RBM exercise for the TPA-TTF, staff in charge of individual research projects and workshops, and staff managing the TTF budget process. In addition, the team met with World Bank senior management on TA on NR, and staff in charge of one of the major projects on NR in SSA, and interviewed on the phone a US Treasury official active on one of the TTF projects.

Representatives of five of the seven donors in the SC were interviewed on the phone by the evaluation team. A list of the topics that the team wished to discuss was sent to the interviewees a few days in advance.

Surveys

Surveys were sent to IMF staff and external experts who had direct experience with the TTF-funded projects being evaluated, and to officials from TA recipient countries. The response rate was 46 percent for project managers (16 out of 35), 43 percent for experts (13 out of 30) and 23 percent for government officials (7 out of 30).[1]

Country Visits

The team visited Mongolia, Tanzania and Kenya. Meetings were held with government officials, the IMF office in Mongolia, AFRITAC East and IMF Resident Representatives, and with other TA providers such as AfDB, DFID, EU, Norway, and the World Bank. The team prepared a set of questions for government officials to standardize the information obtained (see Part II, Annex VI).

I.2.2 Processing of Information

Timeline of the Project

The main objective of the desk review was to identify the timeline of a project since it is proposed to the SC, both from the design and in the implementation, as presented in the project summary, the project proposal, and the project assessments including the one-pagers. This permits comprehending the project rationale, the objectives and outcomes, identification of risks in the project proposal, the delivery of inputs and outputs and the progress achieved in attaining outcomes and objectives, while identifying the reasons for fast, slow or no progress, the role played by government policy makers and officials in defining priorities, understanding the TA being provided and implementing the advice received.

Questionnaire

The material collected from the desk review and interviews was used as the basis to design a questionnaire to evaluate the TTF projects according to the DAC criteria. The main reason to use a customized and detailed questionnaire was to allow the team to standardize the evaluation process

[1] This is a common rate of response from government officials that DevTech experiences in its evaluations. In a recent online survey in the Caribbean, the response rate was 21 percent and 53 percent of the sample did not open the survey link. Regarding the survey, three reminders were sent and the period extended by a month from December 18 to January 15 to increase the response rate of all participants, to no avail. The timing of the survey may not have been the most propitious because of the end of the year.

across countries and across projects, so as to obtain ratings which could be aggregated at the TTF level, both across DAC criteria and module type. A detailed questionnaire also provides a foundation to inform the recommendations proposed by the team, as well as for the analysis of the RBM program.

Rating System

The system used to evaluate the TTF projects was a rating from 1 to 7. The scores are grouped into five categories of ratings. In the case of effectiveness in the achievement of outcomes and objectives they should be understood as (a) Excellent (E): 6.5 to 7—outcomes and objectives were achieved; (b) Very Good (VG): 5.5 to 6.4–outcomes and objectives were substantially achieved; (c) Good (G): 4.5 to 5.4–outcomes and objectives were largely achieved; (d) Modest (M): 2.5 to 4.4—outcomes and objectives were partly achieved; and (e) Poor (P): 1 to 2.4—little or no progress in achieving outcomes and objectives. If there is not enough information to substantiate a rating, ND was utilized and when the question did not apply, a NA was utilized.

Evaluation Rating System

Rating	Achievement	Range	Base score
Excellent (E)	Achieved	6.5 – 7	7
Very good (VG)	Substantially achieved	5.5 - 6.4	6
Good (G)	Largely achieved	4.5 - 5.4	5
Modest (M)	Partly achieved	2.5 - 4.4	3 – 4
Poor (P)	Little or no progress	1 - 2.4	1 – 2
Not Demonstrated (ND)	Criteria cannot be assessed	ND	ND

For DAC criteria other than effectiveness on outcomes and objectives, the same categories are used. They should be understood as the extent to which the project was relevant; the quality of the TA delivered and of reporting; the size of the impact achieved; and the likelihood that the reforms will be sustained.

These categories convert into the 1 to 4 system used by the TTF for the projects that started as (a) E: 6.5 to 7 is 3.8 to 4; (b) VG: 5.5 to 6.4 is 3.3 to 3.7; (c) G: 4.5 to 5.4 is 2.8 to 3.2; (d) M: 2.5 to 4.4 is 1.8 to 2.7; and (e) P: 1 to 2.4 is 1 to 1.7.

I.2.3 Evaluation Criteria

Relevance

"Relevance" relates to the extent to which the project was consistent with the MNRW TTF's selection criteria; addressed the country's needs and the recipient government's priorities; the country has the capacity or potential capacity to implement advice; the project was coordinated with and complementary to other projects and programs from multilateral institutions, bilateral donors, and other country initiatives; was appropriately sequenced with other TA, including other modules under the TTF; and there was substantive evidence of commitment by the authorities.

Six sub-categories (S) were used to assess the relevance of a project and the rating for this category is the average rating of the sub-categories. S1 is consistency with the TTF selection criteria, i.e., country is in the eligibility list, is EITI candidate or EITI compliant, and TA was requested by the authorities; S2 is addressed the country’s needs and the recipient country’s priorities; S3 is the capacity and potential capacity of the country to implement advice; S4 is coordination and complementarity with other TA providers; S5 is the project appropriately sequenced with other TA, including other projects under the TTF; and S6 is assessment of authorities’ commitment.

Effectiveness

"Effectiveness" is a measure of the extent to which the TA attains its objectives. Is the project achieving its outcomes and delivering results? Have the recipient authorities taken the actions to achieve project outcomes and objectives? Are the risks to the project being identified and addressed?

Two categories were used to assess effectiveness, each one rated separately. One category is effectiveness of outcomes and objectives and assesses the extent to which the project is delivering results. The second category is effectiveness of TA delivery, which assesses the "how" (project design) of the TA delivery with respect to inputs, outputs, risk management and processes. This category comprises four sub-categories, with the rating for the category being the average of the four sub-categories.

Inputs include missions (scoping, diagnostic, TA delivery), STXs, regional experts, RTAC work, workshops, and hands-on assistance. The rating was based on the preparation of a work plan, the sequencing of the delivery of inputs in line with existing capacity, TA delivery forms used, and coordination of delivery of inputs with other forms of IMF TA and other TA providers.

Outputs include TA reports, inputs into, and comments on, draft legislation and other materials, engagement with senior policy makers and government officials in the field and from HQ, coordination with other TA providers, and engagement with private sector and civil society. The rating was based on the use of outputs as tools to reach consensus for change, to inform laws and regulations, to raise stakeholders' awareness, and to build capacity at the policy and technical levels. The assessment also looked at the extent to which the advice was implemented, and the contribution of TA reports to the effectiveness of the project.

For Risk Management, the assessment looked at the mechanisms used to assess the risks of the project at inception; the extent to which the project proposal identified risks correctly and addressed them in the project design; the extent to which the project addressed risks that were identified during implementation; and the extent to which the project was able to mitigate risks.

For Processes, the assessment looked at the project design in respect to TA being provided under other TTF modules; whether objectives were discussed with senior policy makers and outcomes with senior management; the extent to which the authorities' preferences and priorities were taken into consideration, the involvement of government agencies in the project, and the impact of tensions among agencies; the adequacy of the time frame, feasibility of objectives and outcomes, and clarity of verifiable indicators; whether other IMF TA, RTACs, and regional experts were part of the project; and the extent of the coordination with other TA providers.

Efficiency

"Efficiency" relates to the resources required to produce outputs: the extent to which the TA is using the least amount of resources to achieve the desired results. For example, how timely is the execution of the project's work plan? Are appropriate quality control and monitoring arrangements in place? Are the reporting mechanisms delivering timely and appropriate information?

Two categories were used to assess efficiency, each one rated separately: efficiency of TA delivery itself, and the efficiency of reporting, which assesses the documentation prepared for the SC on project design, progress of implementation, and modifications to the scope, budget and project dates. 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

"Impact" refers to the positive and negative changes (e.g., changes in systems, procedures and policies) attributable to the TA, directly or indirectly, intended or unintended.

The assessment of impact refers only to positive changes. It considers two types of impact: on systems, procedures, enactment of legislation, policies, capacity building, awareness of policy makers, government officials, and civil society; and on the contribution of the project to improving and exploring best practices in EI.

Sustainability

The results of TA are "sustained" when new capabilities (on policies, capacity or institutions) are maintained and reforms implemented beyond the completion of the TA delivered.

Sustainability was assessed on the basis of the opinion of the evaluator regarding the likelihood that reforms will be sustained. The assessment was based in part on the extent to which the reforms or changes implemented were being integrated with the country’s reform agenda; whether local institutions/capacities had been strengthened to sustain results; and evidence that structures and processes were being integrated into the recipients’ institutional and legal arrangements.

APPENDIX II. DESK REVIEW COUNTRIES

ANDEAN REGIONAL: G (5.2)

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	G	G	G	G	G	G	G	G
Scores	5.2	5.2	5.0	5.4	5.2	5.3	5.3	5.0

The countries targeted for this project expressed interest in FAD inputs on 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 has provided strong support on furthering legislation in Bolivia, Colombia and Peru. However, capacity development, one of the outcomes of the project, was set aside, resulting in a change in the project's scope.

Working with several countries contributed to the effectiveness of the project as there are economies of scale, and countries can learn from each other in the context of regional conferences like the one held in March 2014 in Lima. The exchange of experiences by officials from the four countries with FAD before the project was launched, and ~~a~~ good rapport with country officials, also contributed to enhance the efficiency of the project.

The project was extended by 15 months to June 2015. By October 2014, the budget had been executed by 60 percent.

DEMOCRATIC REPUBLIC OF CONGO (DRC): G (5.4)

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	VG	VG	VG	VG	VG	G	VG	VG
Scores	5.7	6.4	6.0	5.7	5.7	5.3	5.5	5.5
Module 2	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings	G	VG	M	G	VG	G	G	G
Scores	5.1	6.0	4.2	5.4	5.5	4.7	5.0	5.0
Module 3	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings	G	VG	G	G	G	VG	G	G
Scores	5.4	6.1	5.1	5.0	5.2	6.0	5.2	5.0

On module 1, prior to requesting endorsement of the project by the SC, TA priorities were discussed in meetings with the authorities, which helped shape project objectives. Significant progress has been made toward improving the fiscal regime for mining, in the form of a new draft Mining Code that reflects TA recommendations, and tax changes included in other legislation in line with TA advice. The process of putting in place the code has lost momentum, however, due to disagreements with mining companies. FAD has attempted to create a common model to support the discussions. TA interventions were effective in contributing to the progress observed toward project objectives and outcomes. Capacity building was given high priority. The project used effective tools to engage officials, build capacity, and increase ownership. Synergies with module 2 were efficiently exploited. The project was extended by 5 months to June 2015 and the budget reduced by 30 percent. By October 2014, budget execution was 44 percent.

On module 2, progress under the project was initially slow, but has begun to pick up, with measures being implemented toward improvements in information availability, audit and collection, albeit with gaps and delays with respect to completion dates. The integration of collection of tax and nontax resource revenue has remained elusive. The TA has tried to attenuate the effects of this fragmentation. Lack of political support, resistance to change, poor inter-agency cooperation and weak reform management conspired against better performance. There are indications of greater commitment in the recent period. The project delivered continuity of engagement; regular visits by STXs assessed progress and provided recommendations. This hands-on approach was an efficient way of helping reforms move forward under difficult circumstances, and build capacity. AFRITAC Central provided focused assistance to the DGI in the implementation of e-filing procedures. The project was extended by 9 months to June 2015 and the budget increased by 10 percent in December 2014. Budget execution as of October 2014 was 62 percent.

On module 3, the project's objectives were aligned with country needs and government priorities set in the government's Strategic Plan for Public Finance Reform. Good progress has been achieved after a slow start. By late 2014 a number of actions expected to have been completed earlier, including an annual fiscal strategy paper and improvements in the macroeconomic and fiscal model were largely achieved. The project also helped the authorities prepare, for the first time, a consolidated state budget. In other areas, like progress on streamlining the institutional set up for macro-fiscal work, however, progress has been more limited. Continuity in engagement and technical support were ensured through several missions and STX visits. There was a flexible response from the project to the authorities' request for assistance in consolidating the state budget that helped enhance continued relevance. Given the scope of the reforms sought, a challenging political environment, fragmentation of responsibilities and capacity issues, the original time frame for the project proved much too short, and project extensions totaling two years have been required. An AFRITAC Central expert participated in one HQ mission and AFRITAC Central has provided assistance on implementation of a new public finance law and public accounting and on capacity building outside of the TTF project. The project was extended by 24 months to December 2015. Budget execution as of October 2014 was 89 percent.

GUINEA: VG (6.0)

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	VG	E	VG	VG	VG	VG	VG	VG
Scores	6.0	6.7	6.2	6.1	5.7	5.5	6.2	5.8
Module 3 1/	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings		E						
Scores		6.6						

1/ Module where only Relevance was evaluated. Not included in the country average.

On module 1, the relevance and focus of the project were enhanced by fielding a planning visit, before producing the Project Proposal, to discuss the TTF request in detail and fine tune the work plan with the government. The project has delivered significant results. It has contributed to a complete review and redrafting of the fiscal provisions in the Mining Code. The process was carried out with transparency and ensuring stakeholder participation. The related fiscal regulations and a Model Agreement have not been adopted yet. More recently the project lost momentum, as initial progress in modeling was affected by a number of mining companies not providing the necessary data, and the Ebola outbreak. Early TA engagement with two missions with LEG participation to help with drafting gave strong initial momentum to the project, leading to quick progress. The project was extended by two years to April 2015 and the budget was reduced by 20 percent in December 2014. Budget execution as of October 2014 was 50 percent.

On module 3, which was evaluated only for relevance as it was launched in January 2014, actions taken at the beginning of the project strongly enhanced its relevance and focus. The inception mission held workshops with the authorities to elicit better their needs and objectives and agree on the project's scope and its synchronization with module 1. The project focuses on a limited number of issues. A roadmap endorsed by the authorities was produced, including actions to foster inter-ministerial coordination. The inception mission met with members of National Assembly, and the Minister of Finance organized a meeting with civil society and the media to present the mission's findings. The budget of the project was reduced by 13 percent in December 2014. Budget execution as of October 2014 was 21 percent.

IRAQ: G (5.4)

Module 1/3	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	G	VG	M	G	VG	VG	ND	ND
Scores	5.4	6.4	3.3	5.2	6.0	6.3		
Module 4 [1/]	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings		G	ND	ND	ND	ND	ND	ND
Scores		4.6						

1/ Module where only Relevance was rated. Not included in the country average.

On module 1/3, the project incorporated several unique features which contributed to its effectiveness and efficiency. These included: a detailed risk analysis; conditionality regarding data submission required for contract analysis; development of a practical revenue forecasting tool that could be used by the MOF and the Ministry of Oil (MOO) and the IMF area department; and to have the authorities formally appoint a counterpart team. Moreover, the team was prompt to react to the lack of progress on module 1 by putting it on hold about six months after no activity had taken place; putting the project (module 1 and module 3) into reserves one year after no progress occurred under module 1 and six months after no progress occurred under module 3; and dropping module 1 six months later. The project was de facto terminated when the reserve list was abolished in June 2013.

Module 1 started at a good pace in May 2011, but stalled due to lack of cooperation from the MOO. 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. On Module 3, a March 2012 PFM mission funded by FAD provided recommendations to strengthen the Integrated Financial Management Information Systems (IFMIS) process. A mission on macro-fiscal issues funded under the project was fielded in May 2012. No information is provided in the documentation on the work of this mission. On Module 4, the project was endorsed by the SC in April 2011, a project proposal was not prepared and the project was terminated in June 2013.

LAO PDR: G (4.5)

Module 2	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	G	G	M	G	M	M	G	G
Scores	4.5	5.3	3.8	4.8	4.3	4.3	4.5	4.8

At the inception of this module 2 project, a complex and non-transparent fiscal regime added to revenue administration problems; the project would have benefited from TA under module 1. Confirmation of the TA request took place a year after project endorsement.

The Project Proposal would have benefited from a scoping mission or more discussion with the authorities. The project included wide-ranging and ambitious outcomes that could have been narrowed down, prioritized more sharply, and sequenced in light of what could realistically be achieved over the project's time frame given capacity constraints. While some progress has been made, notably through the creation of a Natural Resource Unit with a small staff, progress in organization, procedures and structure for the administration of large mining taxpayers has on the whole been limited. The project was extended by twenty months to December 2015. Budget execution as of October 2014 was 60 percent.

MAURITANIA: VG (5.5)

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	VG	VG	VG	G	VG	M	VG	V
Scores	5.5	5.7	5.8	5.2	5.7	4.3	6.0	5.5

This is the first and only formally completed TA project under the TTF. The project was developed in the context of some constraints. A new Mining Code had been adopted just prior to the start of the project, and there was initial resistance to revisiting it; and the authorities were reluctant to engage in mining contract renegotiation. The project responded to these constraints by adapting its strategy, including through the provision of recommendations toward reforms in the general tax system with a bearing on mining taxation. The project contributed to reforms expected to result in improved revenue performance, including through the provision of incentives for tax formalization. Budget execution of the completed project was 70 percent.

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. Efforts were made to improve inter-agency collaboration between the MOF and the Ministry of Mines.

MOZAMBIQUE: G (5.0)

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	G	VG	M	G	M	VG	G	G
Scores	4.8	6.1	4.0	4.6	4.0	5.7	5.0	4.5
Module 2	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings	G	E	M	G	G	VG	G	G
Scores	5.1	6.7	3.7	5.4	4.7	6.2	4.5	4.8
Module 3	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings	G	VG	M	G	G	VG	VG	G
Scores	5.0	6.2	3.3	4.8	4.8	5.5	5.5	4.8
Module 5 [1/]	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings		G	ND	ND	ND	ND	ND	ND
Scores		5.0						

1/ Module where only Relevance was rated. Not included in the country average.

Mozambique is a low income country and was a candidate country for EITI since 2009 which had been recognized as having made "meaningful progress". Mozambique became EITI compliant in 2012. Requests for assistance under modules 1, 3 and 5 were received from both the Ministry of Finance (MOF) and Ministry of Mineral Resources (MIREM), and both ministries were committed to coordinating closely on reforms.

The time frame for completing the outcomes for module 1 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. Early on in the project there was strong engagement as 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. In the event, the draft fiscal laws were sent to the Council of Ministers (COM) in February 2014 and the EI legislation was passed in August 2014. The project team was not given the opportunity to review the drafts before their submission to the COM. 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. On capacity development, there is still need for assistance on developing an institutional framework for FARI model ownership. The project was extended by 15 months to September 2015. By October 2014, execution of the budget amounted to 87 percent.

On module 2, the recommendations of the missions were well received and engagement with the Mozambique Revenue Authority (MRA) has been strong. However, detailed decisions on the organizational context and staffing of the specialized unit on natural resources tax administration were delayed by one year impacting the efficiency of TA delivery. Progress was impaired because of differences in view between the MRA and the project team. A NR Unit was created at the headquarters of MRA, which will be transferred later to operational level when the LTO management has 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 which specifies the timeframe and criteria for the transition. 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.

Recommendations were provided in other areas of the project, such as developing 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, but implementation has not started. A plan comprising the core activities and deadlines for key deliverables has been prepared to step up implementation efforts. The project was extended by 13 months to April 2016 to accommodate four planned STX visits. By October 2014, execution of the budget amounted to 35 percent.

On module 3, there was progress in the first six months of the project. Following the diagnostic mission, however, missions were postponed on several occasions as the authorities needed more time to absorb the recommendations. Continuation of implementation of the project hinged on the establishment of a Macro Fiscal Unit (MFU) at the MOF, which the authorities were not able to implement due to budgetary restrictions and other priorities. Implementation was delayed also because of political uncertainty with elections taking place in October 2014.

The authorities requested support from the World Bank to set up the MFU, and work started in July 2014. The TOR to design the organization of the unit were circulated to the project team for comments. The MFU is the first step to implement parts of the action plan proposed by the initial project mission. 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 project was extended by 24 months to April 2016 to provide time for the new government that took office in

February 2015 to implement the recommendations of the diagnostic mission. By October 2014, execution of the budget amounted to 27 percent.

Module 5 was put in the reserve list in April 2011. The project was activated in May 2012 at which time a project summary was submitted and launched in November 2012 with a project proposal. No activities have taken place so far. The project was still in the work plan in December 2014 when it was extended to April 2016.

STA has informed the evaluation team that "a TA mission under module 5 went to Mozambique in February 2015, immediately after the ministers appointed by the new president took office. The mission identified major gaps in the national accounts involving mineral exploration and facilities for extracting and processing of natural resources. The authorities in Mozambique attached high importance to addressing the problems identified by the mission and are likely to request additional TA on statistics for extractive industries. Once the authorities have formulated their action plan to begin implementing the well-received recommendations of the first mission, follow up missions will take place. In addition, the AFR country team is very eager to have the mission's findings and recommendations addressed and will work with the authorities on this." Given the timing of the mission, the ratings and scores on module 5 do not take it into account.

NIGER: M (4.0)

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	M	VG	P	M	M	G	ND	ND
Scores	4.0	5.5	1.8	3.8	3.8	5.1		
Module 3 [1/]	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings		VG						
Scores		6.2						

1/ Module where only Relevance was evaluated. Not included in the country average.

On module 1, the project aimed at addressing tax policy issues with the Mining and Petroleum codes, and help local staff build modeling capacity for negotiations with investors. 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 repeated reminders from IMF staff. With no follow up on the TA recommendations, and no data to move forward, the project was terminated in June 2014. A question that arises is whether closer coordination with the project under module 3, which was making progress including on data issues, might not have been a way to re-engage the authorities on the module 1 project. Actual expenditure on the project was 21 percent of budget.

On module 3, which was evaluated only for relevance as it was launched in May 2013, in requesting the TA, the Minister of Finance and the Minister of Planning indicated their commitment to implement the TA's recommendations. The project's relevance is enhanced by the fact that it builds on the authorities' own Public Financial Management Reform Program, which includes the improvement of macro-fiscal functions as one of its objectives. AFRITAC West has provided assistance on cash management and accounting system outside of the TTF project. The budget was decreased by 25 percent in December 2014. By October 2014, execution of the budget amounted to 33 percent.

PAPUA NEW GUINEA (PNG): … (…)

Module 4 [1/]	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings		VG						
Scores		5.5						

1/ Module where only Relevance was evaluated. Not included in the country average.

This project was evaluated only for relevance as it was launched in July 2013. The project under module 4 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. MCM had provided assistance on the main considerations for setting up a SWF and advice on the Organic Law that established the SWF, its governance structure, investment and risk management frameworks. FAD TA on the SWF had been provided in 2011.

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, the SWF Organic Law, and the SWF governance structure, investment and risk management frameworks, 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, and the World Bank had also provided advice on public consultation and public awareness. The project has been extended by 19 months to December 2015. By October 2014, the execution of the budget amounted to 38 percent.

PERU: VG (6.1)

Module 3	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	VG	VG	VG	VG	VG	VG	VG	E
Scores	6.1	6.2	5.8	6.4	5.8	6.0	6.0	6.7

The Minister of 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 the Andean Regional project (module 1). Capacity to implement advice is adequate at the policy and technical levels. The project builds on previous FAD assistance on establishing a SWF. SECO has provided support for the initial assessment of mineral revenue distribution schemes.

The government supported by a 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. 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. In this respect, the project has helped the authorities strengthen the motivations for the reform both from a conceptual/theoretical perspective as well as from an international practice perspective.

The project was extended by 18 months to December 2014. By April 2014, budget execution amounted to 97 percent. The budget was increased by 41 percent in June 2014 and by October 2014, budget execution amounted to 87 percent of the revised budget, exceeding the original budget by 22 percent.

SIERRA LEONE: VG (5.5)

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	VG	E	VG	VG	VG	VG	VG	G
Scores	5.9	6.5	6.0	5.6	5.8	5.8	6.0	5.3
Module 2	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings	G	VG	M	G	G	VG	G	G
Scores	5.0	6.3	3.3	5.0	5.0	5.8	5.0	4.5
Module 3	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings	VG	E	VG	G	VG	VG	VG	VG
Scores	5.8	6.7	5.7	5.2	5.8	5.8	5.5	5.8
Module 5	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings	G	VG	M	G	G	G	G	VG
Scores	5.3	6.2	4.3	5.8	5.2	5.1	4.5	5.8

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, because there were many donors in the country. The sequencing of the project (module 1) 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.

On module 1, 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. A comprehensive revenue forecasting framework was already in place by May 2012, with an inter-agency team coordinated by the Ministry of Finance (Mineral Revenue Forecasting Unit–the MRFU) established and functioning. 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. The enactment of EIRA may be delayed further by proposals from the Petroleum Directorate to split EIRA in two bills, one dealing with petroleum and one with mining. Because of these delays and the Ebola outbreak, the completion date for the outcomes has been extended to June 2015.

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 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.

On module 2, project implementation started at a brisk pace in the third quarter of 2012. However, progress slowed because the enactment of EIRA was put on hold. The confirmation of the acting Commissioner General of the National Revenue Authority (NRA) resulted in renewed interest in establishing an EI unit at the NRA. The Commissioner's proposal of establishing a separate unit to manage EI revenue did not follow the project's recommendations as it fragmented domestic tax operations, and the team provided detailed advice on how to proceed under that proposal. Subsequently, however, an EI unit (comprised of a head and three managers) was set up within the NRA in line with the team's recommendations. Plans to support the initial EI unit set up work are on hold due to the Ebola outbreak. The project was extended to April 2016 on this account.

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. The project has delivered TA advice in a well sequenced fashion through assessment and diagnostic missions, reports and workshops. The efficiency of TA delivery has been affected by capacity constraints at the NRA and by delays in the enactment of fiscal legislation. Disagreement on the appropriate institutional setup for the EI Unit may also have delayed the implementation of a key component of the recommendations.

The project was extended by 6 months to April 2016. By October 2014, the budget had been executed by 35 percent.

On module 3, the time frame was too ambitious. This was compounded by questions regarding the fiscal rule recommended by the project, which lingered until May 2013, as the authorities had difficulties absorbing the rule proposed, and other TA providers to the Ministry had problems in accepting it. The draft PFM legislation was finalized for Cabinet approval at end-2013. The team has 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. Before the Ebola outbreak, it was expected that the PFM and SWF Acts would have been finalized 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 project was extended by 24 months to April 2016. By October 2014, the budget had been executed by 80 percent.

On module 5, the efficiency of TA delivery has been affected by weak capacity to implement the advice provided, and by lack of resources for Statistics Sierra Leone to conduct activities such as surveys. By end-2014, the first estimates of iron ore industry production and generation of income accounts had been compiled based on available source data, work on the remaining mining industries had been launched but not completed due to delays in data collection and processing. Progress towards developing a complete set of estimates for the extractive industries of Sierra Leone was interrupted by the Ebola virus outbreak. Once travel resumes to Sierra Leone (post-Ebola), there will be follow up missions. The project was extended by 12 months to April 2016. By October 2014, the budget had been executed by 17 percent.

SOLOMON ISLANDS: VG (5.8)

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	VG	VG	VG	G	VG	G	VG	VG
Scores	5.8	6.2	6.0	5.3	5.7	5.4	6.0	5.8

Building on prior FAD TA, the project substantially delivered on its objective in the form of a new fiscal regime for mining enacted in April 2014 that largely follows earlier TA recommendations and drafting support under the project, albeit with significant delay relative to project completion dates, and with implementation issues still to be resolved. The new regime provides a strong foundation for the development of mining, provided that high export duties on minerals are eliminated, and details of implementation are put in place. The project also envisaged the development of capacity for revenue forecasting and analysis of fiscal terms for mining projects; this work is still pending.

Significantly less support than initially expected was necessary for the preparation of the legislation envisaged under the project. 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. Following the visit, and remote ongoing contact with the authorities, the draft legislation was quickly ready for Cabinet consideration. After a prolonged delay as the draft legislation was with Cabinet, the legislation was enacted in April 2014 without further need for TA. A recent mission provided a few recommendations on policy changes and extensive recommendations on administrative procedures. The project was extended by 15 months to April 2015. By October 2014, the budget had been executed by 20 percent.

TIMOR LESTE: M (4.2)

Module 1	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	G	VG	M	G	G	G	M	G
Scores	4.8	6.3	3.7	5.2	4.7	5.4	3.0	5.3
Module 4	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings	M	M	P	M	M	M	M	M
Scores	3.6	4.3	1.7	3.5	4.0	4.4	3.0	4.0

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. PFTAC has provided assistance under the module 1 project.

The module 1 project was 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 these, 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 Ministry of Finance (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. Module 1 work will continue, and the project was extended by 32 months to December 2015.

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.

From the start there was less success working with the government on the issue of comparative fiscal regimes. The Petroleum Authority 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. There have not been recent acreage releases, nor are there releases planned, for which TA on fiscal regime analysis would need to be provided. On macro fiscal modeling, 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 is unclear. While macro-fiscal TA was provided in FY2012 in the form of a mission, the authorities did not provide support for macro-fiscal analysis and modeling, and this component was terminated in December 2013.

On module 4, the authorities requested TA to assist them to enhance institutional capacity to operationalize and implement a relatively more complex portfolio for the Petroleum Fund as well as to provide policy advice to the Petroleum Fund Directorate and the Central Bank. After the initial mission in February 2013, there has not been active engagement with the authorities and a second mission has been postponed until 2015 as the authorities are still working on the recommendations of the first mission. The one tangible result achieved 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.

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. Moreover, defining investment directives which require deciding on risk tolerance levels constitute difficult policy decisions bound to be controversial, in particular because of headline risk.

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.

UGANDA: G (4.6)

Module 3	Average	R	E/O&O	E/I,O,R,P	E/TA	E/R	I	S
Ratings	G	G	M	G	G	G	M	G
Scores	4.6	4.8	4.8	4.7	4.7	4.7	4.0	5.0
Module 4 [1/]	**Average**	**R**	**E/O&O**	**E/I,O,R,P**	**E/TA**	**E/R**	**I**	**S**
Ratings		M	ND	ND	ND	ND	ND	ND
Scores		3.0						

1/ Module where only Relevance was rated. Not included in the country average.

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. AFRITAC East is providing technical advice and implementation support to maintain momentum of the expansion of the TSA.

On module 3, the effectiveness and efficiency of TA delivery were affected by issues not properly identified at the inception of the project, such as conflicts with the oil companies and the lack of definition of an oil development policy within Uganda, both of which remain unresolved until now, and which have resulted in major modifications to the scope of the project. 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 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. TA under non-TTF FAD has been required in two occasions. The project which was envisioned to start in May 2011 and last for 18 months, started in March 2013 and was extended by 14 months to June 2015. By October 2014, the execution of the budget amounted to 60 percent,

On module 4, 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. In June 2013 it was reported that the project was inactive because of uncertainties about petroleum development. The IMF proposed to remove it from the work plan but at the SC meeting, staff noted that the project was still under consideration, and that the timing for implementation was under review, and the project was kept in the work plan. The same reasons for inactivity were given in December 2013. In the event, the project was terminated in June 2014.

APPENDIX III. EVALUATION OF RESEARCH PROJECTS AND WORKSHOPS

III.1 Overview

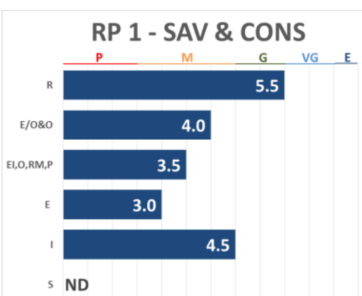
Since the TTF's inception through April 2014, five research projects and four workshops were endorsed, with a total initial budget of US$718,500. Four research projects have been evaluated (the fifth project, on Progressivity in Natural Resource Taxation, was launched after April 2014).

The evaluation was not in a position to evaluate some workshops beyond their relevance. Performance on the effectiveness of outcomes and objectives of research projects and of the workshop where it was possible to assign a rating shows considerable dispersion, ranging from an E rating for the workshop, to M ratings for two research projects. While it was not possible to assess a number of research projects and workshops for impact, research project 1 (savings and consumption guidelines for resource producers) and workshop 1 (resource fiscal management in East Africa) listed below were rated G and VG, respectively. STA's research project 3 contributed to the improvement of international standards in resource-related government statistics, and workshop 1 disseminated African country approaches to revenue management and best practices, thus contributing to the improvement of regional standards.

III.2 Research Projects

III.2.1 Research Project 1: Savings and Consumption Guidelines for Oil and Mineral Producers

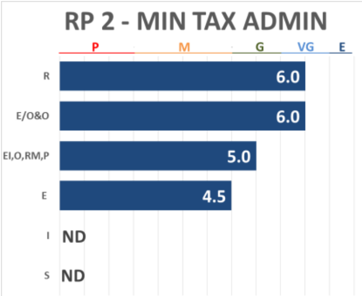
The initial research contribution to macro-fiscal work under the TTF, placed in the Work Plan in April 2011, aimed at reviewing the controversy over how fast to save and how fast to spend out of natural resource revenues. It aimed to address, inter alia, how can an "optimal" fiscal framework for low-income countries be designed, linked to PFM and absorption capacity constraints.



The project commissioned two papers from academics to provide expert inputs. As of late 2014 the papers were still being revised, following several rounds of IMF comments. The prolonged process undergone so far suggests that a proper framework for interaction, including supervision, may not have been set up, and that the project's framework did not result in an efficient process for completion. While papers satisfactory to the IMF staff have not been delivered, materials in the drafts have been used in several contexts, including providing inputs to an IMF policy paper and to Workshop 1 on fiscal management of oil and gas in East Africa.

III.2.2 Research Project 2: Mining Tax Administration

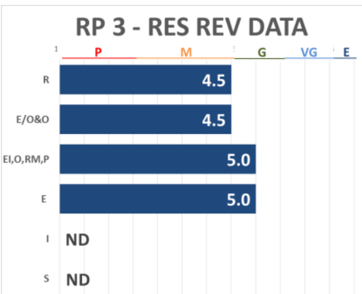
The project was placed in the initial Work Plan. It aimed at identifying key practices essential to strengthen mining tax administration and developing a toolkit of good mining tax administration practices for developing countries.



In July 2014 a handbook on *Administering Fiscal Regimes for Extractive Industries* was published jointly by 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. The project was a collaboration with the World Bank. IMF revenue administration staff and experts developed initial material produced by the World Bank and the results of IMF TA (including under the TTF). The review process was lengthy and thorough. The project was extended by one-and-a half years in total from its initial completion date, as the initial time frame was ambitious for a project of this scope.

III.2.3 Research Project 3: Resource Revenue Database for Government Revenue Statistics

The project was placed in the original Work Plan. Its aim was to develop a draft template for member countries to collect and report revenues from natural resources.

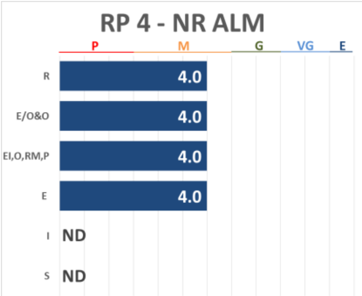


A draft template was presented in a paper circulated to the IMF's Executive Board and subsequently posted in January 2014 for consultation with the international community. The resulting revised paper was made available upon request to the general public in September 2014. The template will be field tested in six countries. The project addresses issues of relevance to the TTF, including for TA under module 5 and module 3, and contributes to the improvement of international standards in resource-related government statistics. 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 TTF eligible countries; a number of these countries could face data limitations and capacity constraints. The project started slowly and was completed in June 2014, a little less than a year later than its planned completion date.

STA informed the evaluation team that "in February 2015 the EITI International Secretariat formally introduced a Summary Data Template, which is now a regular component of EITI reports and which includes three tables to summarize the detailed data presented in national EITI reports. One of these tables is directly based on STA's standard template. In addition, STA is currently field-testing the standard template in six countries under a new project also funded by the MNRW-TTF. The first results in Norway and Mongolia have been very positive. The project is on track and expected to be completed on time and within budget." Given the timing of these developments they were not taken into account in the assessment and not incorporated in the research project's ratings and scores.

III.2.4 Research Project 4: Natural Resources Asset and Liability Management Handbook

The project was placed in the original Work Plan in April 2011. It aimed at assisting resource-rich countries to enhance their wealth management and take an integrated approach to sovereign asset-liability management (SALM).

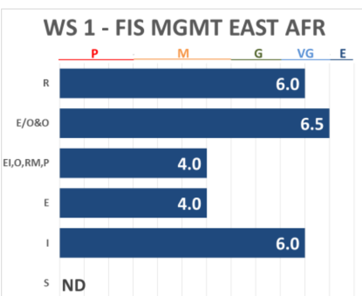


The handbook *Sovereign Asset-Liability Management - Guidance for Resource-Rich Economies* was published on the IMF's website in June 2014. The handbook's policy advice is mostly relevant to countries with sufficiently strong analytical and asset management implementation capacity on the part of the government, the central bank and financial agencies. These preconditions are unlikely to be in place in many TTF eligible countries. 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. The project was activated a year and a half after being placed on the Work Plan, which suggests that its inclusion before a project concept crystallized more clearly may have been premature. Once the project was started, a very ambitious completion date was set, with the handbook being completed about a year later.

III.3 Workshops

III.3.1 Workshop 1: Fiscal Management of Oil and Natural Gas in East Africa

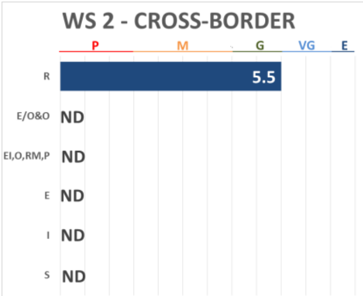
The workshop was placed in the original Work Plan in April 2011. It was originally intended as a workshop on oil revenue management frameworks for new African producers. In May 2012 the original proposal was modified as a result of a request from the East African Community (EAC) Secretariat for a workshop on fiscal management issues for new oil and gas producers in the region.



The workshop, organized by FAD in collaboration with AFR, was held in Arusha, Tanzania in January 2014. It drew on recent analytical work at the IMF and on the experience gained from TA. The structure of the workshop allowed ample scope for presentations by government officials from the region. Impact was favorable. Participant level of satisfaction was high. Officials from Kenya and Tanzania interviewed by the evaluation team praised the usefulness of the workshop and relevance to their work. They particularly appreciated the fact that the workshop featured many country presentations from officials in the region, which allowed sharing and comparing experiences. The project was postponed several times, and was launched two and a half years after being placed in the Work Plan with a modified geographical focus, suggesting that the original project placed in the inaugural Work Plan may have been premature.

III.3.2 Workshop 2: Cross-Border Issues in Resource Taxation

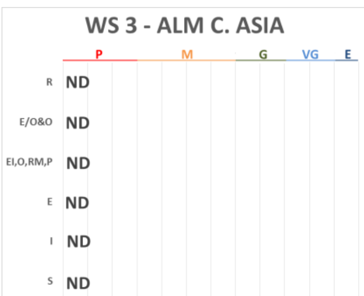
The workshop was placed in the original Work Plan in April 2011. Its aim was to explore international issues in fiscal regimes for natural resources with a view to developing practical guidance for low and lower-middle income countries with resource production or potential.



The workshop took place in Washington D.C. in May 2012. The evaluation team does not have enough information to rate criteria besides relevance. 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. Some participants would have wanted more time for discussion by country participants and breakout sessions to address more advanced subjects. The production of an edited conference volume remained in progress as of late 2014.

III.3.3 Workshop 3: Management of Natural Resource Wealth in Central Asia

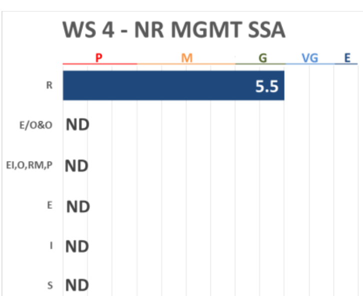
This workshop was placed in the Work Plan in November 2011. The project was not launched and was removed from the Work Plan. The Project Summary indicated that there was demand in Central Asian countries for learning about other countries' experiences in dealing with wealth management issues. Under the lead of MCM, the project would include a number of other functional and area departments of the IMF.



In 2012 the project was 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. The secretariat proposed to remove the project from the work program, which was endorsed.

III.3.4 Workshop 4: Management of Natural Resources in Sub-Saharan Africa

The project was placed in the Work Plan in November 2011. The budget covered only a part of the cost of the workshop, with the remainder financed by the IMF.



The workshop was held in Kinshasa in March 2012. The evaluation team does not have enough information to rate criteria besides relevance. The workshop set out to provide a forum for presentations and discussion of relevant issues for African resource-rich countries: macroeconomic policies, fiscal policies and public investment, governance and transparency, governments getting a fair share of resource wealth, and management of resource revenue when capacity is weak. The agenda allowed only a few presentations to be made by SSA officials. Allowing more presentations from 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.