Document of the Inter-American Development Bank

**JAMAICA**

**Fiscal Structural Programme for Economic Growth I**

**(JA-L1038)**

**monitoring and evaluation plan**

This document was prepared by the project team consisting of: Gerardo Reyes-Tagle (IFD/FMM), Project Team Leader; Ángel Melguizo (SCL/LMK) Alternate Team Leader; Juan Pedro Schmid (CCB/CJA); Camila Giraldo, Marcio Cracel, Carlos Silvani and Hunt Howell (consultants); Marina Massini (IFD/FMM) and Javier Jimenez-Mosquera (LEG/SGO).

**Content**

1. Introduction
2. Monitoring
   1. Indicators
   2. Data Collection and Instruments
   3. Reporting Monitoring Results
   4. Monitoring Coordination, Work Plan and Budget
3. Evaluation
   1. Main Evaluation Question(s)
   2. Existing Knowledge (previous evaluations, ex ante economic analysis)
   3. Key Outcome Indicators
   4. Evaluation Methodology
   5. Reporting Evaluation Results
   6. Evaluation Coordination, Work Plan and Budget

Annex I – Terms of Reference

|  |  |
| --- | --- |
| **Abbreviations** | |
| FFF | Flexible Financing Facility |
| GDP | Gross Domestic Product |
| GOJ | Government of Jamaica |
| ICT | Information and Communication Technology |
| IDB | Inter-American Development Bank |
| IMA | Independent Macroeconomic Assessment |
| IMF | International Monetary Fund |
| M&E | Monitoring and Evaluation |
| MOF | Ministry of Finance |
| PBL | Policy Based Loan |
| PC | Project Coordinator |
| PMR | Progress Monitoring Report |
| TAJ | Tax Administration of Jamaica |
| XPMR | Extended Progress Monitoring Report |
| TC | Technical Cooperation |

**Fiscal Structural Programme for Economic Growth I**

**(JA-L1038)**

**monitoring and evaluation plan**

1. INTRODUCTION
   1. The programme’s objective is to support the GoJ’s efforts to return to sustainable fiscal and economic growth paths by improving its fiscal balance in the short and medium term.
   2. This will be done through: (a) implementing a pro-growth tax policy and strengthening revenue collection efforts; (b) exercising an effective control over budgetary expenditure; (c) improving the fiscal sustainability of the National Insurance System (IS); and (d) strengthening the Fiscal Responsibility Framework (FRF).
   3. The main Program expected impact is to decrease the public sector deficit from -4.1% of the GDP to 1.4% of the GDP in FY 2017/18. The main expected results for FY 2017/18 are: (i) increase tax revenue from 44% to 24.9 % of the GDP; (ii) reduce from 40% to 20% de tariffs on imports of non-agriculture and agriculture products; (iii) increase GCT rate on government purchases from 0% to 16.5%; (iv) reduce CIT rate for unregulated companies from 30% to 25%; (v) increase tax credit rate to foster economic growth from 0% to 30%; (vi) Increase the number of audits (vii) performed on Large and Medium Taxpayers from 8 to 20 and 100 to 200 respectively; (vii) Increase the % of taxpayers e-filing their tax return from 5% to 20%; (viii) Decrease commercial banks fees paid by the Government to process taxpayers payments from JD$ 1.8 to 1.1; (ix) Decrease primary expenditure from 20.4 to 19.9; (x) lower the annual wage bill target from 10.6% of the GDP to 8.9% of the GDP; (xi) Increase the number of Public Bodies reporting on time to the Ministry of Finance self-financing from 40 to 80, non-self-financing from 15 to 30; (xii) Standardize the ratio teacher/pupil across all schools aiming reduce expenditure in education to 1/30; (xiii) Decrease the actuarial deficit of the National Insurance Fund (NIF) from 6% to 4% of the GDP; (xiv) Decrease the time for pension claims processing from 12 months to 4 months; and (xv) Decrease delay in implementing corrective measures to address deviations from budget form 1 year to real time.
   4. This monitoring and evaluation (M&E) plan presents: (i) key monitoring tools; (ii) the evaluation methodology chosen for assessing medium and long term impacts and (iii) responsibilities.
2. MONITORING
   1. **Indicators**
   2. The Results Matrix comprises the program’s indicators. Program indicators have been selected to represent the essential activities within the project scope and are in line with the principles of SMART[[1]](#footnote-1) indicators. In order to evaluate effective operations of the project, the M&E Plan will include indicators related to achievement of performance targets, outputs and outcomes.
   3. The indicators to monitor program performance and achievements will be related to the following outcomes: (i) Support macroeconomic stability; (ii) Strengthen tax revenues; (iii) Quality of expenditure; (iv) Improve the Fiscal Sustainability of the National Insurance Scheme (NIS); and (v) Strengthening of the Fiscal Responsibility Framework (FRF).

| **Table 1: Monitoring Indicators** | | | |
| --- | --- | --- | --- |
| **Indicators** | | **Frequency** | **Means of verification** |
| **IMPACT** | | | |
| 1. (Total revenue – Total expenditure)/nominal GDP | Annual | | Annual Financial Report prepared by the Ministry of Finance (MoF) |
| **RESULTS** | | | |
| 1. Tax revenue as % of GDP | Annual | | Tax Administration of Jamaica (TAJ) annual report |
| 1. Capping tariffs on imports of non-agriculture and agriculture products | Annual | | Jamaica Customs Administration (JCA) annual report import/export Division |
| 1. General Consumption Tax (GCT) rate applied to government purchases | Annual | | Tax Administration of Jamaica (TAJ) annual report from tax police Division |
| 1. Corporate Income Tax (CIT) rate for unregulated companies | Annual | | Tax Administration of Jamaica (TAJ) annual report from tax police Division |
| 1. Labour tax credit rate to foster economic growth | Annual | | Tax Administration of Jamaica (TAJ) annual report from tax police Division |
| 1. Audits performed on Large and Medium Taxpayers | Annual | | TAJ’s Large Taxpayers Office report |
| 1. Taxpayers e-filing their tax return | Annual | | Tax Administration of Jamaica (TAJ) WEB |
| 1. Commercial banks fees paid by the Government to process taxpayers payments | Annual | | Tax Administration of Jamaica (TAJ) agreement with the Banks |
| 1. Primary expenditure (as percent of GDP) | Annual | | Ministry of Finance annual Financial Report |
| 1. Annual wage bill (% of GDP) | Annual | | Ministry of Finance annual Financial Report |
| 1. Public Bodies reporting on time to the Ministry of Finance | Annual | | MOF - Public Entities Division (PED) annual management report |
| 1. Actuarial deficit of the National Insurance Fund (NIF) | Annual | | MOF - Public Entities Division (PED) annual management report |
| 1. Time for pension claims processing | Annual | | Ministry of Education - Department of Statistics annual Report |

* 1. **Data Collection and Instruments**
  2. The MOF has put in place a Program Manager, who is responsible for the coordination and management of the implementation of the program. The Program Manager is responsible for collecting this information and documentation on the part of the MOF. The Program Manager coordinates activities within the Ministry of Finance, via the Joint working group, which has been established to coordinate relations with multilateral institutions.
  3. The data on the outcome indicator target relating to the public sector balance will be provided by the MOF through the Treasury/MOF. The indicators related to increased tax revenue will be provided by the MOF through the Tax Administration of Jamaica and the Jamaica Customs Administration official reports. Indicators related to quality expenditure will be provided by the MOF trough the Treasury and the Public Entities Division (PED). Indicators related to National Insurance Scheme will be provided by NIS.
  4. For data collection, it will be necessary to identify all sources/ systems and responsible parties where the information will be collected from, in order to create a direct link with the corresponding organizations’ supervisors, through the creation of institutional mechanisms, to easily collect the information in waves or periodically according to the chronogram described in table 2. In the case of the taxes and Large and Medium Taxpayers, the information will be provided by the Tax Administration of Jamaica (TAJ) specific divisions in charge of one of the five main taxes included in the Program result matrix. The Public Entities Division (PED) will be the link to collect information about the Public Bodies and about the actuarial deficit of the National Insurance Fund. The Department of Statistics of the Ministry of Education will be the source to collect information about the pension claims.
  5. The information will be registered in a spreadsheet model, comprising all the information periodically collected and all corresponding indicators presented in the result matrix; which will provide on time the indicators’ progress. The information will be consolidated yearly and evaluations comparing the targets and the progress will be carried out, including explanations every time distortion occurs.
  6. Additionally, on a quarterly basis, the Program Manager will carry out interviews with the responsible parties to review the information collection and to evaluate targets presenting deviations, as well as, possible actions to mitigate the deviations. Finally, surveys among the main stakeholders will be carried out, especially for the Large and Medium taxpayer as well as the Public Bodies, in order to evaluate the impacts of the Program’s policies on these stakeholders.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 2: Data Collection Activities and Timetable** | | | | | | | | | | | | |
| **Activities/Periodicity** | **2014** | | | | **2015** | | | | **2016** | | | |
| **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** |
| 1. Identification of the sources /systems / responsible parties where the information will be collected from | **x** |  |  |  |  |  |  |  |  |  |  |  |
| 1. Preparation of the spreadsheets controls to consolidate and evaluate the information | **x** |  |  |  |  |  |  |  |  |  |  |  |
| 1. Gathering Tax collection information (waves) |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.1 GCT - General Consumption Tax | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** |
| 3.2 Minimum Business Income Tax | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** |
| 3.3 Tax Allowance |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |
| 3.4 Tax Expenditure Budget | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** | **x** |
| 3.5 CIT - Corporate Income Tax |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |
| 1. Auditing the Medium and Large Taxpayers |  |  |  | **x** |  |  |  | **x** |  |  |  | **x** |
| 1. Auditing the Public Bodies of the MoF |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |
| 1. Collecting the information from Actuarial deficit of the National Insurance Fund (NIF) |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |  |  |
| 1. Collecting the information from pension claims processing |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |
| 1. Consolidating the information for evaluation |  |  |  | **x** |  |  |  | **x** |  |  |  | **x** |
| 1. Interviews with the responsible parties for the information |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |  | **x** |
| 1. Interviews / surveys with key stakeholders |  |  |  | **x** |  |  |  | **x** |  |  |  | **x** |

* 1. **Reporting Monitoring Results.**
  2. The IDB has several monitoring systems in place, including the Progress Monitoring Report (PMR) and Loan Management System (LMS). These monitoring systems cover two aspects: fiduciary and technical. Since this is operation is a Policy-based loan (PBL), no procurement and financial management issues will be monitored. The technical aspects will focus on the attainment of project outcomes and outputs indicators. The results will be published in accordance with Table 1.
  3. **Monitoring Coordination, Work Plan and Budget.**
  4. The program will be monitored by the Government of Jamaica (GOJ), through the Ministry of Finance (MOF), with technical support from the project team. The MOF and the project team will hold semiannual meetings in order to review the progress achieved in implementing the Program and on the fulfillment of the conditions defined as triggers for the subsequent operations, as reflected in the Policy Matrix. For these meetings, the Borrower will furnish, prior to each meeting, information and documentation requested by the Bank regarding the advancement of the program. The meetings will focus on: verifying the degree of compliance with the indicators for the program and its components, as indicated in the Results Matrix; taking stock of the successes and shortcomings of program design and execution and its effectiveness in working toward the country’s development objectives; and recommending corrective or monitoring measures for the second and third operations of the programmatic series.
  5. IDB staff will host video conferences at least twice a year until the end of the series and travel to Jamaica at least twice to gather information for the monitoring plan. The first trip is estimated for late 2014 and the second in late 2015/ early 2016.
  6. It is estimated that a budget of US$20,000 will be needed to cover the travel of IDB Staff to Jamaica. This will include two trips of two specialists.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Table 3: Monitoring Work Plan | | | | | | | | |
| Key Monitoring Activities / Products Per Activity | 2014 | 2014 | 2014 | 2014 | 2016 | Responsible Entity | Cost | Budget |
| Monitoring of the Compliance of the Conditions of the Policy Matrix and Triggers | Policy Matrix  Results Matrix  Means of Verification | Progress Reports | Progress Reports  Policy Matrix  Results Matrix  of 2nd Programmatic Loan | Progress Reports | Policy Matrix  Results Matrix of 3rd Programmatic Loan | MOF Program Manager  IDB Project Team | US $20,000 (two missions of two staff members at US $5,000 each) | US$20,000 |

1. EVALUATION
   1. The main objective of the evaluation plan is to determine whether the interventions and policy reforms supported by the program contributed to the expected impact and outcomes. Result indicators for each program component are included in the results matrix.
   2. **Main Evaluation Question(s).**
   3. The following questions will be used by the consultant and the project team to guide the evaluation process of the activities supported by the program.
2. Did the policy reform generate enough fiscal space to allow public investments to promote economic growth?
3. Did the policy reform improve the public deficit balance?
4. Did the policy reforms improve the quality of tax reform?
5. Did the program improve the efficiency in the execution of tax (TAJ) and customs (JCA) administration?
6. Did the program improve the quality of public expenditure?
7. Did the program improve the monitoring of the Public Bodies?
8. Did the program improve the quality of the National Insurance Scheme?
9. Did the program improve the Fiscal Responsibility Framework environment?
   1. **Existing Knowledge (previous evaluations, ex ante economic analysis).**
   2. For the purpose of conducting the evaluation, the consultant will conduct interview with relevant stakeholders, apply surveys to target groups, and use previous assessments as reference material. Specifically, the consultant will review the Memorandum of Economic and Financial Policies (MEFP - IMF 2013), the Jamaica Report on Public Expenditure and Financial Accountability (PEFA 2013), the Jamaica Tax Policy, and the Tax Administration and Customs Reforms (IDB 2013).
   3. **Key outcome indicators.**
   4. The key outcome indicators as well as their frequency of measurement and source are described in the results matrix (see Table 1 above).
   5. **Evaluation Methodology.**
   6. The Borrower and the Project Team agree that the most appropriate evaluation for this programmatic series, comprised by three Policy Based Loans (PBL), is the method of *reflective evaluation*. This type of evaluation is recommended for programs that involve complex, long-term reforms as they capture not only quantitative, but also qualitative changes. This will provide critical information regarding what works and doesn’t work, as well as lessons learned that will be useful for future projects. This evaluation methodology will try to establish how successful the program was by thinking about the answers to the questions the program’s stakeholders ask themselves. The additionally of this type of evaluation methodology is that the ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan. To support the evaluation, a spreadsheet model will be developed comprising all indicators presented in the result matrix, as well as their corresponding progress, data collection and activities are detailed in paragraphs 2.3-2.7 and Table 2.
   7. Additionally, an *ex-post* financing evaluation to compare the estimated financing benefits with the benefits generated by the implementation of the policies actions will be carried out. In this regard, a similar financing evaluation will be carried out using the same methodology performed for the ex-ante evaluation. The estimated and the achieved benefits will be compared based on the following criteria:
      * 1. Year in which the benefits started occurring / year estimated.
        2. Amount generated by the benefits / amount estimated.
        3. Benefits Net Present Value (NPV) / NPV estimated
        4. Benefits Internal Rate of Return (IRR) / IRR estimated
        5. Benefits Accumulated Net Present Value (ANPV) / ANPV estimated / total investment.
   8. **Reporting evaluation results.**
   9. The team will evaluate the achievement of the objectives of the program, using as a reference the targets and indicators set in the Policy Matrix and Results Matrix. Monitoring of the goals included in the Policy Matrix will be carried out by the project team with input from an independent consultant, whose services will be financed with budget for the preparation of the last operation of the programmatic series (see draft Terms of Reference in Annex I below).
   10. The means of verification (MOVs) matrix will be the source of information that determines compliance with the policy goals. The consultancy will begin two months after the disbursement of the final operation by the Bank.
   11. The consultant will assess compliance with the policy goals and their sustainability over time, as well as the outcome targets included in the Program’s Results Matrix. The consultancy will begin once the program is completed.
   12. Performance goals will be monitored by the MOF’s Program Coordinator (PC) using the information established in the Results Matrix. The evaluation of the program will be input for the project completion report of the operation (PCR).
   13. **Evaluation coordination, work plan and budget**
   14. The total cost of the evaluation plan is US$50.000. The IDB will hire an independent consultant for preparing the Project Completion Report (PCR), which will be validated by the MOF. The borrower is responsible for cooperating with the IDB team and the consultant(s) hired by the IDB in all the matters related with the Evaluation of this program.
   15. The IDB Project Team will be from the Fiscal and Municipal Management Division based in Washington, DC (IFD/FMM) and the Country Office in Jamaica (CCB/CJA), which will be responsible for the follow-up of the Program.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 4: Evaluation Work Plan** | | | | | | | | | | | | | |
| **Activity** | **2014** | | **2015** | | **2016** | | **2017** | | **2018** | | **Resp.** | **Costs**  **US$** | **Funding** |
| **Jun** | **Dec** | **Jun** | **Dec** | **Jun** | **Dec** | **Jun** | **Dec** | **Jun** | **Dec** |
| Progress Reports |  |  |  |  |  |  |  |  |  |  | BID/  MOF | 20,000 | BID |
| Evaluation Report |  |  |  |  |  |  |  |  |  |  | BID | 10,000 | BID |
| Ex-Post Financing Evaluation |  |  |  |  |  |  |  |  |  |  | BID | 10,000 | BID |
| Project Completion Report (PCR) |  |  |  |  |  |  |  |  |  |  | BID | 10,000 | BID |
| **Total** |  | | | | | | | | | | | **50,000** |  |

**ANNEX I**

**EVALUATION CONSULTANCY**

**DRAFT TERMS OF REFERENCE**

1. **OBJECTIVE OF THE CONSULTANCY**
   1. Prepare a program evaluation report using Reflective methodology and an ex-post Financing Evaluation for review and submission to the Division. This report will be an input to the Project Completion Report (PCR) program.

**II. ACTIVITIES**

2.1 In direct coordination with sector specialists, review the documentation for the execution of the three operations of the program. In particular, assess the scope and impact achieved according to the targets and indicators in the Policy Matrix and the Results Matrix using as reference the Bank's Independent Macroeconomic Assessment.

2.2 In direct coordination with the sectorial specialists, meetings with major stakeholders in the design and execution of the operation, both the IDB and the Government of Jamaica.

2.3 Review documentation of the implementing agencies and other stakeholders to complete the required information for the preparation of PCR.

**III. EXPECTED OUTPUTS**

3.1 Intermediate Evaluation Report, with text and graphics, to be reviewed by the sector specialist who oversees the project. The report should include all areas specified in the format, with special emphasis on the project results and lessons learned.

3.2 Final Evaluation Report, incorporating comments made by the sectorial specialists.

IV. CHARACTERISTICS OF THE CONSULTANCY

4.1 *Consultancy type:* Individual.

4.2 *Duration:* from the signing of the contract until March 31, 2017 for a period of 12 non-consecutive days.

4.3 *Place of work:* Place of residence and Jamaica.

4.4 *Qualifications:* The consultant must have an advanced degree in Economics, Public Policy or a related field and at least 8 years of experience working in the preparation and monitoring of projects in the public sector. Fluency in English required; knowledge of Dutch would be an asset.

4.5 *Payment:* the consultant will be paid in the following manner: A first payment of 15% of the contract amount 15 days after signing it, upon delivery of the first report to the satisfaction of the IDB. A second payment 15% upon delivery and approval of the interim report to the satisfaction of the IDB. A third payment 15% upon delivery and approval of the EX-post Financing Evaluation to the satisfaction of the IDB. A final payment of 55% upon delivery and approval of final report to the satisfaction of the IDB.

*4.6 Budget:* the total cost of the consultancy should not exceed US $20,000, including all travel and other expenses incurred by the consultant.

**V. SCHEDULE**

5.1 The consultant will be responsible for delivering the following products within the time framework described below.

5.2 The consultant will deliver the following products:

1. Intermediate evaluation report detailed in 3.1 submitted for consideration by the team by November 30, 2015.
2. Ex-post Financing Evaluation submitted to the project team by March 31, 2017.
3. Final version of the evaluation report detailed in 3.2 submitted to the project team by March 31, 2017.

**VI. SUPERVISION**

6.1 The consultancy will be coordinated by Gerardo Reyes-Tagle, Fiscal and Municipal Management Division (IFD/FMM), Team Leader of the operation.

1. SMART Indicators are specific, measurable, achievable, relevant, and time bound. [↑](#footnote-ref-1)