Document of the Inter-American Development Bank

**SURINAME**

**FISCAL STRENGTHENING TO SUPPORT ECONOMIC GROWTH PROGRAM**

**(SU-L1050)**

**monitoring and evaluation plan**

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| **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 |

1. INTRODUCTION
   1. The objective of the FISEG program is to support Suriname’s efforts to return to a fiscal sustainable path in the medium term through a sustainable reduction of its fiscal deficit. The specific objectives of the program are: (i) increase tax revenues; (ii) increase the availability of resources for an effective public expenditure; and; (iii) increase the alternative source for government investment. The main beneficiaries will be: (i) the Government of Suriname with more resources to carry out priority public investments; (ii) the taxpayers with more support to carry out their tax obligations, and (iii) all Surinamese population with the result of the Government investments. This single investment loan operation includes the following components and activities:
   2. **Component 1** – **Strengthen revenue administration (US$23.2 million**). The objective of this component is to revamp the Department of Tax and Customs (DoTC) institutional organization and support the government in implementing the VAT to improve tax collection. The component will finance the following activities:
      1. **Regarding ORA’s Organizational Structure and Taxpayers Services:** (i) new organizational structure for the Office of Revenue Administration (ORA) prepared and implemented; (ii) Taxpayer Service (TS) function and organization in the ORA created and staffed;
      2. **Regarding ORA’s Internal Revenue Operations:** (iii) new effective Tax Identification Number (TIN) system for all taxpayers in Suriname designed and implemented; (iv) tax return (Declaration) system using modern procedures and methods designed and implemented; (v) new tax payment system through the banking system designed and implemented; (vi) stop filing and refund processing procedures and system modernized; (vii) tax Audit procedures and system based on risk analysis implemented; (viii) tax arrears collections procedures and system reviewed and modernized; (ix) tax appeal system and institutions reviewed and modernized;
      3. **Regarding ORA’s Custom’s Operations:** (x) plan for the improvement of Customs processes according to the World Customs Organization (WCO) standards prepared and implemented; (xi) customs audit business model reviewed and modernized; (xii) post clearance audit system implemented; (xiii) New procedures for the adoption of the VAT developed and implemented; (xiv) Plan for the modernization of the Customs ICT implemented; (xv) operational support for AW customs system implementation;
      4. **Regarding ORA’s Physical Infrastructure:** (xvi) plan for the modernization of the new ORA physical infrastructure implemented, including remodeling of spaces services, general equipment’s for telecommunication, mail, and power supply, and vehicles for inspections.
      5. **Regarding ORA’s Legal Framework:** (xvii) tax legal framework reviewed and updated.
   3. **Component 2 – Strengthen the PFM (US$10.2 million).** The objective of this component is to support the government to increase the availability of resources for an effective public expenditure. This component will finance the following activities
      1. **Regarding the Organizational Structure:** (i) new organizational structure of the MOF developed and implemented;
      2. **Regarding the Budget Planning:** (ii) Macroeconomic analysis, fiscal and public policy function of the MoF modernized; (iii) budget planning business model reviewed and improved;
      3. **Regarding the Budget Execution:** (iv) Treasury Operations developed and implemented; (v) debt management operations and system reviewed and strengthened; (vi) procurement system reviewed and strengthen; (vii) accounting system reviewed and strengthened according to the new International Public Sector Accounting Standards (IPSAS); (viii) internal control needs assessment and recommendations for improvement prepared and implemented; (ix) State Owned Enterprises (SOEs) business model reviewed and implemented; (x) internal audit procedures and system reviewed and strengthened;
      4. **Regarding the Technology Infrastructure:** (xi) transparency portal for the MoF designed and implemented; (xii) technological infrastructures of the MOF made adequate (ORA, Directorate of Finance)
      5. **Regarding the Legal Framework:** (xiii) PFM Legal Framework reviewed and updated.
   4. **Component 3 – Strengthen the public investment system (US$3.7 million).** Theobjective of this component is to support the government to increase the alternate source for Government investment. This component will finance: (i) the design and establishment of a Public Investment and PPPs Unit including the business model and a management system and; (ii) implementation of an operational plan and funding for planning, pre-investment and feasibility studies in infrastructure and PPPs.
2. MONITORING
   1. The monitoring objectives aim to identify the factors that could contribute or impede the project results accomplishment, according to the activities and targets described in the Result Matrix (RM). The monitoring of the project will be based on the RM, regarding the activates planed, on the Annual Operating Plan (POA) and on the Pluriannual Execution Plan (PEP), regarding the physical and financial progress, on the procedures related to the methodology for Project preparation and supervision, as well as on the acquisitions and hiring contemplated in the Procurement Plan (PA). The borrower will present progress reports in a semester basis. The Bank and the Borrower agreed to use the RM and the activities defined in the Project Monitoring Report (PMR), to monitor the project execution. Additionally, it will be carried out financial audits to verify the level of transparency and compliance of per the standards required by the Bank.
3. **Main Monitoring Questions**
   1. **Conformity Monitoring.** The activities and processes carried out are aligned with the objectives established and the methodology adopted for the project?
   2. **Financial Monitoring**. There are sufficient and timely resources authorized to the project?
   3. **Activities Monitoring.** The programmed activities are being planned and executed following the sequence and time required?
   4. **Products Monitoring.** The primary, intermediate and final products, are being developed in the desired sequence?
   5. **Risks Monitoring.** The identified project risks jeopardize the accomplishment of the results? The corresponding mitigation actions are being implemented?
4. **Indicators**
   1. During the Monitoring the project will evaluate the following indicators comprised in the RM, which will be included in the Semester Progress Report.

|  | **OUTPUTS[[1]](#footnote-1)** | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Indicators** | | **Unit of Measurement** | **Baseline** | **Baseline Year** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **End of Project** | **Means of Verification** | **Observations** |
| **Component I. Strengthen the revenue administration** | | | | | | | | | | | | |
| **ORA’s Organizational Structure and Taxpayers Services** | | | | | | | | | | | | |
| Product 1 - New organizational structure (OS) of the revenue administration implemented | | Organizational structure | 0 | 2016 | 0 | 0 | 1 | - | - | 1 | Resolution issued by the MOF approving the new OS |  |
| Product 2 - Taxpayer Service (TS) function and organization in the ORA created and staffed | | Taxpayer service | 0 | 2016 | 0 | 0 | 1 | - | - | 1 | Annual ORA report including the TS activities |  |
| **ORA’s Internal Revenue Operations** | | | | | | | | | | | | |
| Product 3 - New effective Tax Identification Number (TIN) system for all taxpayers designed and implemented | | System | 0 | 2016 | 0 | 0 | 0 | 1 | - | 1 | Annual ORA report informing the TIN is fully in operation |  |
| Product 4 - Tax Return (Declaration) System (TRS) using modern procedures and methods designed and implemented | | System | 0 | 2016 | 0 | 0 | 0 | 0 | 1 | 1 | Annual ORA report informing the TRS is fully in operation |  |
| Product 5 - New Tax Payment System (TPS) through the banking system designed and implemented | | System | 0 | 2016 | 0 | 0 | 0 | 0 | 1 | 1 | Annual ORA report informing the TPS is fully in operation |  |
| Product 6 - Stop-filing and refund processing (SFRPS) procedures and system modernized | | System | 0 | 2016 | 0 | 0 | 0 | 0 | 1 | 1 | Annual ORA report informing the SFRPS is fully in operation |  |
| Product 7 - Tax audit procedures and system based on risk analysis implemented | | Procedures | 0 | 2016 | 0 | 0 | 0 | 1 | - | 1 | Annual ORA report informing the Tax audit procedures is fully in operation | Including training to existing auditors. |
| Product 8 - Tax Arrears Collections Procedures and System (TACS) reviewed and modernized | | System | 0 | 2016 | 0 | 0 | 0 | 1 | - | 1 | Annual ORA report informing the TACS is fully in operation |  |
| Product 9 - Tax appeal system (TAS) and institutions implemented | | System | 0 | 2016 | 0 | 0 | 0 | 1 | - | 1 | Annual ORA report informing the TAS is fully in operation |  |
| **ORA’s Custom’s Operations** | | | | | | | | | | | | |
| Product 10 - Plan to improve customs processes according to the World Customs Organization (WCO) standards prepared and implemented | | Processes | 0 | 2016 | 0 | 1 | - | - | - | 1 | Annual customs report informing the CP are fully implemented |  |
| Product 11 - Customs Audit Business Model (CABM) reviewed and modernized | | Business model | 0 | 2016 | 0 | 0 | 0 | 0 | 1 | 1 | Annual customs report informing the CABM are fully implemented |  |
| Product 12 - Post Clearance Audit system (PCAS) implemented | | System | 0 | 2016 | 0 | 0 | 1 | - | - | 1 | Annual customs report informing the PCAS is fully in operation |  |
| Product 13 - New procedures for the adoption of the VAT developed and implemented | | Procedures | 0 | 2016 | 0 | 1 | - | - | - | 1 | Annual customs report informing the VAT processing is implemented |  |
| Product 14 - Plan for the modernization of the Customs ICT implemented | | System | 0 | 2016 | 0 | 0 | 0 | 0 | 1 | 1 | ORA annual report informing the ITS is fully operational |  |
| Product 15 - Operational support for the ASYCUDA World (AW) system implemented | | System | 0 | 2016 | 0 | 1 | - | - | - | 1 | Annual ORA report informing the AW support is provided internally |  |
| **ORA’s Physical Infrastructure** | | | | | | | | | | | | |
| Product 16 - ORA physical infrastructure implemented including gender specific needs | | Building | 0 | 2016 | 0 | 0 | 0 | 0 | 1 | 1 | 1. Annual ORA report informing the new building is fully operational.  2. Survey to representative number of male and female workers.  3. Blueprints include gender specific features found in survey. |  |
| **ORA’s Legal Framework** | | | | | | | | | | | | |
| Product 17- tax legal framework reviewed and updated | | Acts | 0 | 2016 | 0 | 0 | 3 | 3 | - | 6 | Collection of Acts presented by ORA legal directorate | (1) new VAT act, (2) new Income Tax Act; (3) Customs Act; and (4) Electronic Trade Act. |
| **Component II. Strengthen the PFM** | | | | | | | | | | | | |
| **Organizational Structure** | | | | | | | | | | | | |
| Product 1 - new organizational structure of the MOF developed and implemented | | Organizational structure | 0 | 2016 | 0 | 0 | 1 | - | - | 1 | Annual report of the MOF informing that the OSMOF is implemented |  |
| **Budget Planning** | | | | | | | | | | | | |
| Product 2 - Macroeconomic analysis, fiscal and public policy function of the MoF modernized | | Macroeconomic functions | 0 | 2016 | 0 | 1 | - | - | - | 1 | Annual report of the MOF informing that the functions are implemented |  |
| Product 3 - budget planning business model reviewed and improved | | Planning instruments | 0 | 2016 | 1 | 0 | 1 | 1 | - | 2 | Annual report from the Budget Directorate of the MOF informing that the 2 planning instruments are implemented | (1) Medium Term Fiscal Framework methodology; and (2) Medium Term Expenditure Framework methodology. |
| **Regarding the Budget Execution** | | | | | | | | | | | | |
| Product 4 - Treasury Operations developed and implemented | | Treasury instruments | 0 | 2016 | 0 | 1 | 1 | 1 | - | 3 | Annual report from the Treasury Directorate of the MOF informing that the 3 treasury management instruments are implemented | (1) Treasury single account system; (2) Cash management system; y (3) Treasury management training program |
| Product 5 - debt management operations and system reviewed and strengthened | | System | 0 | 2016 | 0 | 0 | 1 | - | - | 1 | Annual report from the Debt Management Directorate of the MOF informing that the system is implemented |  |
| Product 6 - Procurement system reviewed and strengthened | | System | 0 | 2016 | 0 | 0 | 0 | 1 | - | 1 | Annual report from the Procurement Directorate of the MOF informing that the e-tendering and supplier system  is implemented |  |
| Product 7 - accounting system reviewed and strengthened according to the new International Public Sector Accounting Standards (IPSAS) | | Needs assessment | 0 | 2016 | 0 | 0 | 1 | - | - | 1 | Report from the Accounting Directorate of the MOF accepting the internal control needs assessment |  |
| Product 8 - internal control needs assessment and recommendations for improvement prepared and implemented | | Needs assessment | 0 | 2016 | 0 | 1 | - | - | - | 1 | Report from the MOF accepting the internal control needs assessment |  |
| Product 9 - State Owned Enterprises (SOEs) business model reviewed and implemented | | Model | 0 | 2016 | 0 | 0 | 0 | 1 | - | 1 | Report from the Internal Audit of the MOF informing that the model is implemented |  |
| Product 10 - internal audit procedures and system reviewed and strengthened | | System | 0 | 2016 | 0 | 0 | 1 | - | - | 1 | Report from the Internal Audit of the MOF informing that the system in fully operational |  |
| **Regarding Technologic Infrastructure** | | | | | | | | | | | | |
| Product 11 - Transparency Portal for the MoF designed and implemented | | Portal | 0 | 2016 | 0 | 0 | 0 | 0 | 1 | 1 | Report from the Internal Audit of the MOF informing that the Portal is operational |  |
| Product 12 - Technological infrastructures of the MOF updated (ORA, Directorate of Finance) | | Plan | 0 | 2016 | 0 | 0 | 0 | 0 | 1 | 1 | Annual report from the ICT directorate of the MOF informing that the plan is fully accomplished |  |
| **Legal Framework** | | | | | | | | | | | | |
| Product 13 - PFM Legal Framework reviewed and updated | | Legal instruments | 0 | 2016 | 0 | 0 | 2 | 1 | - | 3 | Annual report of the MOF informing that the 3 legal instruments are operationalized | (1) finalization of the PFM Law; (2) preparation of the PFM regulations; and (3) preparation of the operating manuals. |
| **Component III. Public Investment Strengthening** | | | | | | | | | | | | |
| Product 1 - Design and establishment of a Public Investment and PPPs Unit including the business model and a management system | | Unit | 0 | 2016 | 0 | 0 | 0 | 1 | - | 1 | Annual report from the MOF informing that the PPP is fully operational | Including the business model, management system and training for MoF personnel. |
| Product 2 - Implementation of an operational plan and funding for planning, pre-investment and feasibility studies in public infrastructure and PPPs | | Projects | 0 | 2016 | 0 | 0 | 2 | 2 | 4 | 8 | Annual report from the PIU of the MOF | Including training to MOF personnel. |

1. **Data Collection and Instruments**
   1. The information regarding the products physical and financial targets will be collected periodically and consolidated by the PIU using excel spreadsheets, formatted according to the RM, PA, PEP and POA.
   2. The information will be consolidated quarterly, semester or annually, which will allow periodic evaluations to measure the RM targets progress, including the justification when deviations occur.
   3. Additionally, in a semester basis, the PIU coordinator would carry out interviews with the different project stakeholders and beneficiaries to evaluate the deviations occurred as well as the corresponding mitigation actions.

**Table 2 - Data Collection activities and Timetable**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Monitoring Activities** | **Year1** | | | | **Year 2** | | | | **Year 3** | | | | **Year 4** | | | | **Year 5** | | | | **Year6** | | | | **Responsible** | **Source / Costs** |
| 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| 1. Identification of the sources /systems/ responsible to provide the information |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | PIU  Bank Expert (Inauguration mission) | Project resources  US$30,000 |
| 2. Information collection. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | PIU |
| 3. Information consolidation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | PIU |
| 4. Interviews with information providers |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | PIU |
| 5.Semester Progress Reports |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | PIU |

1. **Project Pluriannual Execution (PEP)**



1. **Coordination and Follow-up Workplan** 
   1. The PIU will have a monitoring and evaluation expert to coordinate the specific activities, described as follow: (i) develop, maintain and update the information in an excel spreadsheet, especially those related to the result and execution indicators; (ii) coordinate with the component and sub-components supervisors, the collection and processing of the information regarding the project activities, as well as the preparation of the Semester Progress Report; (iii) identify deviations, delays, and external factors interfering in the project performance, identifying actions for mitigation; and (iv) coordinate the internal monitoring meetings, as well as the Bank evaluation and supervision missions. Because of the PIU will count with own team to carry out the the data collection activities, it will not be necessary additional personal or preparation of terms of reference for this activity.
   2. The PIU, jointly with the Bank, will carry out inspection visits, at least twice a year to evaluate the project progress.
   3. When the inspection visits identify physical or financial progress delays, it will be stablished an Acceleration Implementation Plan (AIP) to justify: (i) main implementation difficulties; (ii) corresponding actions for mitigation; and (iii) costs and timetable for the implementation. The AIP, also will include a selection of project priority acquisitions, with schedules and costs.

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| **Table 3. Monitoring Work Plan** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Activities** | **Year 1** | | | | **Year 2** | | | | **Year 3** | | | | | **Year 4** | | | | | **Year 5** | | | | **Year 6** | | | | | **Source/ Responsible y Costs** | |
| **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | | **1** | **2** | **3** | **4** | | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | | **1** | **2** | **3** | **4** | |  |
| 1.Tecnical visits to executors |  |  |  |  |  |  |  |  | |  |  |  |  | |  |  |  |  |  |  |  |  | |  |  |  |  | | Project  (PIU)  US$70.000 |
| 2. Consolidate Technical Visit Reports, including the meetings with executors |  |  |  |  |  |  |  |  | |  |  |  |  | |  |  |  |  |  |  |  |  | |  |  |  |  | |
| 3. Semester Progress reports |  |  |  |  |  |  |  |  | |  |  |  |  | |  |  |  |  |  |  |  |  | |  |  |  |  | |
| 4. Audit Reports |  |  |  |  |  |  |  |  | |  |  |  |  | |  |  |  |  |  |  |  |  | |  |  |  |  | | Project  (PIU)  US$250.000 |
| 5. Project completion Report (PCR) |  |  |  |  |  |  |  |  | |  |  |  |  | |  |  |  |  |  |  |  |  | |  |  |  |  | | Project  (PIU)  US$30.000 |

1. **Reports Presentation**
   1. The PIU will prepare the monitoring reports, using as input the data consolidated in the excel spreadsheets. The reports generated with this information will be used to update the Semester Progress Report and the Project Monitoring Report (PMR). The annual cost of each product will be detailed in the Project Execution Plan (PEP).
   2. The Borrower will present annually to the Bank the project Financial Statement, 120 days before the end of the corresponding Fiscal year (FY), audited by an independent auditing firm, as well as a progress semester reports prepared by the auditing firm.
   3. The PIU will prepare and send to the Bank a final evaluation reports, which will be the input for the preparation of the Project Completion Report (PCR). This must occur 90 days after the project reaches 90% of its disbursement.
2. **EVALUATION**
3. **Collection of Data and Instruments**
   1. The Program will be evaluated based on 2 methodologies: (i) a reflective evaluation at the end of the project, to verify the accomplishment of the targets and respective annual products result indicators contemplated in the Result Matrix (RM); (ii) Economic Evaluation – at the end of the program it will be prepared an ex-post evaluation aiming to verify the benefits generated by the program interventions, following the same methodology used for the preparation of the ex-ante economic evaluation. The objective of the ex-ante evaluation is to estimate if the interventions carried out by the program justify the corresponding investment.
4. **Technical Aspects and Evaluation Methodologies**
   1. **Reflective Evaluation**. This evaluation will provide key information regarding to what works and what does not work in the project, as well as the lessons learned for futures projects. This methodology will determine in what level the project was successful, based on questions and answers that the stakeholders must make to themselves, according to the targets and respective annual indicators contemplated in the project RM, which will be evaluated periodically as follow.
   2. **Indicators considered for the evaluation**. The indicators considered for the evaluation are presented as follow:

| **Expected Impact[[2]](#footnote-2)** | | | | | | | | | | | |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Indicators** | **Unit of measurement** | **Baseline** | **Year Baseline** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Year 6** | **Means of Verification** | **Remarks** | **Methodology of Measurement** |
| **1.1 Decrease the ratio public deficit and GDP** | | | | | | | | | | | |  |
| Indicator 1 - Public Deficit / GDP | % | 5.7 | 2016 | 4.8 | 2.5 | 2.1 | 2.1 | 2.0 | 2.0 | Central Bank of Suriname annual report | The indicator measures the performance of the fiscal stance. The closer to zero, the stronger the fiscal sustainability. Target uses the WEO IMF estimations and is compatible with the increase revenue estimation presented in indicator 1.  BL:  Public Deficit = SRD$1,200 million  GDP = SRD$22,239 million  [WEO IMF April 2017](https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&c=366&s=NGDP%2CGGR%2CGGR_NGDP%2CGGX%2CGGX_NGDP%2CGGSB%2CGGSB_NPGDP%2CGGXONLB%2CGGXONLB_NGDP%2CGGXWDG%2CGGXWDG_NGDP%2CBCA%2CBCA_NGDPD&grp=0&a=&pr.x=37&pr.y=8) | Before-after |

**OUTCOMES[[3]](#footnote-3)**

| **Indicators** | **Unit of measurement** | **Baseline** | | | **Year Baseline** | | **Year 1** | | **Year 2** | | **Year 3** | | **Year 4** | | **Year 5** | | **Year 6** | | **Means of Verification** | | **Remarks** | | **Methodology of Measurement** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Outcome 1 - Increase the ratio tax revenue and GDP** | | | | | | | | | | | | | | | | | | | | | | | |  |
| Indicator 1 -Tax revenue / GDP | % | | 11.3 | | | 2016 | | 12.2 | | 16.3 | | 16.3 | | 16.4 | | 16.3 | | 16.3 | | MoF annual report | | Measures tax revenue growth to GDP. Higher ratios indicate better revenue performance and contribution to deficit reduction. Target uses the WEO IMF (2017) estimations and are compatible with the economic analysis.[[4]](#footnote-4) Baseline will be updated once the 2017 figure is known. These criteria will be followed for all outcomes.  **BL:**  Tax Revenue: SRD$3,374 million  GDP: SRD$22,239  [WEO IMF April 2017](https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&c=366&s=NGDP%2CGGR%2CGGR_NGDP%2CGGX%2CGGX_NGDP%2CGGSB%2CGGSB_NPGDP%2CGGXONLB%2CGGXONLB_NGDP%2CGGXWDG%2CGGXWDG_NGDP%2CBCA%2CBCA_NGDPD&grp=0&a=&pr.x=37&pr.y=8) | | Before-after |
| **Outcome 2 - Increase the availability of resources effective government public expenditures** | | | | | | | | | | | | | | | | | | | | | | | |  |
| Indicator 1 -Expenditures paid through the TSA / Total government expenditures | % | | 75 | | | 2015 | | 75 | | 75 | | 75 | | 85 | | 95 | | 95 | | Central Bank annual report | | The indicator measures cash availability to government commitments. A percent equals to 100% eliminates the need for borrowing from the financial sector, contributing decreasing the fiscal deficit. The target is compatible with one of the main pillars in PFM, which recommends that all expenditure transactions have to be done through the TSA.[[5]](#footnote-5)  **BL:**  Payments through TSA = SRD$3,922 million  Total of gov. expenditures = SRD$5,230 million  [WEO IMF April 2017](https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&c=366&s=NGDP%2CGGR%2CGGR_NGDP%2CGGX%2CGGX_NGDP%2CGGSB%2CGGSB_NPGDP%2CGGXONLB%2CGGXONLB_NGDP%2CGGXWDG%2CGGXWDG_NGDP%2CBCA%2CBCA_NGDPD&grp=0&a=&pr.x=37&pr.y=8) | | Before-after |
| **Outcome 3 - Increase the ratio of the project amount financed through PPP over total public investment** | | | | | | | | | | | | | | | | | | | | | | | |  |
| Indicator 1 -Projects amount financed through PPP / Total public investment | % | | 0 | 2016 | | | | 0 | | 0 | | 0.5 | | 0.8 | | 1 | | 1 | | Annual Management Report presented by the MOF Budget Directorate | | The indicator measures how much investment was financed through PPP from total public investment. The goal is to reach 1% of the 4% of GDP invested in 2016. The target is very conservative positing that just 1% of the total investment is expected. Best practice in this subject recommends that resources from PPPs should be considered as an alternative source of investment.[[6]](#footnote-6)  **BL:**  Investment, Projects amount financed through PPP = 0  Total investment = 60% of GDP  [WEO IMF April 2017](https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&c=366&s=NID_NGDP&grp=0&a=&pr.x=68&pr.y=11) | | Before-after |

1. **Main Evaluation Questions**
   1. The following questions will be used to guide the evaluation process of activities carried out by the program:

**Impacts**

* 1. The tax collection increase, with the implementation of the VAT, and the actions to strengthen public expenditure, with the elimination of arrears and use of PPPs, will be enough to decrease the fiscal deficit?

**Results**

* 1. The implementation of the VAT, in substitution of the Sales Tax, and other interventions to strengthen tax administration processes, will be enough to increase the ratio tax revenue and GDP?
  2. The implementation of the Treasury management instruments will be enough to Increase the availability of resources for government expenditures?
  3. The establishment of the Private Public Partnership (PPP) unit will be enough to ratio of projects amount financed through PPP over total Investment?

1. **Coordination and Follow up Work Plan**
   1. The activities will the carried out in direct coordination between the Bank and the PIU as follow:

* Review the documentation (data collected) corresponding to the project execution. Mainly, will be evaluated the accomplishment of the project impact and results according to the targets and indicators presented in the RM.
* Evaluate the impact and results of the project component actions considering the base line information presented in the RM.
* Carry out meetings Bank/PIU and the main stakeholders involved in the project execution.

1. **Economic Evaluation**
   1. The study presents the ex ante economic analysis of the Fiscal Strengthening for Economic Growth Program (SU-L1050), which will be implemented over the  
      2017-2021 period. In this context, through a Financial Appraisal methodology, two of the expected results of the Program are evaluated: (i) Tax collection increased by in 0.81% of GDP, as a result of the Value-Added Tax (VAT) implementation; and (ii) an increase in the opportunity cost of the government public resources by 25% of total expenditure, as a result of benefits generated by the full use of the Treasury Single Account (TSA).
   2. Assumption I - It is estimated that the implementation of the VAT will generate a net increase in tax collection of approximately 0.81% of GDP, mainly because the current sales tax in Suriname is inefficient and inequitable, because it does not cover all sectors in the productive chain and generates cascades, collecting more than one time taxes on same product. The VAT will compensate theses weaknesses by collecting taxes for all transactions in the productive chain and eliminating the cascade effect. For this purpose, it will be needed the implementation of a modern Tax Management System to register all transitions carried out in the country, bookkeeping debts and credits to the participants of the economic productive chain transactions.
   3. Assumption II – It is estimated that the full implementation of the Treasury Single Account (TSA), will increase the government resources availability in approximately 25% of total expenditure. This will be possible by increasing the availability of public resources for cash management purposes, thereby decreasing the need for Treasury short-term borrowing and consequently lowering the level of public debt. In addition, the increase in the availability of resources in the TSA will save interest payments that otherwise would have to be paid on these short-term borrowings. To the extent that the TSA holds idle short-term balances, the funds could be lent out short-term thereby generating interest earned on the Government accounts. (The opportunity cost of leaving some government short-term balances outside a TSA is the forgone interest payments.)
   4. The program’s financial analysis presents an Internal Rate of Return (IRR) of 134% with a Net Present Value (NPV) of US$ 45.4 million in 10 years. This justifies the US$ 40 million investment by the Government of Suriname funded by a loan from the Inter-American Development Bank (IDB). At the end of the program will be prepared an ex-post evaluation aiming to verify the benefits generated by the program interventions, following the same methodology used for the preparation of the ex-ante economic evaluation.
2. **Data Collection and Evaluation**
   1. The information will be collected based on the RM and the Economic Evaluation (CBA). Table 5 presents a timetable for data collection. The information will be consolidated in excel spreadsheets, and formatted according to the information required for the different methodologies (Reflective and CBA). The final report will be presented in Word with an excel spreadsheet attached.

| **Table 5. Work Plan for the ex-post evaluation (Reflective and CBA)** | | | | | | | | | | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Activities** | **Year 1** | | | | **Year 2** | | | | **Year 3** | | | | **Year 4** | | | | **Year 5** | | | | **Year 6** | | | | **Source/Responsible/Costs** |
| **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** |
| **Reflective Evaluation** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.1 Consultants hiring |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Project  Consultancy  US$100.000 |
| 1.2 Instruments and Methodologies adjustments |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.3 Data Collection |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.4 Data Analysis |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.5 Intermediate Report |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.6 Final report |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.7 Information Dissemination |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Economic Evaluation CBA** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.1 Consultants hiring |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Project  Consultancy  US$120.000 |
| 2.2 Instruments and Methodologies adjustments |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.3 Data Collection |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.4 Data Analysis |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.5 Intermediate Report |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.6 Final report |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.7 Information Dissemination |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. **Inform Presentation of the Reflective and CBA Evaluations**
   1. The PIU will prepare and send to the Bank an Intermediate Evaluation Report, based on the reflective evaluation, 90 days after the project reaches 50% of disbursement, or when the project execution time reaches 40 months of execution (whatever happens first). This report must include the product implementation progress, the risks review and the identification of the lessons learned, which could contribute to review the project design.
   2. Additionally, the PIU will prepare and send to the Bank a report evaluation based on the 2 final evaluation methodologies. Once the reports are accepted by the Bank, they will be made available for the public through the PIU Web Page. Those evaluations will be carried out by consultant firms, which will be hired by the PIU with project resources.

# **ANNEX I – Terms of Reference**

**EVALUATION CONSULTANCY**

**DRAFT TERMS OF REFERENCE**

1. **OBJECTIVE OF THE CONSULTANCY**
   1. Perform the Program evaluation using: (i) Reflective and (ii) Ex-post Financial Analysis; as well as the preparation of the respective reports for review and submission to the Division. These reports will be an input to the Project Completion Report (PCR).
2. **ACTIVITIES**
   1. In direct coordination with sector specialists, review the documentation for the execution of the program. Assess the results achieved per the targets in the Results Framework and Financial Analysis.
   2. Perform a Reflective evaluation, based on the results related to the Program components’ activities, considering the baselines established in the Result Matrix.
   3. Perform an Ex-Post Financial Analysis using the same methodology applied to estimate the project return benefits comparing and justifying the deviations.
   4. Preparation of the respective reports, highlighting deviations, and related recommendations for improvement.
3. **EXPECTED OUTPUTS**
   1. Intermediate Evaluation Report comprising the 3 mentioned methodologies, 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.
4. **CHARACTERISTICS OF THE CONSULTANCY**
   1. Consultancy type: International individual consultant.
   2. Duration: 120 non-consecutives days in a period of 5 years.
   3. Place of work: Place of residence and Trinidad and Tobago
   4. Qualifications: Graduate degree in economics with a career spanning over 5 years in evaluation of projects, including PEFA evaluations. Preference will be given to consultants with prior experience in the preparation of IDB projects or projects funded by multinational agencies.
   5. Payment: the consultant will be paid in the following manner:
   6. A first payment of 15% of the contract amount 15 days after signing it, upon delivery of a work plan to the satisfaction of the IDB.
   7. A second payment 30% upon delivery and approval of the interim evaluation including the 3 methodologies to the satisfaction of the IDB.
   8. A final payment of 55% upon delivery and approval of the final evaluation including the 3 methodologies to the satisfaction of the IDB.
   9. Budget: The evaluations will be covered by Program funds. The cost of the evaluation is estimated at approximately 120 days during the five-year period between 2015 and 2019. There is no extra budget needed for data collection. All costs are detailed in tables 8 and 9, under the assumption of that the daily rate of the consultant is USD500.

1. The intermediates results are annually registered. [↑](#footnote-ref-1)
2. Intermediate results are accumulated [↑](#footnote-ref-2)
3. Intermediate results are accumulated. [↑](#footnote-ref-3)
4. [Revenue Mobilization in Developing Countries](https://www.imf.org/external/np/pp/eng/2011/030811.pdf). [↑](#footnote-ref-4)
5. [Treasury Single Account: Concept, Design, and Implementation Issues IMF, 2010](https://www.imf.org/external/pubs/ft/wp/2010/wp10143.pdf). [↑](#footnote-ref-5)
6. [Making Public Investment More Efficient IMF, 2015](http://www.imf.org/external/np/pp/eng/2015/061115.pdf). [↑](#footnote-ref-6)