



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Federal Department of Economic Affairs,  
Education and Research EAER  
State Secretariat for Economic Affairs SECO

Swiss Confederation

## Independent Evaluation

# SECO's Corporate Development on Tax & Development



Quality and Resources Unit

October 2015



## Foreword

With the purpose of learning and accountability, the Economic Cooperation and Development Division at the State Secretariat for Economic Affairs (SECO) undertakes regular and systematic assessments of on-going and/or completed projects, programs or policies in order to identify and to disseminate results. The aim is to determine the relevance, the development effectiveness and the efficiency, the impact and the sustainability of its different modalities of interventions in partner countries. Based on credible and useful information, evaluations should also enable the incorporation of lessons learned into the decision-making process of both recipients and donors, in order to foster continuous improvements of development support.

The Economic Cooperation and Development Division distinguishes and undertakes three different types of evaluations, namely internal reviews, external evaluations and independent evaluations. While internal reviews and external evaluations are under the direct responsibility of the operational units, independent evaluations are commissioned and managed by the Evaluation Function – an independent unit from the operations - and are submitted for discussion to an external Committee on Evaluation, composed of 5 members external to SECO. Independent evaluations focus on assessment of sectors, programs, strategies, instruments, country assistance strategies, cross-cutting issues or themes and impact evaluations. On average, the Evaluation Function commissions one to two independent evaluations per year, which can be undertaken jointly with other donors or partner organizations, in line with our commitment to the Paris Declaration. SECO expects evaluations of its development interventions to adhere to the DAC/OECD standards and to the Swiss Evaluation Society (SEVAL) standards.

This report presents the results of the independent evaluation of WE's Tax & Development program. The evaluation assessed the development effectiveness of that program along the OECD/DAC evaluation criteria and covers the period 1996 to 2013. It bases on desk reviews and semi-structured interviews with stakeholders and beneficiaries of projects commissioned by SECO's Macro-Economic Support Division (WEMU). To underpin findings from a country program and project perspective, country case studies in Mozambique, Ghana and Peru were undertaken.

The purpose of the evaluation is twofold: On the one hand, it aims at generating lessons and recommendations on how to improve WEMU's strategic orientation and the effectiveness of its current and future interventions regarding its Tax & Development program. On the other hand, it aims at accounting for results achieved under the Message on Switzerland's International Cooperation 2013-2016.

The evaluation report was used as reference for the formulation of SECO's management response. The results, recommendations of the report, as well as SECO's management response were first presented to and discussed with the Evaluation Committee, who then formulated its position. The management response and the position of the Evaluation Committee are published jointly with the final evaluators' report on SECO's website and on the DAC/OECD Evaluation network.

### Process:

- Conducting of the evaluation and elaboration of the report: December 2014 – June 2015
- Management Response: August 2015
- Discussion of the report with the Evaluation Committee: August 2015
- Position of the Evaluation Committee: October 2015





# Management Response

## To the SECO Independent Evaluation on Tax and Development (conducted by Ecorys AG, Rotterdam)

August 2015

### 1) Introduction

An essential part of the Economic Cooperation and Development Division's (WE) evaluation policy is to ensure an impartial assessment of its interventions. Independent thematic evaluations are therefore regularly conducted on WE's priority themes for accountability, as well as learning purposes. As part of this policy, an independent evaluation was mandated to analyze SECO's interventions in the area of Tax and Development. The term Tax and Development is defined in the approach paper of the evaluation, and refers to all WE activities aimed at mobilizing domestic resources, thus addressing the broader challenge of overcoming aid dependency.

The report concerning this independent evaluation provides a timely and useful assessment of the overall operations of SECO in the area of Tax and Development. WE management is pleased about the evaluators' finding that the Macroeconomic Support Division (WEMU), in charge of the main activities in this area, has been able to provide a useful contribution to help establishing a fair and transparent tax policy framework and an efficient and effective tax administration in SECO's priority countries. The fact that the performance was positively evaluated across all four dimensions of the evaluation (relevance, effectiveness, efficiency and sustainability) confirms the validity of the approach followed by SECO. This approach intends to achieve a well-balanced mix of technical assistance and capacity building in the area of tax policy and tax administration through various channels and at different levels (bilateral, regional and multilateral). According to the findings of the evaluation, this approach has been able to generate synergies between the projects, while fostering cooperation between development partners.

We are therefore highly satisfied with the good results the independent evaluation attests to the work conducted by SECO in this key area of intervention. This recognition is particularly important to underline SECO's contribution to the Addis Ababa Action Agenda, which puts efforts to strengthen domestic resource mobilization at the center of the priority action areas.

### 2) Main Findings

The evaluation report underlines that the **relevance** of SECO support in the area of Tax and Development was strengthened by establishing synergies with other types of interventions, such as Budget Support, which enabled to reinforce SECO's dialogue with governments on tax policy and revenue administration reforms. Likewise, synergies with activities in the field

of public finance management helped SECO to increase the relevance of its interventions. SECO's efforts to look at tax interventions within the wider framework of public finance management allows to underline the contribution of revenue administration reforms to strengthening governance and financial management of public resources.

The internal policy guidance on tax issues, the promotion and use of coordinated diagnostic tools such as the Public Expenditure and Financial Accountability (PEFA) assessment or the Tax Administration Diagnostic and Assessment Tool (TADAT) have also proven key for improving the prioritization of activities and therefore the relevance of the interventions. The involvement in international discussions on Tax and Development issues, in main global fora such as the OECD and the IMF, is also mentioned by the evaluators as a key factor that contributed to the good results in this relevance dimension.

The evaluators mention as a shortcoming the lack of systematic and detailed capacity needs assessment of recipient administrations. While this point is valid, we would like to point that there is little international expertise in this area and this shortcoming is a general and well-recognized challenge for donors providing support in the tax area. Moreover, SECO's early awareness of this shortcoming is the driving force behind its engagement to develop in a coordinated manner an evidence-based diagnostic tool for assessing the strengths and weaknesses of tax administrations. This is currently being done under the TADAT initiative.

With relation to **efficiency**, the report confirms the existence of adequate internal systems for project monitoring. The evaluators underline that the information from monitoring was systematically used to adjust project implementation and prevent major efficiency losses. However, the evaluators consider the fact that delays occur and plans and budgets have to be adapted as an issue of operational efficiency. They point that a better project formulation would have allowed designing more realistic projects. We agree that in some cases ambition may be at the root of project changes. However, in most cases changes occurring during project implementation have less to do with unrealistic ambitions than with the political fluctuations in a highly sensitive area such as tax reforms. Indeed, it is usual to see tax reforms losing momentum and political backing, e.g. due to political changes in partner countries. We believe it is positive to be able to react swiftly to contextual changes and adapt projects when these changes occur. Given the political dimension of tax issues, a high degree of flexibility and reactivity is required.

The evaluators also consider that the mix of implementation modalities is well aligned to SECO capacities and conclude that the current project portfolio is manageable with the current staff. They point out, however, that WEMU is increasingly confronted with an intensification and diversification of its support in the area of Tax and Development (more countries with different levels of development, and therefore different needs), while in parallel new internal processes being introduced lead to an increased workload, which could make the portfolio management more challenging in the future. The evaluators recommend therefore to rationalize SECO's approach to Tax & Development. Unfortunately, they do not provide concrete guidance on how this could be achieved in a context of increasing demands. We agree with the evaluator's assessment and are pleased to see that recent efforts to complement bilateral and multi-bi activities with regional and multilateral initiatives in the tax area are praised. We also agree that WEMU has to be careful and selective in assuming new commitments in this area, despite pressures that may arise in the follow up of the Addis Commitment. WEMU's current portfolio is already substantial, also compared with the engagement of other donors working in the tax area.



With regard to **effectiveness**, the report acknowledges that WEMU played an important role in promoting results-based monitoring and the use of logical frameworks with its implementing partners. This has allowed substantial improvements in the implementation of the activities and a more focused and sustainable approach in terms of results. The evaluators also underline that SECO is one of the few development partners that has adopted a formal approach for capacity development and developed a guidance for addressing change management issues in project implementation.

The evaluation report recognizes that many project outputs have been achieved, while being unable to assess the level of achievement of the intermediate outcomes. The evaluators argue that many interventions are still on-going or very recently completed and that it is very difficult to evidence the impact of SECO interventions due to the diverse factors that influence tax outcomes. While these explanations are understandable, we think that the evaluators could have been more explicit with regard to progress achieved in the case studies for Ghana, Mozambique or Peru, where the evaluators had the chance to analyze the interventions in more detail. In these cases, it should have been possible to make a direct link e.g. between the new legislative framework that was drafted (and then adopted) in Ghana with SECO's support and the increase in the Tax to GDP ratio. Furthermore, it is in our opinion evident that the introduction of VAT in Ghana has generated new revenues, thus contributing to the outcome of increasing domestic resource mobilization. The weak quality of the country cases –conducted by different experts than the team leadership- has in our view clearly hampered the capacity of the evaluators to draw more conclusions on this point.

According to the evaluators, the likelihood that the outputs will have an impact on the effectiveness of the tax policy and tax administration mainly depends on the political commitment of the authorities. We fully share this view, which is in fact the common understanding for donors working in the tax area. However, it is not clear how SECO could influence this element. The evaluators are also silent on how SECO could better assess the political commitment of the countries before, during and after the implementation of a specific project. We consider that maintaining an active policy dialogue with the country authorities (e.g. in the context of our budget support operations or through existing coordinating public financial management fora) is a key element to assess this commitment, but would have welcomed more specific recommendations from the evaluators in this regard.

The evaluators consider that the results from tax interventions are more sustainable when they are linked to budget support operations, or embedded in a wider public financial management program. They also recommend long-term interventions with a broader time horizon. We share the view of the evaluators on these points. Indeed, SECO has been one of the few donors insisting on the links between tax and wider public financial management issues. This is for SECO not only to increase the leverage of tax interventions, but a deep conviction about the importance to link domestic resource mobilization efforts with increased transparency and effectiveness in public spending. The fact that it was SECO who insisted and managed to include tax issues in wider public financial management diagnostic tools, such as the Public Expenditure and Financial Accountability (PEFA) tool, is a proof of this early awareness.

On **sustainability**, the evaluators consider that more specific needs assessments during project preparation as well as exit strategies could help to improve sustainability. We agree with the first point and would like to underline that this is the reason why we have developed an approach to capacity development and increased the flexibility during project implementation. We would have appreciated to know from the evaluators, which aspects of

such needs assessments would help to ensure sustainability, because the links between ex-ante assessments and sustainability are not straightforward. Regarding exit strategies, we appreciate the acknowledgement of the evaluators that a number of interventions do refer to SECO's exit strategies (e.g. Mozambique, Burkina Faso). We disagree, however, with the evaluators' statement that detailed plans for phasing out are not available. The exit strategy is always spelled out in the advocacy/decision notes (as a mandatory chapter). It is a typical topic in the communication between headquarters and field offices and in some cases, such as Mozambique, is detailed in a separate project.

### **3) Report Structure and Evaluation Process**

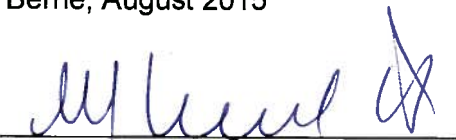
The evaluation process was challenging due to staff changes in the evaluator's team. The team leader left shortly before the field missions. This complicated the process, even if a suitable replacement was promptly found by Ecorys. Since the new team leader could not participate in the field missions, the quality assurance of the country cases could not be ensured. We regret the fact that the quality shortcomings in the country cases have prevented a more specific use of existing evidence in the main report for analyzing some of the dimensions addressed by the evaluation. For this reason, it was jointly agreed with evaluators that the country cases would not be finalized and published.

Ecorys decision towards the end of the process to integrate an evaluation specialist in the team was a welcomed step to ensure the quality of the final evaluation report. We consider that the last version of the evaluation considerably improved compared to the first versions, which contained a substantial number of inconsistencies and contradictions. As it stands now the Report is rich in findings and offers some recommendations of operational relevance.

### **4) Specific Recommendations**

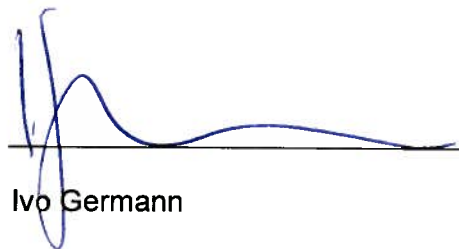
Please, refer to the table in the Annex.

Berne, August 2015



M.-G. Ineichen-Fleisch

Director



Ivo Germann

Head of Operations





### **Annex 1: Specific Recommendations and Management Response**

RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING	Priority
<p>Elaborate a strategic paper providing high level guidance on when and how to engage in Tax &amp; Development.</p>	<p>SECO agrees with the suggestion and will elaborate a concept paper providing guidance on when and how to engage in Tax and Development in its partner countries. It is however important to underline that there is no one size fits all in the area of tax policy and administration. Low-income countries and middle income countries require different types of support. Resource-rich countries do require e.g. certain types of tax reforms. The specific country context, the economic structure and the needs in SECO's partner countries are so diverse that the impact of such a concept paper should not be overestimated. SECO believes that a tailor-made approach will always be necessary for maximizing the effectiveness of our interventions.</p>	<p>SECO-WEMU</p>	<p>Q4 2015- Q1 2016</p>	<p>1</p>
<p>Articulate better the conditions for long term engagement and disengagement, and consider project duration of 10 years.</p>	<p>SECO agrees that we should strive to better define conditions for suspending programs or disengaging. As for the duration of projects, SECO already implements projects over several years (of 4-5 years generally) and allows for successive phases, as required. In other words, we already apply the recommendation of having a long-term horizon of 10 years or more.</p>	<p>SECO-WE</p>	<p>On going</p>	<p>2</p>
<p>Conduct country needs assessments that will inform a more realistic and adequate project design.</p>	<p>SECO agrees with the spirit of this proposal, which is precisely what SECO aims for by promoting the TADAT tool. A coordinated, evidence-based and shared among all stakeholders diagnostic tool such as TADAT will provide a more solid basis to design and tailor interventions in the tax area at country level. WEMU should therefore maintain its efforts towards the institutionalization of the TADAT.</p>	<p>SECO-WEMU</p>	<p>On going</p>	<p>1</p>

RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING	Priority
<p>Reflect better sustainability risks in the risk framework and elaborate a strategy for their management prior to the start of the project.</p>	<p>We endorse this recommendation and its implementation is already under way. We recently updated the risk analysis matrix and introduced a new risk management tool, which should allow a better identification and management of sustainability risks.</p>	<p>SECO-WEMUWEQA</p>	<p>On going</p>	<p>1</p>
<p>Establish a cluster Tax and Development when launching the next tender for Strategic Partnerships.</p>	<p>We will consider this recommendation when renewing the Strategic Partnerships. The establishment of a cluster will however depend on the results of the market analysis and the concrete possibilities of potential partners to provide this specific type of expertise.</p>	<p>SECO-WEMU</p>	<p>By renewal of the partnerships (tent. 2017)</p>	<p>3</p>
<p>Consider possible alternatives for optimizing the use of existing capacities at WEMU.</p>	<p>We do not agree with this recommendation and consider the analysis of the evaluators on this point flawed. The evaluators' suggestion to cluster the activities for Africa (Burkina Faso, Ghana and Mozambique) in one person does not take into account the required language skills, the portfolio balance (complementary measures vs. priority countries) or the workload.</p>	<p>-</p>	<p>-</p>	<p>-</p>
<p>Allow sufficient resources for an effective monitoring of the project in the field.</p>	<p>We agree with the thrust of this recommendation. However, given the current limited resources in the field offices (especially NPOs, which the evaluators request to increase), it seems unrealistic to expect a substantial increase of the local capacities to monitor tax activities. We consider also that training efforts for national programme officers could contribute to strengthen our capacities for monitoring in the field. Moreover, we consider this recommendation particularly relevant for analyzing requests from SDC to intervene with complementary measures.</p>	<p>SECO-MGWELG</p>	<p>On going</p>	<p>2</p>

**Position of the External Committee on the  
SECO Independent Evaluation on Tax and Development, and  
SECO/WE Management Response**

1. Members of the External Committee on Evaluation (the Committee) discussed on August 25, 2015 the Public Report by Ecorys AG, Rotterdam on the independent evaluation of SECO's activities in the area of Tax and Development (the Report) as well as the Response by SECO's Management to its main findings and recommendations (the Response).
2. Looking backward this Report is important as it offers interesting findings in term of accountability on more than 20 interventions through which – over the last 18 years -- SECO/WE has provided funding of around CHF 60 million. But looking ahead from a strategic perspective the Report is even more important as well as timely as the United Nations General Assembly has just approved in New York the post-2015 development agenda that will integrate social, environmental and economic concerns into a single set of Sustainable Development Goals. Development aid will by far not be enough to achieve such ambitious objectives in most developing countries. Therefore mobilizing additional external and internal resources -- in particular developing fair and transparent tax policy as well as an efficient tax administration to raise revenue collection in selected developing countries is key. As a matter of fact, while OECD countries collect on average 34% of their gross domestic product as tax, developing countries achieve only half this rate. Improving domestic resource mobilization is critical to sustainable development as they provide governments with independent revenues for investing in development, reducing poverty and delivering public services as well as increasing state capacity, accountability and responsiveness to their citizens. Moreover, it is an essential means for reducing aid dependency, especially in the least developed countries – both fragile and non-fragile. There is a substantial potential within many developing countries to increase tax income if difficult challenges such as weak administration, corruption, poor governance, low tax “morale” and poor compliance, compounded by difficulties and inconsistencies in taxing in a transparent way local subsidiaries of multinational enterprises, are properly and progressively addressed.
3. The Committee is satisfied with the overall quality of the Report considering that some unfortunate last minute human resources challenges hindered the composition, scope and effectiveness of the field missions in three SECO/WE priority countries: Mozambique, Ghana and Peru. This is especially unfortunate as findings, lessons learned in such important partner countries as well as achieving tangible results in the challenging area of Tax and Development are key not only for measuring the degree of success of SECO/WE activities but also for drawing meaningful and well targeted recommendations for future activities.
4. The Committee highly welcomes the Report's overall assessment that SECO, while remaining a relatively small organization that addresses complex issues across different countries with different levels of development and political economy, has been one of the first development partners to provide a relevant support in the area of Tax and Development. The latter as a specific target for technical assistance programs, as part of the policy dialogues on budget support and structural reforms. The Committee believes that – while fully respecting the independent assessment of the Report – the overall **relevance** of SECO/WE interventions in this area would have deserved to be rated as “highly satisfactory”, instead of “satisfactory”. Moreover, that achievement demonstrates that the policy priority for Domestic Resource Mobilization (DRM) in general and Tax and Development in particular was accurate as it evolved over time according to international developments and in partnership with international financial institutions and other

development partners, or through international initiatives. The inclusion of Tax and Development in the Framework credit for 2013-2016 on international cooperation should be confirmed among SECO/WE's priorities in the Framework credit 2017-2020 that will be submitted by the federal administration before the end of 2015 to the Federal Council for approval and successively in 2016 for discussion and ratification to the Federal Parliament.

5. The Report rates **efficiency** of SECO/WE activities as "satisfactory" as it considers that both adequate processes and instruments aimed at managing and monitoring project design and implementation have been developed and used. This is even more remarkable as this was achieved with limited human resources and through internal organizational changes. The Committee shares this positive assessment. The new instruments did improve the overall monitoring quality of project implementation. At the same time, evolving political realities and conditions can sometimes annihilate the best efforts. The Committee considers that the Report did not acknowledge enough such unhappy reality and that – based on SECO/WE practical experience in this area in its three priority countries for Tax and Development activities -- it could have analyzed more in detail the respective pros and cons of different implementation approaches and modalities, in particular in bilateral programs. The latter would have been justified by the fact that most of SECO's support was implemented under co-financing agreements, or with delegated execution authority. As stated by the Report, in such cases SECO's ability to guide the project is generally limited as it has to rely on the implementing partner to adequately manage and oversee the quality of project implementation. Moreover, the Report considers that SECO/WE's portfolio represents a manageable mix of instruments and implementation modalities. But the Report is right to alert that the increasing number of interventions and volume of work observed during the period under review, puts a strain on the capacity of staff in headquarters and in the field offices. The Committee believes that SECO/WE's is fully aware of this aspect and is confident that it will act upon in an adequate way. With respect to unit-costs benchmarks and the lack of available information mentioned by the Report, the Committee shares SECO/WE's Management view that this would be too costly for the institution.

6. The Report rates **effectiveness** of SECO/WE activities as "satisfactory" as it considers that SECO/WE did improve over the years its results-based approach of project management and implementation notably thanks to the use of appropriated log-frames for project design and mid-term external evaluations during project implementation. The Committee shares this positive assessment and this finding. It recognizes that the effectiveness of SECO/WE's activities could only be assessed at the output level and partly at the intermediate outcome level for completed interventions only. This because many interventions are still ongoing or were very recently completed and SECO/WE's interventions to outcomes and outputs is complex due to the diversity of factors involved and the nature of SECO/WE's programs. Nevertheless, beyond this assessment, the Committee expected some additional and meaningful insights and lessons learned on this important aspect from the concrete experience gained over the years in the three SECO/WE's priority countries. For instance, the Report states that SECO/WE should have promoted more intensively its policy dialogue with its official partners. This is a valid point. But what would that have implied concretely in the specific context of Mozambique, Ghana and Peru? It is a matter of fact that practically all donors, both multilateral and bilateral, struggle in this challenging area as Tax and Development is a highly political and sensitive topic that is closely related to difficult and controversial political economy issues. Against this challenging background the Committee considers that SECO/WE's performance in this specific area has also been "satisfactory" in relative terms.

7. The Report rates **sustainability** of SECO/WE activities as "satisfactory" where evaluation was feasible. This was especially true when Tax and Development activities were combined with budget support and other instruments of public financial management. But, contrary to the Report finding, the Committee considers that SECO/WE has developed a few but promising exit-strategies. Moreover, the Committee emphasizes that, while additional measures are still necessary to improve the perspective of sustainability, this does neither



necessarily nor automatically translate into an enhanced and lasting level of sustainability. The Report rightly underlines that, compared to international financial institutions and large bilateral agencies, SECO/WE has a somewhat limited operational capacity and can exert only limited political leverage *vis-à-vis* national authorities in its partner countries. At the same time, the Report emphasizes that its main partner in DRM activities, the International Monetary Fund (IMF), also has weaknesses as regards the quality and in-depth of its internal reporting. More important, the Report underscores that IMF project diagnosis, including risk analysis, is not fully undertaken as the IMF's approach tends to focus predominantly on emerging needs which largely have a short-term nature. Consequently, the risks to sustainability are not clearly identified and mitigation measures are not built systematically into IMF project design. The Committee therefore believes that in the near future, as SECO/WE portfolio will increasingly cover a wider range of countries with different political economies and varying levels of development, institutional analysis and capacity needs assessment will have to be further strengthened during identification and design of project activities. At the same time, the Committee acknowledges that this is a challenging undertaking for a rather small agency like SECO/WE and therefore some degree of realism and sound pragmatism is always required and desirable. In the end, most of the challenges faced by SECO/WE (and other development partners) in ensuring lasting sustainability of its support are associated with the ability – or lack of it – to absorb and sustain SECO/WE support. As stated by the Report, the extent to which these institutions are able to sustain achieved results depends ultimately on the political commitment of each national government and the institutional capacity to advance and sustain economic reforms.

8. The Committee welcomes and shares the main directions of SECO/WE's Management Response. It is exhaustive and takes a clear position on all the Report's recommendations.

9. Looking at the future of SECO/WE activities in the area of Tax and Development, the Committee welcomes that SECO/WE's Management is already looking forward at important new aspects such as the automatic exchange of information among national tax authorities. This will imply to focus on capacity building and staff training of local tax administrations on sensitive and difficult issues such as data security of individuals and private companies.

10. In conclusion, the Committee recommends the disclosure of the Report on SECO Independent Evaluation on Tax and Development as well as SECO/WE's Management Response and the Position of the External Committee on Evaluation on SECO internet website.

The External Committee on Evaluation:

The President:

Pietro Veglio



Members:

Felix Gutzwiller

Thomas Meyer

Katja Michaelowa

Bruno Stöckli

Daniel Thelesklaf







# SECO Independent Evaluation on Tax and Development

Final Report

Client: Swiss State Secretariat for Economic Affairs (SECO)





# SECO Independent Evaluation on Tax and Development

Final Report

Client: Swiss State Secretariat for Economic Affairs (SECO)

# About Ecorys

At Ecorys we aim to deliver real benefit to society through the work we do. We offer research, consultancy and project management, specialising in economic, social and spatial development. Focusing on complex market, policy and management issues we provide our clients in the public, private and not-for-profit sectors worldwide with a unique perspective and high-value solutions. Ecorys' remarkable history spans more than 85 years. Our expertise covers economy and competitiveness; regions, cities and real estate; energy and water; transport and mobility; social policy, education, health and governance. We value our independence, integrity and partnerships. Our staff comprises dedicated experts from academia and consultancy, who share best practices both within our company and with our partners internationally.

Ecorys Netherlands has an active CSR policy and is ISO14001 certified (the international standard for environmental management systems). Our sustainability goals translate into our company policy and practical measures for people, planet and profit, such as using a 100% green electricity tariff, purchasing carbon offsets for all our flights, incentivising staff to use public transport and printing on FSC or PEFC certified paper. Our actions have reduced our carbon footprint by an estimated 80% since 2007.

ECORYS Nederland B.V.  
Watermanweg 44  
3067 GG Rotterdam

P.O. Box 4175  
3006 AD Rotterdam  
The Netherlands

T +31 (0)10 453 88 00  
F +31 (0)10 453 07 68  
E [netherlands@ecorys.com](mailto:netherlands@ecorys.com)  
Registration no. 24316726

**W [www.ecorys.nl](http://www.ecorys.nl)**



# Table of contents

Abbreviations and Acronyms	v
Summary	vii
<b>1 Context of the evaluation</b>	<b>1</b>
1.1 Evaluation objectives	1
1.1.1 Rationale behind the evaluation	1
1.1.2 Purpose and objectives	1
1.2 Scope of the evaluation	1
1.2.1 Strategic level	1
1.2.2 Operational level	2
1.2.3 Geographical coverage	2
1.2.4 Time period	3
1.3 Structure of the report	3
<b>2 Background to SECO's policy and governance</b>	<b>5</b>
2.1 Context	5
2.1.1 Evolution of SECO support in "Tax and Development"	5
2.1.2 SECO governance and organisational arrangements	6
2.1.3 SECO's priority countries	7
2.2 Reconstructed Intervention Logic	7
2.2.1 Overall objectives	8
2.2.2 Outcomes	10
2.2.3 Outputs/activities	12
2.2.4 Inputs	12
2.2.5 Instruments	12
2.3 SECO's engagement in the case study countries	15
2.3.1 Ghana	15
2.3.2 Mozambique	15
2.3.3 Peru	16
<b>3 Evaluation approach and tools</b>	<b>21</b>
3.1 Evaluation questions and judgment criteria	21
3.2 Evaluation methods and tools	22
3.2.1 Review of project related documents	23
3.2.2 Semi-structured interviews	23
3.2.3 Case studies	23
3.2.4 Survey	23
3.3 Evaluation process	23
3.4 Methodological challenges and limitations	24
<b>4 Findings</b>	<b>27</b>
4.1 Relevance	27
4.1.1 Synergies between SECO's DRM support and other SECO interventions (JC1.1)	27
4.1.2 Alignment with the needs and priorities of the partners countries (JC1.2)	31
4.1.3 Complementarity and coordination of assistance with other DPs (JC1.3)	33

4.2	Efficiency	36
4.2.1	Effectiveness of processes and mechanisms: organisation and management (JC2.1)	36
4.2.2	Effectiveness of processes and mechanisms: monitoring implementation (JC2.1)	39
4.2.3	Effectiveness of processes and mechanisms: risk management (JC2.1)	41
4.2.4	Economic management and cost-efficiency of SECO's support (JC 2.2 & 2.3)	42
4.3	Effectiveness	43
4.3.1	SECO's results based management approach (part of JC3.1)	44
4.3.2	Achievement of outputs and intermediate outcomes (JC3.1)	46
4.3.3	Likelihood of the achieving expected outcomes and objectives (JC3.2)	49
4.3.4	Performance changes in partner countries (part of JC3.3)	51
4.3.5	Contribution of SECO to the performance changes in partner countries (JC3.3)	53
4.4	Sustainability	56
4.4.1	Mitigation of factors affecting sustainability (JC4.1)	57
4.4.2	Country ownership and leadership (JC4.2)	59
5	Conclusions, lessons and recommendations	61
5.1	Conclusions	61
5.2	Lessons learned and recommendations	64
5.2.1	Strategic level	65
5.2.2	Operational level	66
	<b>Annexes</b>	<b>69</b>
A1.	List of persons consulted	71
A2.	List of documents consulted	73
A3.	Timeline of SECO's interventions and key strategic and operational milestones	77
A4.	High-level overview of interventions, results and challenges	79
A5.	Dynamics of tax to GDP ratio by country	87
A6.	Changes in performance of revenue administration (based on PEFA)	89
A7.	Project sheets: assessment of individual interventions	91
A8.	Survey results	127

# Abbreviations and Acronyms

AFRITAC	African Regional Technical Assistance Centre (IMF)
ATAF	African Tax Administration Forum
ATM	Autoridade Tributária de Moçambique (Tax Authority of Mozambique)
BS	Budget Support
CD	Capacity Development
CFA	Committee on Fiscal Affairs (OECD)
CHF	Swiss Francs
CIAT	Inter American Center of Tax Administrations
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
DGI	Internal Revenue Service Burkina Faso
DP	Development Partner
DRM	Domestic Revenue Mobilisation
EC	European Commission
EITI	Extractive Industries Transparency Initiative
EQ	Evaluation Question
GBS	General Budget Support
GDP	Gross Domestic Product
GFG	Good Financial Governance
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation)
GoM	Government of Mozambique
GRA	Ghana Revenue Authority
HQ	Headquarters
IADB	Inter-American Development Bank
IFI	International financial institution
IMF	International Monetary Fund
JC	Judgment Criteria
JPTD	Joint Programme on Tax and Development
LoU	Letter of Understanding
M&E	Monitoring and Evaluation
MEF	Ministry of Economics and Finance (Peru)
MoF	Ministry of Finance (Ghana)
OECD DAC	Organisation for Economic Co-operation Development (OECD) Development Assistance Committee (DAC)
PAF	Performance Assessment Framework
PEFA	Public Expenditure and Financial Accountability assessment
PFM	Public Financial Management
PI	Performance Indicators
QAG	Quality Assurance Group
RBM	Results-Based Management
RTAC	Regional Technical Assistance Centre (IMF)
SC	Steering Committee
SCO	Swiss Cooperation Office
SDC	Swiss Development Cooperation
SECO	State Secretariat for Economic Affairs (Switzerland)
SUNAT	Superintendencia Nacional de Aduanas y de Administración Tributaria (Peruvian

	Tax Administration)
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TCF	Tax Common Fund (Mozambique)
TFTD	Task Force on Tax and Development
TPU	Tax Policy Unit (Ghana)
TTF	Topical Trust Fund
TTF TPA	Topical Trust Fund Tax Policy and Administration
TTF MNRW	Topical Trust Fund Managing Natural Resource Wealth
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value-Added Tax
WB	World Bank
WE	Economic Cooperation and Development Division of SECO
WEMU	Macroeconomic Support Unit of WE
WEQA	Quality and Research Unit of WE

# Summary

## Background

Support for Tax and Development has been at the centre of the State Secretariat for Economic Affairs, Switzerland (SECO's) interventions in developing countries since the mid-1990s. During the last 18 years, the Macroeconomic Support Unit of the Economic Cooperation and Development Division (WEMU) within SECO has provided funding of around CHF 60 million in this area. The subject of this evaluation are SECO's interventions in the field of "Tax and Development" during the period 1996-2013.

The evaluation serves two main purposes: (i) to provide accountability to the Swiss Parliament and public on the use of public money and the achieved results, and (ii) to generate learning from past experience in view of improving future support. It applies the common OECD DAC<sup>1</sup> criteria for evaluating development assistance: relevance, effectiveness, efficiency and sustainability of development efforts. The main evaluation questions are:

- To what extent are the WEMU Tax and Development interventions aligned with the priorities and policies of the main target groups?
- To what extent have the WEMU Tax and Development interventions been implemented in an efficient way?
- To what extent have the WEMU Tax and Development interventions attained their objectives and contributed to changes?
- What benefits of the WEMU Tax and Development interventions are likely to continue after the cessation of SECO funding?

Various methods were used to collect, validate and triangulate information which was used to justify the evaluation findings. These include:

- Review of project and programme related documents;
- Semi-structured interviews at SECO Headquarters;
- Country case studies (Ghana, Mozambique, Peru);
- An online survey.

The evaluation faced a number of methodological challenges which influenced the assessment of the effectiveness, efficiency and sustainability of SECO's support. The following problems were encountered:

- Many interventions are still ongoing or very recently completed. The *effectiveness* of SECO's support could be assessed at the output level and partly at the intermediate outcome level for completed interventions only. For ongoing interventions the assessment at the output level can only be indicative by outlining the extent to which the expected outputs will be delivered within the expected time frame.
- A substantial part of SECO's support to Tax and Development is provided through joint or co-financed projects and programmes involving other development partners. The developments in partner countries are influenced by many interrelated factors. *Contribution* of SECO's interventions to their expected outcomes is therefore possible in an indicative way.
- A *sustainability* assessment proved not possible because, as mentioned above, the majority of the interventions were completed very recently, or are ongoing. Sustainability judgment can only

---

<sup>1</sup> Organisation for Economic Co-operation Development (OECD) Development Assistance Committee (DAC).



be indicative stating the factors which are likely to have a positive (or negative) influence on sustainability.

- No cost-effectiveness calculations were possible because SECO does not have information on cost units. Consequently, the assessment of performance with respect to *efficiency* could only focus on effectiveness and efficiency of established processes and mechanisms put in place by SECO to ensure satisfactory implementation of its support.

## Overall assessment

SECO is a relatively small organisation addressing many complex issues across different countries with different levels of development and political economies. It was one of the first development partners to provide support in the area of Tax and Development, as a specific target for technical assistance programmes, or as part of the policy dialogues on budget support and structural reforms. The first Swiss bilateral activities in this area were initiated in 1996. The volume and scope of its activities in the area of Tax and Development increased substantially since then. To date about CHF 60 million was provided to support Domestic Revenue Mobilisation (DRM) through more than 20 interventions varying in focus and form.

The context in which SECO operates changed considerably during the period of review. The evolution of SECO's assistance in the area of Tax and Development has been informed and determined by developments in the recipient countries, and by issues and discussions which emerged at the global level. SECO's response to various contextual changes was also guided by relevant strategic and operational steering.

During the late 1990s the focus of SECO support has been predominantly on establishing an adequate legal and regulatory basis and, to some extent, tax policy. During the period 2000-2006, the scope gradually extended to strengthening domestic revenue collection. This included supporting the establishment of revenue administration authorities and increasing their effectiveness. During the last ten years, the support has been increasingly directed to broader "good governance" aspects, such as transparency and accountability, as well as more global cross-cutting International Taxation issues, such as transparency of extractive industry sector, taxation of multinationals, etc. Given the relative limited leverage which SECO can exercise on tax policy reforms, support to these reforms has been mainly provided in partnership with international financial institutions and other development partners, or through international initiatives.

In general, SECO has been able to provide a useful contribution to help establishing a fair and transparent tax policy, and an efficient and effective tax administration in its priority countries. SECO's cooperating partners and recipients of SECO's support in the case study countries were generally very satisfied with this support. They acknowledged the importance of SECO's contribution in supporting governments' efforts to initiate and advance reforms in the area of tax policy and administration.

SECO employs a broad mix of aid and implementation modalities. Taking into account SECO's institutional capacity at headquarters and in the field, the current portfolio represents a sensible balance between bilateral and global/regional interventions, and is adequate to deliver on SECO's mandate. The current number of partner countries benefiting from bilateral support is manageable. A further broadening of the geographical scope and intensification of its bilateral support will most probably put a strain on SECO's capacities, which could lead to a weakening of the performance of the current support. A number of priority countries do not explicitly benefit from SECO's bilateral support in the area of Tax and Development. These countries may, however, benefit from regional

and global interventions supported by SECO once stronger synergies are created between these interventions and activities taking place in these countries.

SECO's performance with respect to the relevance, effectiveness and efficiency of its interventions can be considered satisfactory given the contextual environment at the time it was provided. Challenges, such as a more realistic design of the interventions informed by thorough needs assessments, monitoring of implementation at the outcome level, cross-fertilising synergies between different instruments remain but SECO is continuously trying to address them. In terms of creating the conditions for sustainability of the results of its intervention, SECO's performance can be judged as satisfactory. The sustainability of the results achieved by SECO's support in the area of Tax and Development depends to a very large extent on the political will and ability of the government of the recipient countries to sustain the achieved results and maintain the momentum of reform of the tax system. SECO (and its partners) may exert influence on the recipient governments through policy dialogue; the actual performance of the governments remains largely beyond SECO's control.

The overall performance of the SECO support in the area of Tax and Development in respect to individual evaluation criteria is assessed as satisfactory:

Evaluation criteria	Rating			
	Highly satisfactory	Satisfactory	Unsatisfactory	Highly unsatisfactory
Relevance		√		
Efficiency*		√		
Effectiveness*		√		
Sustainability*		√		

(\*) - The methodological limitations for assessing these criteria are described in section 3.4.

The conclusions regarding the individual evaluation criteria are summarised below.

### *Relevance*

The relevance of SECO interventions is assessed as satisfactory. Although the form and scope of Swiss Cooperation evolved over time, support to Tax and Development remained at all times relevant to its overall objectives. The interventions covered by this evaluation proved to be relevant to the needs of the recipient authorities and were aligned to SECO's policy and coordinated with the support provided by other development partners. Prioritisation and programming of SECO's support benefited from (i) the internal policy guidance (e.g. budget support, results based management), (ii) articulation of SECO's position and its response in respect to international developments in the area of public financial management and discussions on Tax and Development issues, and (iii) the consultation of available diagnostic assessments such as Public Expenditure and Financial Accountability (PEFA) assessments and pilot Tax Administration Diagnostic Assessments (TADAT). The main factor which increasingly facilitated the alignment of SECO's support to national reform agendas and secured country ownership proved to be the availability of national strategies and plans for reforming/modernising revenue administration. SECO's determination to ensure government ownership and provide demand-driven support has led to predominantly opportunity-driven support. This support, although well-aligned to national policies, is less informed by detailed needs assessments, which include an analysis of the capacity needs of the recipient organisations.

The relevance of SECO support in the area of Tax and Development was strengthened by establishing synergies with other types of interventions (e.g. general budget support). SECO also took into account the developments in the international sphere on what tax reforms to support and

how (e.g. thematic work on diagnostic tools). Creating synergies with its general budget support operations enabled SECO to reinforce its dialogue with governments on tax policy and revenue administration reform measures. Likewise, synergies with activities in the field of public finance management (PFM) helped SECO to increase the relevance of its interventions on tax reform. This allowed SECO to put these specific interventions in the wider perspective of public finance management whilst recognizing the strengths and limitations of revenue administration reforms to strengthening governance and financial management of public resources. It also enabled SECO to exploit the interrelationship between tax policy and revenue administration. SECO recognises the opportunities for effective synergies between bilateral projects and regional and global initiatives (particularly the thematic ones) at the programming phase. However, establishing actual synergies remained difficult. Bilateral interventions proved to be generally more relevant to the partner countries compared to regional and global initiatives.

### *Efficiency*

The assessment of efficiency mainly focused on processes and mechanisms applied in the delivery of assistance. The efficiency of SECO's delivery processes and mechanisms is satisfactory.

SECO established adequate internal systems and processes for project monitoring. Information from monitoring was used to adjust project implementation and prevent major efficiency losses during implementation. SECO's interventions are generally implemented according to plan and within budget. Delays did occur and plans and budgets had to be adjusted in order to accommodate emerging and changing needs. This can be considered an issue of operational efficiency but it mainly points out the necessity to pay sufficient attention to robust project formulation including a detailed assessment of needs during the project design stage in order to obtain realistic and feasible project designs.

In practice, the effectiveness of the established internal systems and processes is largely determined by the implementation modality and the capacity in the field offices. On the whole capacity constraints did not negatively affect operational efficiency. Rather, they did determine the ability to better utilise opportunities to effectively create the synergies identified at the programming phase.

Overall, the mix of aid and implementation modalities has been well-aligned to SECO's capacities and facilitated operational efficiency. In general, SECO's implementing partners proved able to implement the various activities in an efficient manner. SECO's ability to steer and manage project implementation is strong in its bilateral activities. Despite its active role and efforts, SECO could exert less leverage to guide the implementation of the other initiatives. In these initiatives its leverage was strongest in the development of the Tax Administration Diagnostic Assessment Tool.

The current portfolio in the area of Tax and Development is manageable. However, SECO is increasingly confronted with the intensification and diversification of its support in the area of Tax and Development. Its portfolio has gradually evolved covering a wide range of countries with different political economies and varying levels of development. SECO has also improved its internal processes at the strategic and operational level which results in an increasing workload among the staff at headquarters and in the field. Consequently, SECO needs to further rationalise its approach and organise the management of its Tax and Development portfolio.

### *Effectiveness*

Six out of the nineteen interventions covered by this evaluation were completed by the end of 2014; some of which quite recently. Under this caveat, it can be concluded that the overall effectiveness of SECO's interventions is satisfactory.

SECO can be considered as one of the pioneers and advocates of results-based management in development cooperation. Applying the results-based management approach, SECO managed to increase the transparency and accountability of its support. The increasing use and quality of logframes, and the growing number of evaluations, resulted in notable improvements in project and programme design which positively influenced their effectiveness.

A large proportion of the planned outputs was achieved or will be realised. Notable outputs included: development and formal approval of Tax Administration Act, Value Added Tax Bill in Ghana; introduction of Value Added Tax in Mozambique; establishment of the Revenue Authority in Mozambique; development of the strategic vision for the Revenue Authority in Mozambique; development of a tax compliance strategy in Peru and Colombia; elaboration of a modern tax audit and enforcement policy in Peru and Colombia; development of manuals and software for fiscal control in Burkina Faso; development of a set of recommendations for implementation of reforms in tax policy and administration in Vietnam and progress in development of a systematic diagnostic tool for tax administration which could be applied to determine the weaknesses of tax systems.

The prospects that these outputs and, when relevant, intermediate outcomes, will have an impact in the longer-run are mixed across the country cases. Mozambique provides the only example of a country where it is very likely that SECO's interventions have positively impacted on tax policy and tax administration. Contributing factors are: the relatively long period of engagement of SECO in this country and the evolution and logical sequencing of its support. In Ghana prospects are uncertain. While substantial progress has been achieved in strengthening tax collection, Ghana has been recently facing significant macroeconomic and fiscal challenges. This may pose challenges to sustain the achieved results. The interventions in Peru are likely to have an impact. Their materialisation, however, depends largely on the enabling political environment.

SECO is a relatively small development partner, but is highly appreciated by its cooperation partners and beneficiary institutions for its active role and contribution in the field of Tax and Development. Besides being an important donor in financial terms, SECO has gradually positioned itself as an important player in the policy dialogue with government institutions on the different aspects of DRM. SECO's importance in the debate on International Taxation has been also acknowledged. It has become clear that SECO's influence was more pronounced in countries which were supported by bilateral projects. Its influence proved to be less strong in regional or global projects.

### *Sustainability*

Sustainability of SECO's completed interventions is assessed as satisfactory. Sustainability of SECO's support to Tax and Development is likely to be stronger when this is provided in a broader package of support (i.e. General Budget Support or focusing on broader PFM issues) and pursues a longer term engagement. The prospects of SECO's future engagement and conditions for phasing out its support to Tax and Development in partner countries are not clearly articulated.

During the period under review, the appreciation of sustainability aspects has increased within SECO. Also in practice SECO's approach in dealing with sustainability aspects improved. Adequate management of sustainability factors proves to be challenging. Sustainability risks are increasingly being associated with the ability of the country authorities to absorb and sustain SECO's support. Nevertheless, opportunities to mitigate and manage risks by strengthening project designs are not fully exploited. For instance, SECO has made limited use of thorough (capacity) needs assessment during identification and design of its bilateral interventions. SECO's capacity development

approach and guidelines which were adopted in 2014 are not yet adapted to fit SECO's interventions in the field of Tax and Development.

## Recommendations

Based on the above findings, the evaluators suggest a set of recommendations which may contribute to increasing the relevance, efficiency, effectiveness, and sustainability of SECO support to Tax and Development.

### *At strategic level*

- Elaborate a document with strategic guidance and analytical approach on when and how SECO should engage in Tax and Development activities.
- Clearly articulate the sequenced approach of SECO's longer term engagement in the area of Tax and Development in beneficiary countries.
- Make more use of thorough capacity needs assessment, which would inform a more realistic and adequate project design.
- Sustainability risks which cannot be mitigated need to be better reflected in the risk framework and an approach for their management elaborated prior to the start of project implementation.

### *At operational level*

- Include a cluster on Tax and Development issues when launching the next tender for Strategic Partnerships.
- Consider possible alternatives for optimising the use of existing capacity of WEMU.
- Ensure that there is adequate capacity in the field offices for an effective monitoring of the projects.

# 1 Context of the evaluation

## 1.1 Evaluation objectives

### 1.1.1 *Rationale behind the evaluation*

The evaluation policy of the Economic Cooperation and Development Division (WE) of the Swiss State Secretariat for Economic Affairs (SECO) envisages for an impartial assessment of its interventions. WE therefore conducts independent thematic evaluations of the performance of its priority themes. Whereas independent evaluations are initiated and overseen by the External Evaluations Committee, the evaluations are conducted in an independent way by external evaluators contracted by WE. The External Evaluations Committee selects the themes to be evaluated, approves the approach for the evaluation and takes note of the findings and recommendations of the evaluation and the respective Response by WE Management. The current evaluation is one of the selected themes.

### 1.1.2 *Purpose and objectives*

The Approach Paper, developed by the Quality and Research Unit of WE (WEQA) and approved by the External Evaluation Committee, outlines the purpose and objectives of this evaluation. The evaluation serves two main purposes: (i) to provide accountability to the Swiss Parliament and public on the use of public money and the achieved results, and (ii) to generate learning from past experience in view of improving future support. The evaluation has the following six objectives:

#### *(i) Accountability*

The assessment should draw conclusions on the four evaluation criteria of the Organisation for Economic Co-operation and Development (OECD), including:

- *relevance* of WE's approach to domestic resource mobilisation given current debates on this topic;
- *efficiency* of the approach, in particular in terms of the development of diagnostic tools and their link to the identification and implementation of tax policy reforms;
- *effectiveness* of WE's interventions with regard to defined development objectives;
- *sustainability* of Tax and Development interventions.

#### *(ii) Learning and improvement*

With respect to learning, the evaluation should:

- draw *lessons* and identify good practices for the design, implementation and management of activities in the broader field of tax and development;
- provide *recommendations* regarding the further development of WE's approach to tax and development at strategic as well as operational level.

## 1.2 Scope of the evaluation

### 1.2.1 *Strategic level*

The evaluation covers the 'Tax and Development' activities of the Macroeconomic Support Unit of WE (WEMU) which aim to assist the development of fair and transparent tax systems in developing countries. To determine the relevance of the WEMU's approach at the strategic level, its interventions will be assessed from different perspectives, i.e. from:

- the broader international developments and discussions on tax and resource mobilisation;

- the strategic considerations of SECO and the Swiss government including the division of responsibility between SECO and the Swiss Development Cooperation (SDC);
- the wider context of support to Public Financial Management (PFM) reforms and the evolution of tax interventions at WE.

Although the Approach Paper makes reference to the international debate on the special tax regime for rich individuals and multinationals companies in Switzerland, it was agreed with SECO that this was not part of the current evaluation.

### 1.2.2 *Operational level*

The Approach Paper identifies 18 interventions to be covered by the evaluation and distinguishes three types of activities which need to be considered at the operational level:

- Technical Cooperation through bilateral projects;
- Technical Cooperation through international institutions, e.g. with multilateral initiatives such as the International Monetary Fund (IMF);
- Participation in international and regional initiatives.

This list of interventions included in the Approach Paper comprises most of the WEMU's work in the area of tax and development. It does not reflect, however, broader PFM interventions which tangentially deal with specific aspects related to tax and development, and the interventions funded by other SECO units. Among these are:

- "Support to the Public Financial Management reform process" programme in Peru which includes a tax component;
- Budget Support operations (e.g. Burkina Faso, Ghana, Mozambique) which included performance indicators in the area of domestic revenue mobilisation;
- Support to the Extractive Industries Transparency Initiative (EITI) which promotes transparency with regard to revenues from mining concessions in developing countries, as well as good corporate governance in the extractive industries sector;
- World Bank (WB) Facility for Investment Climate Advisory Services Tax Simplification Trust Fund;
- WB Facility for Investment Climate Advisory Services Tax Transparency Trust Fund.

Since the PFM programme in Peru has a tax component, it was decided to add this programme to the original list of 18 interventions to be covered by the evaluation. When relevant, and to the extent possible, the evaluation took also into account the other above-mentioned interventions. The interventions included in this evaluation are considered to be representative of SECO's support and serve as a good basis for drawing conclusions and lessons for future support.

### 1.2.3 *Geographical coverage*

The evaluation covers all SECO's priority countries which benefited from SECO support during the period under review. The Approach Paper required the evaluation team to conduct two in-depth cases studies (i.e. Ghana and Mozambique) to identify detailed linkages between SECO's interventions and their impact on domestic revenue mobilisation. In consultation with SECO it was agreed to include Peru as an additional case-study country. This would make the case studies more illustrative of SECO's interventions and provide sufficient level of details about various types of aid and implementation modalities employed by SECO.



#### 1.2.4 *Time period*

The Approach Paper states that the evaluation should cover the period between 1996 and 2013. The initial review of SECO's interventions revealed, however, that only three of these were implemented prior to 2009, all in Mozambique. It was consequently decided that the evaluation will focus mainly on the period 2009 – 2013, but it would also consider relevant developments in 2014 which could have influenced the performance of SECO's support.

In Mozambique the evaluation will cover the interventions conducted since 1996. This will enable a broader and longer-term perspective in assessing the performance of SECO's activities in Mozambique, as well as to get a better understanding of the evolution of SECO's involvement and approach over time.

### 1.3 Structure of the report

The remainder of the report is organised as follows. Chapter two introduces the background to SECO's policy and governance and presents the reconstructed intervention logic. Chapter three describes the evaluation approach and tools. Chapter four outlines the main findings of the evaluation. Each evaluation judgment criterion is dealt with in a dedicated section. Finally, Chapter five provides conclusions, lessons learned and recommendations.



## 2 Background to SECO's policy and governance

Appreciation of the evolution of SECO support in the area of Tax and Development over time is important for ensuring an adequate interpretation of the evaluation findings presented in this report. Section 2.1 provides a brief contextual description of the evolution of SECO support. Section 2.2 presents the reconstructed intervention logic for SECO's activities in Tax and Development.

### 2.1 Context

#### 2.1.1 *Evolution of SECO support in "Tax and Development"*

SECO's motivation for providing support to strengthening domestic revenue mobilisation, further referred to as DRM, reflects the evolution of development aid. At the end of the 1990s aid effectiveness became a prominent issue of discussion in the development cooperation community. The performance of Public Finance Management (PFM) was considered to be central to improving effectiveness of aid across all sectors. While previously Development Partners (DPs) used to predominantly focus their assistance on the expenditure side of PFM, strengthening DRM - as an important element of PFM - has become more prominent over time. It became one of the main venues for strengthening the capacity of developing countries to mobilise domestic resources and reducing their dependency on external aid to implement national policies and deliver public services.

The fifth Credit Facility of 1996 on Swiss International Cooperation brought about new direction for economic and trade-policy measures in Swiss development cooperation. Balance-of-payments assistance was increasingly replaced by budget support programmes geared towards poverty reduction. Swiss cooperation with low-income countries and emerging economies was reorganised. This led to the merger of the Federal Office of Foreign Economic Affairs with the Federal Office for the Economy and Labour into the current State Secretariat for Economic Affairs (SECO). For the formulation of the "Strategy 2006" SECO conducted a comprehensive assessment of the new direction taken in 1996. Based on this review, "Strategy 2006" aimed to contribute to poverty reduction by concentrating on SECO's core function, focusing on certain geographical areas, developing strategic partnerships and raising additional private resources.

The first Swiss bilateral activities in the area of Tax and Development were initiated in 1996 by the former Federal Office of Foreign Economic Affairs. To date about CHF 60 million<sup>2</sup> has been provided to support DRM through more than 20 interventions varying in focus and form. The evolution of the focus of SECO's assistance has been in line with the historical evolution of tax reform agenda in developing and transition countries, and with the overall approach adopted by various development partners in this area.

During the late 1990s the focus of SECO support has been predominantly on establishing an adequate legal and regulatory basis and to some extent tax policy (e.g. reform of tax legislation, introduction of value-added tax (VAT), etc.). During the period 2000-2006<sup>3</sup> the scope gradually extended to strengthening domestic revenue collection. This included supporting the establishment

---

<sup>2</sup> Excluding budget support operations.

<sup>3</sup> Following the high level declarations on financing for development e.g. Monterrey (2002), Johannesburg (2002), Rome (2003).

of revenue administration authorities and increasing their effectiveness. During the last ten years, the support has been increasingly directed to broader “good governance” aspects (e.g. transparency and accountability) as well as more global cross-cutting International Taxation issues such as transparency of extractive industry sector, taxation of multinationals, etc. Given the relative limited leverage which SECO can exercise on tax policy reforms, support to these reforms has been mainly provided in partnership with international financial institutions (IFIs) and other development partners, or through international initiatives.

SECO’s mandate in the area of DRM is currently enshrined in the “Message to the Swiss Parliament on International Cooperation 2013-1016”. According to this document, SECO should give ample attention to supporting “a fair and transparent tax policy as well as an efficient tax administration” in its priority countries. It should do so in particular by addressing the challenges which its priority countries face in mobilising domestic revenues, including:

- Ineffective legal and regulatory tax frameworks which provide opportunities for circumventing the formal system and contribute to the growth of the informal sector;
- A tax culture which leads to a free-rider attitude and complicates collection of taxes;
- Lack of government transparency and accountability regarding the collection and use of public resources;
- Lack of capacity (human and technical) in implementing adequate revenue administration systems and collecting taxes;
- Lack of capacity and commitment to deal with specific issues such as taxing multinational enterprises, transparency in the extracting industry sector, etc.

Annex 3 presents a schematic overview of SECO’s interventions in the area of Tax and Development during the period under consideration, along with the main strategic and operational milestones which guided SECO’s work in this area. Throughout the report, reference will be made to these strategic and operational developments and the extent to which they have influenced the scope, form and performance of SECO’s support. The types of aid and implementation modalities employed by SECO are described in section 2.2.5.

### 2.1.2 *SECO governance and organisational arrangements*

The implementation of the Swiss international development cooperation is carried out by two entities:

- the Swiss Agency for Development and Cooperation (SDC); and
- the State Secretariat for Economic Affairs (SECO).

SECO and SDC used to operate in the same countries. Since 2008 their geographical focus changed and it was decided that SDC should focus on low-income countries and SECO should concentrate on middle-income countries.

SECO consists of various divisions, one of which is the Economic Cooperation and Development Division (WE). As part of WE, the unit for Macroeconomic Support (WEMU) is responsible for the operational management of interventions in the area of PFM including Tax and Development. As of March 2015, WEMU consists of two sections: PFM (five staff members) and financial sector/debt management (four staff members). Each staff member is responsible for one or two priority countries, as well as for one or several thematic initiatives/areas.

In the field, SECO operates through the Swiss Cooperation Offices (SCOs) for development cooperation. In SECO’s priority countries, SCO’s are financed and managed by SECO. Exceptions are Egypt and Tunisia, where the “Whole of Government Approach” applies and the offices are

managed by SDC. In priority countries where Switzerland is providing ‘transition aid’, the SCOs are financed by SDC and SECO, but are managed by SDC. At headquarter level, SECO bears responsibility for the financial and administrative management of its interventions. Where needed, it can delegate some administrative responsibilities to the SCOs. At the time of the evaluation the division of labour procedures between headquarters and the field offices is being revised.

### 2.1.3 SECO’s priority countries

SECO’s priority countries are classified in three groups:

- *Development cooperation*: more advanced developing countries in Africa, Asia and Latin America that still face huge poverty and development problems;
- *Transition aid*: selected (transition) countries in South-Eastern Europe and Central Asia;
- *Enlargement contribution*: new states of Central and Eastern Europe that are members of the European Union.

In addition, SECO provides complementary assistance to SDC programmes in selected “non-priority” least developed countries. This category includes Mozambique, where Switzerland has supported Tax and Development activities for the last two decades. The table below provides an overview of SECO’s priority countries and non-priority countries which benefit from assistance. WEMU does not provide assistance under the enlargement contribution. It provides support to the priority countries falling under developing cooperation and transition aid. From the “non-priority” countries WEMU provides complementary support only to Burkina Faso and Mozambique.

**Table 2.1 Overview of the SECO’s current priority countries<sup>4</sup>**

Priority countries			Non-priority
Development cooperation	Transition aid	Enlargement contribution <sup>5</sup>	
Indonesia	Albania	Romania	Burkina Faso
Vietnam	Bosnia & Herzegovina	Bulgaria	Jordan
	Kosovo	Poland	Mozambique
Egypt	Macedonia	Hungary	Tanzania
Ghana	Serbia	Czech Republic	Nicaragua
South Africa		Latvia	
Tunisia	Kyrgyz Republic	Lithuania	
Colombia	Tajikistan	Slovak Republic	
Peru	Azerbaijan	Estonia	
	Ukraine	Slovenia	

Source: SECO (<http://www.seco-cooperation.admin.ch/laender/index.html?lang=en>); information retrieved in May 2015.

## 2.2 Reconstructed Intervention Logic

SECO does not have a dedicated policy document with an intervention logic outlining its support in the area of Tax and Development. Rather, the interventions in this area are informed by several strategic documents which elaborate SECO’s priorities and approach including the recent “Message on International Cooperation” (2013-2016) which largely continues the logic of previous

<sup>4</sup> Following the “Strategy 2006” the number of priority countries and regions was reduced to 16. Following the Paris Declaration (2005) and the Accra Agenda (2008) SECO scaled back its priority countries in the South to seven partners. In autumn 2010, the Federal Council submitted message to the Parliament on increasing the funds available to public development aid to 0.5% of GNP. Under the framework credit 2009-2011, the geographical scope was changed and covered the following countries in the South: South Africa, Ghana, Egypt, Indonesia, Peru and Colombia. Tunisia was added in 2013 as priority country.

<sup>5</sup> Since 2008, SECO has been responsible for implementing the contribution to EU expansion.

framework credits and messages. The lack of an intervention logic for Tax and Development interventions required the evaluation team to construct, or better “reconstruct”, such intervention logic as a basis for conducting the evaluation.

The reconstructed intervention logic which has been validated by WEMU, underlines SECO’s overall objectives and expected results at the output and outcome levels along with possible instruments for implementation and required inputs. The reconstructed intervention logic is shown in Figure 2.1 and served as basis for the assessment of relevance, effectiveness, efficiency and sustainability of SECO’s support. The elements of the reconstructed intervention logic are described below.

### 2.2.1 Overall objectives

The overarching goal of the Swiss International Development cooperation, which covers the support provided by SDC and SECO, is to *reduce poverty and diminish global risks*. During the period under review, this goal has been operationalised in subsequent *framework credits* which are areas of intervention considered to contribute to the achievement of this overarching goal. Four framework credits guide the activities of SDC and SECO for the period 2013-2016<sup>6</sup>:

- Humanitarian Aid (SDC);
- Technical cooperation and financial aid for developing countries (SDC);
- Economic and trade policy measures within the context of development cooperation (SECO);
- Cooperation with the states of Eastern Europe and the Commonwealth of Independent States (SDC/SECO).

SECO’s main objective is to *contribute to reduction of poverty and disparities by supporting a long and steady economic growth which creates jobs and promotes higher productivity*<sup>7</sup>. Its priority countries are advanced developing countries i.e. Middle Income Countries (see Table 2.1).

To achieve this objective SECO focusses its activities around five priority themes<sup>8</sup> which are depicted under the “overall objectives” in Figure 2.1. The themes are:

1. Strengthening the economic and financial policy;
2. The development of infrastructure and urban supply;
3. Support for the private sector and small- and medium-sized enterprises;
4. Promoting sustainable trade; and
5. Encouraging a sustainable growth climate.

The subject of the current evaluation, domestic resource management (DRM), belongs to the theme “strengthening the economic and financial policy”. The Macroeconomic Support Division (WEMU) of SECO is responsible for managing the activities in this field. Its activities are divided into two work streams, each related to a specific goal:

- Economic reforms and fiscal policy interventions to promote good governance and transparency in managing public resources;
- Promotion of stable and well developed financial sector to consolidate stability of the fiscal policy environment incl. monetary policy, public finances, banking system.

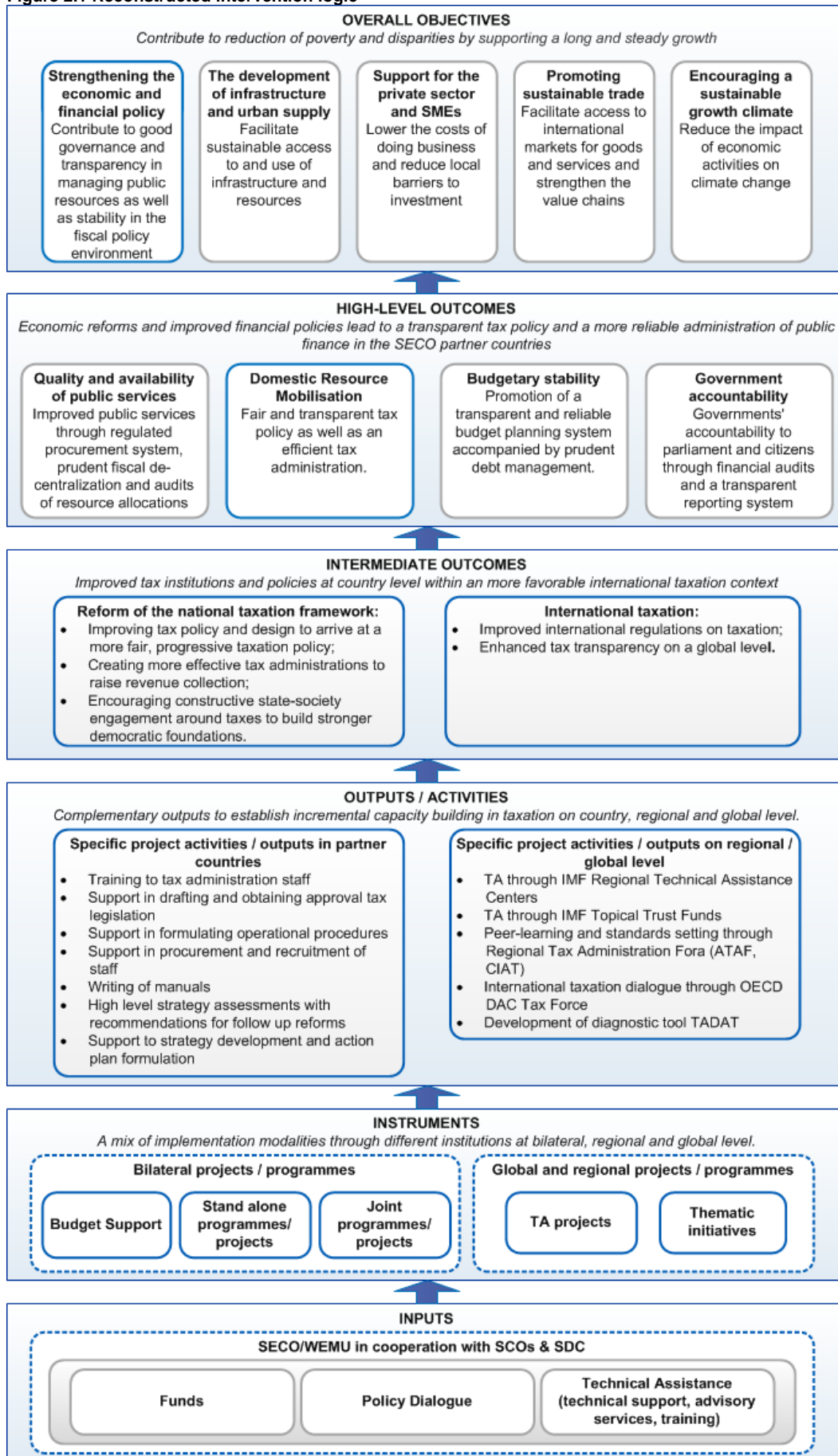
---

<sup>6</sup> Message International Cooperation 2013-2016, Key points in brief.

<sup>7</sup> Message International Cooperation 2013-2016, Chapter 4: Economic and trade policy measures under development cooperation.

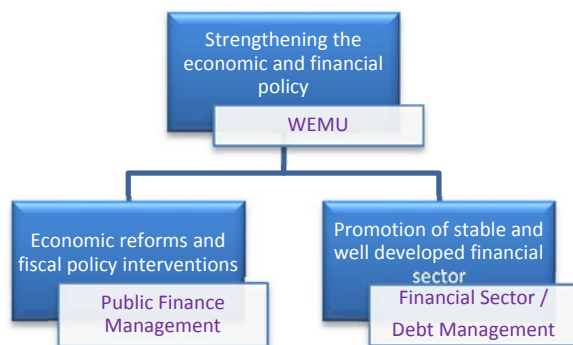
<sup>8</sup> Message International Cooperation 2013-2016, Chapter 4. Economic and trade policy measures under development cooperation.

Figure 2.1 Reconstructed intervention logic





These two streams of work are managed by the PFM section and Financial Sector / Debt Management section respectively (see the diagram). Tax and Development interventions, which are a specific part of economic reforms and fiscal policy interventions, are managed by the Public Finance Management section.



### 2.2.2 Outcomes

The reconstructed intervention logic differentiates between high-level outcomes and intermediate outcomes.

#### High-level outcomes

The high-level outcomes are the objectives defined for the SECO PFM action line. SECO's PFM group focuses on economic reforms and fiscal policy interventions. According to the "Message on International Cooperation 2013-2016", the overall objective of the support is to ensure that *"economic reforms and improved financial policies lead to a transparent tax policy and a more reliable administration of public finance in the SECO partner countries"*. The "Message" has defined selected indicators for this objective.

To achieve this objective, SECO operationalises its work in the field of PFM around four areas<sup>9</sup>:

1. *Budgetary stability* - Promotion of a transparent and reliable budget planning system accompanied by prudent debt management;
2. **Domestic Resource Mobilisation - Support for a fair and transparent tax policy as well as an efficient tax administration;**
3. *Quality and availability of public services* - Improved public services through regulated procurement system, prudent fiscal de-centralization and audits of resource allocations;
4. *Government accountability* - Governments' accountability to parliament and citizens through financial audits and a transparent reporting system.

As mentioned earlier, this current evaluation deals with the second area only. It covers both national taxation and international taxation issues. Regarding the high-level outcomes presented in the intervention logic, this subject is depicted by the box 'Domestic Resource Management' encircled in blue. The specific outcome of this part of SECO's portfolio is *"to support fair and transparent tax policy and efficient tax administration"*.

The evaluation team appreciates that SECO does not regard the improvement of tax policy and administration as an isolated result. It is considered as an outcome which is related to SECO's support to implementation of Public Finance Management reforms and to improvement of public service delivery. As a consequence, SECO's interventions related to broad PFM reforms (budgetary stability, quality and availability of public services, and government accountability) have

<sup>9</sup> Message on International Cooperation 2013-2016; Approach Paper.

overlaps with, and may contribute to SECO's portfolio in the area of Tax and Development. To the extent possible, the evaluation pays attention to SECO's interventions related to the wider PFM reform agenda. The interventions related to PFM in the wider sense are, however, not separately evaluated.

### *Intermediate outcomes*

The intermediate outcomes reflect the objectives of the DRM interventions at both national and international level. SECO's activities in area 2 "*domestic resource mobilisation*" can be divided in two different groups reflecting the national and international strategic level of its interventions. In the reconstructed intervention logic this is indicated by the following two boxes at the level of intermediate outcomes:

- Reforms of the national taxation framework – support is provided mainly through bilateral and regional/global projects;
- International context of taxation – support is provided through regional/global projects and thematic initiatives.

At the national level, SECO aims to contribute to national tax reforms in its partner countries through the realisation of a variety of intermediate outcomes, including strengthened institutions, stronger legislative frameworks, more effective tax collection and simplified procedures<sup>10</sup>. These intermediate outcomes are in line with the common goals for donor support to tax reforms in developing countries<sup>11</sup>:

- Creating more effective tax administrations to raise revenue collection;
- Encouraging constructive state – society engagement around taxes to build stronger democratic foundations;
- Improving tax policy and design to arrive at a more fair, progressive taxation policy.

The interviews suggest that SECO focuses its support mainly on the first goal and less on the latter goals. There are several reasons for this. Tax policy and design is often politicised and requires a certain leverage to address these kind of issues. Tax policy reforms take many years and therefore require a relatively long-term involvement. Therefore, SECO sequences its support to reforms by first identifying weaknesses and focusing on the main (basic) issues and only after that, moves on to tackling more complex issues<sup>12</sup>. SECO is aware of the external factors especially impacting tax policy reform issues and the importance of tailor-made assistance. It defines the expected intermediate outcomes of its assistance depending on the partner country context and the required sequencing of the tax reforms in the context of particular countries.

SECO has started to pay increasing attention to the international context of taxation. This is illustrated by recent policy papers which point to the challenges that developing countries face in respect to the international developments in taxation. In other words, SECO is pursuing improved international tax regulations and enhanced tax transparency also on the global level.

---

<sup>10</sup> SECO (2012), Position Paper "Tax Issues in the Economic Development Cooperation" (p. 9) lists the following topics as focus of interventions: improving tax policy, strengthening tax administrations, reducing compliance cost and tax expenditure, combating domestic tax fraud and evasion, fostering international cooperation in tax matters, reducing tax exemptions, improving collection of arrears, linking tax revenues with tax expenditures, simplifying tax procedures and legislation, improving tax transparency and establishing transfer pricing legislations.

<sup>11</sup> Fjeldstad (2014): Tax And Development: Donor Support To Strengthen Tax Systems In Developing Countries in Public Administration and Development. No 34, 182–193.

<sup>12</sup> Carlos Orjales (2014), "Unterstützung der Entwicklungsländer bei Steuerreformen: Modalitäten, Chancen und Herausforderungen" (English translation: Assistance to developing countries in tax reform: modalities, opportunities and challenges).

### 2.2.3 Outputs/activities

The outputs envisaged by SECO's interventions can be divided by interventions at the country level, such as the introduction of VAT or new tax laws, and outputs at the international level, such as the development of a diagnostic tool. Such a sub-division is not reflected in Figure 2.1 where generic groups of outputs (of individual interventions) are indicated.

It should be noted that, although the interventions may be regarded as two separate groups of interventions, it is clear that these interventions may have an impact at the national as well as the international level. For example, the development of a diagnostic tool contributes to identifying international good practices and standards and a harmonised international approach to diagnose national tax systems. At the same time, it also helps to develop a framework for strengthening tax administration at the national level.

### 2.2.4 Inputs

SECO inputs are grouped into:

- Financial resources (i.e. budget support, contributions to regional/global initiatives, etc.);
- Policy dialogue (i.e. dialogue between SECO and recipients which inform the national and international reforms, etc.);
- Technical assistance (incl. advisory services, policy advice, policy implementation, training, knowledge sharing, etc.).

The majority of inputs are provided by SECO: WEMU in particular. They are complemented with inputs provided by SDC. For example, SECO provides the financial resources for general budget support, but the Swiss Cooperation Offices staffed with SECO and SDC personnel are managing these resources.

### 2.2.5 Instruments

In order to achieve the expected results, SECO applies different instruments representing a mix of aid, funding and implementation modalities. These modalities are described in credit proposals or decisions notes. For the purpose of this evaluation SECO's interventions and modalities are classified in:

- Bilateral interventions, where the support is directed to a specific country and comprises:
  - Budget support;
  - Stand-alone *national* projects/programmes implemented with SECO funds;
  - Joint *national* project/programmes implemented with co-financing by multiple partners.
- Regional and global interventions, where support is directed to groups of countries and comprises:
  - Regional and global projects/programmes;
  - Regional and global thematic initiatives.

Table 2.2 presents an overview of SECO's bilateral and regional/global interventions. The budget of the 19 interventions included in the evaluation amounts to about CHF 50 million<sup>13</sup>. This amount excludes the budget support operations which are broader in scope and indirectly related to Tax and Development, but includes the national PFM programme in Peru and the support to the African Regional Technical Assistance Centres (AFRITACs), which are broader in scope and do not exclusively focus on taxation issues. According to the Approach Paper, the total volume of SECO interventions in Tax and Development amounts to about CHF 60 million over the last 18 years. This figure includes tax related support provided by other units. Table 2.2 also provides information on

<sup>13</sup> This figure is indicative as the budget of separate interventions is expressed in different currencies.

implementing agencies. SECO's interventions can be implemented in various ways i.e. implemented by SECO, implemented by the recipient country, implemented by a development partner which may also be engaged in co-funding, or by an external organisation (e.g. a private company). In the subsequent text we briefly describe the main aid, funding and implementation modalities applied by SECO.

### *Bilateral projects and programmes*

SECO provides bilateral support to its partner countries through budget support and "stand-alone" or "joint" Technical Assistance (TA) projects and programmes.

**1. Budget Support.** Budget support is an important tool for pursuing policy dialogue and has important links to SECO's other bilateral activities. SECO has provided budget support to Ghana, Burkina Faso and Mozambique. The provision of budget support generally involves a basic tranche and a performance tranche. The disbursement of the performance tranche is related to the performance of the government based on predetermined performance indicators. By applying these indicators SECO can put emphasis on reforms in selected priority areas such as domestic revenue mobilisation. As a rule, at least one indicator of the performance tranche of Budget Support operations is related to improvements in the tax area. During the period under review, SECO has complemented its budget support with bilateral TA tax projects/programmes in the respective areas. An illustration is SECO's engagement in Mozambique where from the outset budget support operations were complemented with technical assistance projects. The indicators for the disbursement of the Budget Support were linked to the progress made by these tax projects.

**2. Stand-alone projects/programmes.** In stand-alone projects SECO is the only donor providing funds and, as a rule, assuming full responsibility for the design and implementation of the project. However, due to capacity constraints (both technical and human) this is not a modality commonly used by SECO. Therefore, SECO's stand-alone projects can be implemented either by another development partner with strong reputation, or a private company selected through competitive bidding. The following examples illustrate SECO's stand-alone projects with different implementation modalities:

- *The national PFM reform programme in Peru.* A number of donors support this programme. SECO manages its financial contribution by making use of the administrative support of a non-governmental organisation.
- *The support to the Internal Revenue Services (Direction Générale des Impôts, DGI) in Burkina Faso.* The tax policy component of the project is implemented by the IMF, the tax administration component is implemented by the Revenue Services and monitored by SECO/SCO with support of a local agency in administrative management.
- *The VAT project in Mozambique.* This is a project funded by SECO and implemented by the IMF. In the second phase of the project, co-financing was provided also by other donors (e.g. United States Agency for International Development (USAID), World Bank).
- *The support to Reform of Domestic Taxes in Mozambique.* This was a follow-up project of the VAT project implemented by IMF. It was initiated as a stand-alone project funded by SECO only but over time it has been complemented with Danish International Development Agency (DANIDA) funds and became a joint programme.

**3. Joint national projects/programmes.** In joint bilateral projects SECO provides support to a partner country in collaboration with other development partners<sup>14</sup>. When SECO is co-financing such projects or programmes, the funds are commonly provided to a basket fund where the authority for implementation is vested in the recipient country. Other types of common funds also exist. Their

---

<sup>14</sup> SECO refers to this type of interventions as "co-financing".

management can be delegated to another development partner or agency which also provides funds. Examples of joint programmes are:

- *Tax Common Fund (TCF) in Mozambique*. SECO co-finances the Tax Common Fund with the beneficiary of the funds being responsible for the implementation.
- *Support to the Ghana Revenue Authority (GRA) and Tax Policy Unit (TPU)*. This project is funded by SECO and the Government of Germany, and is implemented by the German Corporation for International Cooperation (GIZ) as part of its Good Financial Governance programme.

The projects executed under the Swiss Subaccount Letters of Understanding with the IMF (LoU) represent a mixture of bilateral and regional interventions (see the text box below). Whereas the LoU is a regional programme, its projects are funded exclusively by SECO. In a sense, these interventions may be classified as “stand-alone” bilateral projects. However, since they are executed by the IMF, which sometimes integrates its technical assistance with SECO support, it could be argued that they are joint interventions. Moreover, monitoring and reporting takes place under the umbrella of the LoU which further limits SECO’s involvement in these interventions. Under the LoU, in the area of Tax and Development, SECO provided project support to Ghana, Peru and Vietnam.

#### Letters of Understanding (LoUs)

The Swiss IMF Technical Assistance Subaccount is a dedicated Swiss Trust Fund for financing IMF technical assistance in SECO's priority countries in the South and East. WEMU has established one Subaccount with two envelopes, one covering the countries in the East and one for the priority countries in the South. These envelopes are labelled as Letters of Understanding (LoU). SECO has contributed with USD 24 million to the Subaccount, equally split between LoU East and LoU South.

#### Regional and global interventions

These interventions are grouped into projects with a global or regional scope, and projects (i.e. initiatives) with a thematic scope. In both cases SECO provides co-financing but other parties are responsible for implementation. As shown by the examples below, the difference between the two groups of activities lies in their substantive nature and the extent to which potential partner countries can benefit directly from the results of these activities.

*1. Regional and global TA projects.* These programmes envisage direct TA support to individual countries. Typical regional programmes to which SECO contributes are:

- *The IMF Regional Technical Assistance Centres (RTACs) and Topical Trust Funds (TTFs)*. SECO co-finances selected IMF regional TA centres through which IMF provides technical assistance in the area of PFM and domestic revenue mobilisation to selected countries (some of which are SECO’s partner countries). SECO mainly provides funding for these initiatives; the IMF is responsible for their design, implementation and reporting.
- *The support to tax reform in South East Europe under the IMF LoU*. In this case, the LoU intervention is not a bilateral project, but a key component of a larger donor-financed IMF technical assistance program to help accelerate tax administration reforms in Southeast Europe (SEE).

*2. Regional and global thematic initiatives.* In the case of thematic initiatives, single countries do not benefit directly from the support. Rather, these initiatives are more strategic in nature and are used to foster broader knowledge sharing and peer exchange, disseminate best practices, encourage developments in new areas, and coordinate of various initiatives at regional and/or global level. SECO contributes with funds to these initiatives, but also aims to substantively influence high-level

decision making and policy dialogue which takes place through these initiatives. Examples of SECO support to global initiatives are:

- SECO's participation in the Joint Programme on Tax and Development of the OECD Development Assistance Committee (DAC) / Committee on Fiscal Affairs (CFA) and its contribution to the development of a Tax Administration Diagnostic Assessment Tool (TADAT);
- SECO's support to regional taxation organisations such as the African Tax Administration Forum (ATAF) and the Inter American Center of Tax Administrations (CIAT). These interventions specifically aim to foster South-South cooperation by peer-to-peer learning.

## 2.3 SECO's engagement in the case study countries

### 2.3.1 Ghana

Tax reform in Ghana has been evolving for decades. Between 1983 and 1993 Ghana embarked on a series of reforms, directed at restoring the tax base, strengthening production incentives and increasing the efficiency of the tax administration and the equity of the tax system. Semi-autonomous revenue authorities were created, resulting in three different agencies supervised by the Revenue Agencies Governing Board in the 1990's. This fragmented approach did not contribute to the efficiency of the tax administration. Donor support in Ghana has been directed for a long time mainly at tax administration and not so much at tax policy.

SECO has been providing budget support to Ghana since 2002. In 2008 SECO engaged in a co-funding arrangement with GIZ under its Good Financial Governance (GFG) programme. In the first phase of SECO's support (2008-2009), the Tax Policy Unit (TPU) in the Ministry of Finance and Economic Planning was established. SECO committed to a new phase of the GFG programme for the period of 2010 to 2015, to consolidate the achievements made so far at the TPU and, in particular, to integrate the different national revenue authorities into one single revenue authority. In parallel, SECO funded a LoU South proposal for support to drafting tax legislation. This programme was supposed to last from 2011 to 2013, but is currently still running. Furthermore, Ghana is eligible for support from the Topical Trust Funds on Tax Policy and Administration, and Natural Resources. It is also the host country for the recently opened AFRITAC West 2.

Revenue reforms in Ghana are generally guided by the Ghana Revenue Authority (GRA) strategy and modernisation plans. There was no holistic PFM strategy which would include/guide revenue administration reforms during the period under review. GRA's integration and modernization started in 2011 and was managed by the GRA's modernization programme office (MPO). Faced with the challenge of completing both the Strategic Plan and the Modernization Plan, the main focus of the MPO in 2011 was to deliver on the strategic direction of the GRA through the completion of both the strategic and modernization plans. This resulted in the GRA Strategic and Modernisation Plans for 2012-2014 and 2015-2017 (under development), the roadmap for GRA modernisation, which serve as a basis for development partners' support.

### 2.3.2 Mozambique

Relatively soon after its independence in 1975, Mozambique suffered from civil war which lasted from 1980 to 1992. When the peace treaty was signed, the Mozambican economy had contracted significantly and the revenue administration was more or less collapsed. The new government recognised the need for improving the fiscal situation and designed, together with the IMF, a strategy for tax reform. From 1994 to 1999, indirect taxes were reformed (e.g. introduction of VAT), customs was reorganised, and the restructuring of the tax administration was initiated. From 2000–



2007 direct taxation and its administration were reformed, culminating in the creation of the Mozambique Revenue Authority (ATM) with jurisdiction over customs and domestic taxes.

SECO has been involved in the post-war tax reforms from the outset. It supported Mozambique by providing Balance of Payments support and complementary Technical Assistance (TA). This TA involved funding of an IMF-executed project for VAT implementation. Initially, SECO was the only donor. At a later stage, other donors also contributed to VAT implementation by providing support to the publicity component and computerization. When the VAT was introduced, SECO and the IMF continued their support through an interim project that led to a larger programme, i.e. the Reform of Domestic Taxes and Administration programme. This programme included initially a set of individual projects (funded by SECO, DANIDA and DFID) but with the prospects for the setup of a Central Revenue Authority. The projects became increasingly integrated, culminating in joint project reviews. Around the time this project ended (2007), it was decided that Mozambique would be no longer a SECO priority country. SECO therefore decided to contribute to the Tax Common Fund and prepare the ground for phasing out its support. In 2012, Mozambique became eligible for complementary assistance. This allowed SECO to continue its support to the Tax Common Fund (TCF) in a second phase (2013-2016). During the entire period under review, SECO provided general budget support (GBS) to Mozambique. GBS was disbursed depending on the progress made towards realisation of agreed performance targets in the area of taxation. The above-mentioned tax programmes have been regarded as complementary TA measures accompanying budget support. Mozambique has also received support through AFRITAC South and the Topical Trust Fund on Managing Natural Resource Wealth. It is eligible for support from the Topical Trust Fund on Tax Policy and Administration.

Reforms in taxation are embedded in the broader PFM reform. The prominent role of PFM reform in the Budget Support dialogue and in the Performance Assessment Framework has influenced the pace and direction of PFM reform. The joint analytical work developed by the G-19 PFM working group was instrumental to the focus and design of the PFM reform program. Technical assistance and direct financial support to PFM reform was provided through the common funds for e-SISTAFE<sup>15</sup>, the ATM (Mozambique Revenue Authority), the IGF (the Finance Inspectorate or Internal Audit service) and the Tribunal Administrativo (the Supreme Audit Institution). The Tax Common Fund (TCF) has provided a useful platform for concerted dialogue between Development Partners and Government of Mozambique on plans and priorities for the Revenue Authority and on key tax policy and administration issues.

### 2.3.3 Peru

The creation of a new semi-autonomous revenue agency (SUNAT) and the customs administration (SUNAD) took place during a period of major political and economic changes. From the beginning, SUNAT followed a modernisation strategy suggested by the IMF, based on simplifying the tax system. Mainly new recruits from the private sector were hired. SUNAT went through a difficult period in 1999-2001 because political support for the tax reform was low. This shows that high level political support for such processes is indispensable. Revenue collection in Peru has increased since the establishment of SUNAT.

SECO's support to Peru is fairly recent. Peru was selected as a priority country in 2008 when SECO decided to focus more on middle-income countries. SECO undertook a scoping mission in 2009, identifying areas eligible for support. In close collaboration with the Ministry of Economics and Finance (MEF), a PFM Action Plan was created based on the results of the Public Expenditure and Financial Accountability assessment (PEFA) of 2009. A PFM reform programme was

---

<sup>15</sup> Integrated Financial Management Information System used in Mozambique.

developed, through which donors can fund various initiatives which are linked to the Action Plan. These initiatives are proposed and executed by the government, but the donors take care of the administration of their funding. As such, SECO is quite involved in the management of the PFM Reform programme. It is supported administratively by a Swiss non-governmental organisation. A revenue component was added to the PFM Action Plan in 2012 in view of enhancing the implementation of the plan and fostering cooperation between revenue administration (i.e. SUNAT) and tax policy (i.e. MEF). As such, both the Tax Policy Directorate in the MEF and SUNAT are eligible for support from the programme.

In addition, SECO supported SUNAT through a project under the LoU South i.e. “Reform and Modernisation of Tax and Customs Administration”. The project’s objective was to improving tax compliance in Peru and Colombia. It formally ended in 2014, but was extended for one year. SUNAT is also involved in a business tax simplification programme, which is carried out by the International Finance Corporation and co-financed by SECO. Also a sub-national PFM programme designed with SECO support will start this year. It will include a component on local taxation. In respect to global programmes, Peru has benefited from support provided through the Topical Trust Fund Managing Natural Resource Wealth.

As set out above, PFM reforms in Peru are guided by a PFM Action Plan, which is based on the PEFA and includes, since 2012, domestic revenue mobilisation. The operationalization of this strategy through the programme is rather complicated in practice as it depends on the bottom-up proposals submitted by the involved departments including by SUNAT and the Directorate of Tax Policy in the MEF. In this context, SUNAT is fully dependent on the approval of their proposals by the Ministry of Finance, which may give priority to other measures. SUNAT does not have a consolidated modernisation strategy at the moment, which makes it difficult to align donor support.

**Table 2.2 Overview of SECO's interventions**

Nr		Period	Committed Budget		Executing agency					Beneficiary countries <sup>16</sup>									
			CHF (million)	USD (million)	Beneficiary	SECO	IMF	GIZ	Regional / global body	Mozambique	Ghana	Burkina Faso	Kosovo	Serbia	Macedonia	Bosnia	Peru	Colombia	Vietnam
Bilateral programmes/projects																			
1.	Introduction of the VAT, Mozambique	1996-2000	4.0				x			x									
2.	Reform of Domestic Taxes (phase I), MZ	2002-2004		2.0			x			x									
3.	Reform of Domestic Taxes (phase II), MZ	2005-2007		0.6			x			x									
4.	Tax Common Fund (phase I), MZ	2009-2012	3.0		x					x									
5.	TA to DGI, Burkina Faso	2009-2015	1.9		x		x				x								
6.	Tax reform (LoU), Peru & Colombia	2010-2014		1.5			x								x	x			
7.	Support Tax Policy Unit and GRA, Ghana	2010-2015	4.3				x			x									
8.	Tax Policy & Adm. (LoU), Vietnam	2011-2013		1.1														x	
9.	National PFM reform programme, Peru	2011-2015		6.4 <sup>17</sup>	x			x							x				
10.	Tax Law Reform (LoU), Ghana	2011-2015		0.3			x			x									
11.	Tax Common Fund (phase II), MZ	2013-2016	2.0		x					x									
Regional and global programmes																			
12.	Support tax reform SE Europe (LoU)	2010-2015		6.3			x					x	x	x	x				
13.	AFRITACs (East, West, West II, South)	2010-2015		10.0 <sup>18</sup>			x			x	*	x							x
14.	TTF Managing Natural Resource Wealth	2010-2015		5.0			x			x	*	*			x	*	*		x
15.	African Tax Administration Forum (ATAF)	2010-2015	1.1						x										x
16.	OECD DAC/CFA Joint Programme on Tax and Development	2011-2013		0.2					x <sup>19</sup>										x
17.	TTF Tax Policy and Administration	2011-2015		5.0			x			*	*	*	*					*	x

<sup>16</sup> Note: (\*) - countries that are eligible for assistance; "x" – countries that benefited directly from assistance.

<sup>17</sup> This is the overall contribution to the programme.

<sup>18</sup> This is the amount for the whole programme.

<sup>19</sup> Executing agency is OECD.

Nr		Period	Committed Budget		Executing agency					Beneficiary countries <sup>16</sup>										
			CHF (million)	USD (million)	Beneficiary	SECO	IMF	GIZ	Regional / global body	Mozambique	Ghana	Burkina Faso	Kosovo	Serbia	Macedonia	Bosnia	Peru	Colombia	Vietnam	Region/global
18.	Inter American Center of Tax Administrations (CIAT)	2014-2017	2.1						x											x
19.	TADAT, earmarked credit extension under TTF TPA	2014-2018		1.3			x													x
Budget Support <sup>20</sup>																				
	General Budget Support, Ghana	2002-2011 <sup>21</sup>			x						x									
	General Budget Support, Ghana	2012-2014			x						x									
	General Budget Support, Mozambique	1996-2012			x					x										
	General Budget Support, Mozambique	2013-2016			x					x										
	General Budget Support, Burkina Faso	2001-2016			x							x								

<sup>20</sup> Budget Support is not included in the scope of the evaluation except for its possible synergies with DRM interventions. No information is provided regarding SECO's financial contribution as this would not be representative for SECO's portfolio of activities directly focusing on tax reforms.

<sup>21</sup> For presentation reasons the previous four phases are taken as one. No amounts are mentioned as this would be not representative for the tax portfolio.



### 3 Evaluation approach and tools

This chapter describes the evaluation approach covering the evaluation questions and judgment criteria used for the assessment, and the evaluation methods and tools applied. It also highlights the various methodological challenges and limitations which have affected the evaluation and its results.

#### 3.1 Evaluation questions and judgment criteria

The evaluation applies the common OECD DAC criteria for evaluating development assistance: *relevance, effectiveness, efficiency and sustainability of development efforts*. The key evaluation questions (EQ) were formulated to address the evaluation objectives detailed in the Approach Paper. The main evaluation questions are:

Evaluation criteria	Evaluation questions
<i>Relevance</i>	EQ1: To what extent are the WEMU tax and development interventions aligned with the priorities and policies of the main target groups?
<i>Efficiency</i>	EQ2: To what extent have the WEMU tax and development interventions been implemented in an efficient way?
<i>Effectiveness</i>	EQ3: To what extent have the WEMU tax and development interventions attained their objectives and contributed to changes?
<i>Sustainability</i>	EQ4: What benefits of the WEMU tax and development interventions are likely to continue after the cessation of SECO funding?

Each evaluation question will be answered and assessed by considering a number of predefined judgment criteria (JC). These judgment criteria and detailed judgment criteria are presented in Table 3.1.

**Table 3.1 Evaluation framework**

Evaluation and judgment criteria	Evaluation Questions and detailed judgment criteria
JC1: Relevance	EQ1: To what extent are the WEMU tax and development interventions aligned with the priorities and policies of the main target groups?
JC1.1: Synergies between SECO DRM support and other SECO interventions	<ul style="list-style-type: none"> <li>• Link between DRM interventions and the objectives of economic development;</li> <li>• Complementarity of the tax &amp; development portfolio with other WEMU and WE activities and SECO's country strategies.</li> </ul>
JC1.2: Alignment of WEMU interventions with the needs and priorities of the partner countries	<ul style="list-style-type: none"> <li>• Alignment of WEMU's interventions in the area of DRM with the partner country's reform policies and priorities;</li> <li>• Recognition by the partner country that the objective of SECO's interventions could not have been achieved without SECO support.</li> </ul>
JC1.3: Complementarity & coordination with the initiatives of other DPs	<ul style="list-style-type: none"> <li>• Compliance of WEMU interventions with the principles of aid effectiveness;</li> <li>• Alignment of WEMU's philosophy with the international debate on taxation.</li> </ul>
JC2: Efficiency	EQ 2: To what extent have the WEMU tax and development interventions been implemented in an efficient way?
JC2.1: Effectiveness of	<ul style="list-style-type: none"> <li>• Appropriateness of the organisation and management;</li> </ul>



Evaluation and judgment criteria	Evaluation Questions and detailed judgment criteria
processes and mechanisms used for delivery of assistance	<ul style="list-style-type: none"> <li>Effectiveness of the monitoring and implementation mechanisms incl. timely delivery of original work planning; adequacy of the risk management approach.</li> </ul>
JC2.2: Economic management of the main cost drivers	<ul style="list-style-type: none"> <li>Relation between SECO costs and applicable market prices;</li> <li>Relation between the actual costs and the original budgets.</li> </ul>
JC2.3: Cost-efficiency against alternative delivery methods	<ul style="list-style-type: none"> <li>Evidence for the decision favouring a certain aid modality;</li> <li>Potential efficiency savings in applying other aid modalities to achieve the same results.</li> </ul>
JC3: Effectiveness	EQ3: To what extent have the WEMU tax and development interventions attained their objectives and contributed to changes?
JC3.1: Achievement of the expected outputs	<ul style="list-style-type: none"> <li>Availability and application of a results based management approach;</li> <li>Adequacy of the indicators used in the log-frames / result frameworks to measure the results of “tax and development” components;</li> <li>Degree of achievement of intended outputs and intermediate outcomes.</li> </ul>
JC3.2: Likelihood of achieving expected outcomes and objectives	<ul style="list-style-type: none"> <li>Plausibility of a causal link between the outputs of SECOs interventions and observed or potential outcomes;</li> <li>Main factors influencing the (non)achievement of objectives;</li> <li>Unintended results (positive or negative) of SECO's interventions.</li> </ul>
JC3.3: Contribution of SECO support	<ul style="list-style-type: none"> <li>Performance changes in partner countries;</li> <li>Relative contribution of SECO support to these developments (counterfactual situation);</li> <li>Effectiveness of the mix of aid modalities and implementation methods.</li> </ul>
JC4: Sustainability	EQ 4: What benefits of the WEMU tax and development activities are likely to continue after the cessation of SECO funding?
JC4.1: Mitigation of factors affecting sustainability	<ul style="list-style-type: none"> <li>Major factors (internal and external<sup>22</sup>) which influence the sustainability of the results;</li> <li>WEMU's response to the major explanatory factors (extent to which these are incorporated in the design and mitigated during implementation);</li> <li>Presence and implementation of a WEMU exit strategy.</li> </ul>
JC4.2: Country ownership and leadership in capitalising on the effects of the assistance	<ul style="list-style-type: none"> <li>Government follow-up on the achieved results;</li> <li>Government ownership of the delivered assistance &amp; leadership in institutionalising the absorbed assistance;</li> <li>Partner countries 'appreciation of DRM as an instrument for sustainable growth and poverty alleviation.</li> </ul>

### 3.2 Evaluation methods and tools

Overall performance against the evaluation criteria is assessed using SECO's rating qualifications: “highly satisfactory”, “satisfactory”, “unsatisfactory”, “highly unsatisfactory”.

Various methods were used to collect, validate and triangulate information which was used to justify the evaluation findings. These include:

1. Review of project and programme related documents;
2. Semi-structured interviews at SECO Headquarters;
3. Country case studies;

<sup>22</sup> For the purpose of this evaluation external factors refer to factors which are beyond SECO control.

#### 4. An on-line survey.

##### 3.2.1 *Review of project related documents*

The evaluation team reviewed the main project-related documents such as advocacy notes, decision notes, credit proposals, progress reports, mission reports, completion notes and evaluation reports. In addition to these sources of information, the evaluation team reviewed internal policy documents and guidelines of SECO, national strategic documents, other relevant studies on DRM in developing countries. A list of consulted documents is included in Annex A2. The findings of the review of project documents are summarised in projects sheets which are included in Annex A7.

##### 3.2.2 *Semi-structured interviews*

Semi-structured interviews were conducted with SECO staff at HQ and a variety of stakeholders in the case study countries visited. This included SCO staff, beneficiaries of SECO's support, staff from other developing partners providing support to DRM, in particular those that have engaged in co-financing arrangements with SECO and staff from organisations involved in the programme and project implementation. The list of persons consulted is included in Annex A1.

##### 3.2.3 *Case studies*

In consultation with SECO, Ghana, Mozambique and Peru were selected for an in-depth review of SECO's interventions. The selection was informed by the volume of support with respect to the overall portfolio, historical background of interventions, mix of aid and implementation modalities used.

##### 3.2.4 *Survey*

In order to complement and validate the information from different sources, the evaluation also applied an on-line survey. The survey aimed to:

- to get the opinion of a broader group of important players (incl. beneficiaries, donors, implementers);
- to ascertain *potential contribution* of SECO support.

The survey was distributed and analysed through the *Checkmarket* system. The survey questions were closely aligned with the evaluation questions. In consultation with WEMU, the on-line questionnaire was distributed to 26 persons who were heavily involved in SECO's interventions. Only 11 persons completed the questionnaire. The results of the survey are presented in Annex A8.

### 3.3 Evaluation process

The evaluation was conducted in phases. During the Inception phase the evaluation team undertook the initial data collection, conducted a large part of the desk review and held face-to-face interviews with SECO staff in Bern. The preliminary findings of this desk review and the initial interviews helped to further operationalise the evaluation questions and approach, and to reconstruct the Intervention Logic. Following the approval of the Inception Report, field missions to Mozambique, Ghana and Peru took place. During the field missions, face-to-face interviews were conducted with key stakeholders (see the list of consulted persons in Annex A1) and project and programme information was collected. The preliminary findings from the field missions were used to finalise the survey questionnaire, which was launched immediately after the field mission.

Based on the findings of the desk review, field missions and the on-line survey, a draft evaluation report was prepared. This report was discussed during a capitalisation workshop on 21 April 2015 in Bern with WEQA and WEMU staff. The purpose of this workshop was to validate the findings of the evaluation, identify factual errors and to discuss lessons learned. The capitalisation workshop together with additional interviews in Bern on May 4, 2015, provided valuable inputs for the finalisation of the evaluation report.

### 3.4 Methodological challenges and limitations

The evaluation faced a number of methodological challenges which influenced the assessment of the effectiveness, efficiency and sustainability of SECO's support. In particular the following problems were encountered:

1. It was not possible to apply all judgment criteria for *efficiency*. SECO does not make use of unit costs benchmarks and the available information does not enable calculation of unit costs. Consequently, the assessment of performance with respect to efficiency could only focus on efficiency and effectiveness of processes and mechanisms put in place by SECO for implementation of its support. No cost-effectiveness calculations were possible.
2. The *effectiveness* of SECO's support could be assessed at the output level and partly at the intermediate outcome level for completed interventions only. These is due to two main reasons:
  - (i) *Many interventions are still ongoing or very recently completed*. For the completed interventions the time elapsed since their completion is too short to allow a justified judgment on their effectiveness at the outcome level. This is further complicated by the lack of a logframe, or clearly defined outcomes, for these interventions as they were designed prior to the introduction of SECO's logframe manual. For ongoing interventions the assessment at the output level is complicated, too. Such an assessment can only be indicative by outlining the extent to which the expected outputs will be delivered within the expected time frame.
  - (ii) *SECO's contribution to outcomes, and often even outputs, is complex* due to the diversity of factors involved and the nature of most of SECO's programmes. A substantial part of SECO's support to DRM is provided through joint or co-financed projects and programmes involving other development partners. Given the involvement of different development partners in most of SECO's support, *attribution* of achievements and failures to each individual partner, including to SECO, is not straightforward. It is more feasible to assess SECO's *contribution* to the observed achievements. Contribution of SECO's interventions to their expected outcomes is possible in an indicative way. This applies to the specific role of SECO in ensuring the relevance of these interventions in relation to their expected outcomes, its role and position in policy dialogue with recipient countries, and its role and position in ensuring adequate project implementation.
3. The assessment of the *sustainability* of SECO's interventions should ideally establish the link between results achieved thus far and the longer term effects of the interventions once the donor support has terminated. SECO remains engaged in the countries considered in this evaluation and only a few of its interventions have been completed to date. This implies that the sustainability judgment can only be indicative stating the factors which are likely to have a positive (or negative) influence on sustainability. In other words, in case of completed interventions the sustainability assessment is informed by the outputs and outcomes achieved

and actually sustained. For ongoing and recently completed interventions sustainability judgments point at the likelihood of the national capacity to sustain results achieved to date.



## 4 Findings

### 4.1 Relevance

The relevance of the interventions supported by SECO has been investigated taking into account the OECD/DAC definition of this evaluation criterion. The evaluation looked at the extent to which the interventions are consistent with beneficiaries' requirements, country needs and policies, Swiss policies for development cooperation, and the activities undertaken by other development partners. The following three judgment criteria were applied:

- Synergies between SECO's DRM support and other SECO interventions (section 4.1.1);
- Alignment of SECO's interventions with country priorities (section 4.1.2);
- Complementarity and coordination of SECO's support with the support of other development partners (section 4.1.3).

#### 4.1.1 *Synergies between SECO's DRM support and other SECO interventions (JC1.1)*

The assessment of the synergies between SECO's Tax and Development interventions covers two main aspects:

- (i) the relevance of support to the overall SECO policy; and
- (ii) complementarity of Tax and Development interventions with other WEMU and WE activities.

These aspects are discussed below.

##### *(i) Relevance of Tax and Development Support to the overall SECO policy*

The relevance of the SECO interventions to its overall policy is generally well-justified in the advocacy and decision notes. Decision notes include a standard section on the rationale and relevance of the proposed interventions, and clarify how the areas of interventions are prioritised depending on country needs.

SECO's support to Tax and Development is considered to be relevant to the overall SECO's policy and broader objectives of the Swiss International Cooperation for the following reasons:

- DRM is recognised as an important pillar of the "economic trade and policy", which is a priority theme in the overall policy and strategy of the Swiss International Cooperation.
- SECO's support evolved over time and was prioritised to respond to international development in the area of public finance management including Tax and Development.
- SECO's position on Tax and Development is grounded in various internal policy papers which underline the rationale and role of SECO support.

SECO has been providing assistance in the field of Tax and Development since the middle of the 1990s. This assistance was informed by the overall agenda of the Swiss International Cooperation<sup>23</sup> and its Country Strategies. Although the form and scope of Swiss Cooperation evolved over time, support to Tax and Development remained at all times relevant to its overall objectives. Currently DRM support is an important pillar of the "economic trade and policy" which is a priority theme of Swiss International Cooperation.

---

<sup>23</sup> The fifth credit facility (1996), Strategy 2006, Agenda 2010, Message 2013.



SECO was one of the first donors to prioritise support to DRM, as specific target for technical assistance programs, or as part of the policy dialogue on budget support and structural reforms. SECO's support to DRM evolved over time and was prioritised to respond to international developments. This evolution of SECO's approach is reflected by its portfolio. The focus moved from indirect taxes, to direct taxes, and later to tax administration and broader PFM and tax reforms. In response to the discussions on fiscal issues in the OECD countries, SECO has recently started to pay more attention to international taxation issues such as transparency and accountability, transparency of extractive industries. SECO has provided support in the area of international taxation and tax policy predominantly through partnerships with international financial institutions (e.g. IMF TTFs, LoUs, RTACs), or regional/global initiatives (e.g. the OECD Tax Force).

Working in partnership and joining regional and global initiatives is deemed to be the right approach. Small donors such as Switzerland do not have the political leverage, or are not able to influence the global tax architecture and international standard-setting.

#### **Illustration of the evolution of SECO's engagement in Mozambique**

The evolution of SECO's support to DRM is well illustrated by its engagement in Mozambique. Initially support was provided to facilitate the introduction of Value Added Tax (1996-2001). This support was combined with Balance of Payments support (1996-1999). Subsequently, SECO directed its support to Domestic Tax Reforms (2002-2007) and broader revenue administration reforms supported through the Tax Common Fund (2009-2016). This was accompanied by several General Budget Support (GBS) operations during the period 2001-2016.

SECO's position on its support in the area of Tax and Development, as well as broader PFM issues, is operationalised and implemented by WEMU, the Macroeconomic Support Unit of SECO. This approach is described in the "flyer" on SECO's programme in tax policy and revenue administration (i.e. "Tax for Development") and in a number of internal position papers<sup>24</sup> elaborated after 2008. The approach is further operationalised in WEMU's Annual Programmes<sup>25</sup>. The various policy documents explain the importance of Tax and Development for Swiss International Cooperation and underline SECO's position on the key issues discussed by the international community. At the same time, they do not provide guidance on how this position should be applied in prioritisation and design of interventions to be supported by SECO. Interviews suggest that operationalization of the SECO's approach is determined to a large extent by the needs of its partner countries and the emerging opportunities to provide meaningful and essential support.

#### *(iii) Complementarity of Tax and Development interventions with other WEMU, WE activities*

The evaluation has found strong synergies between various interventions in particular when the design of the different activities is considered. It appeared however, that potential synergies were not fully optimised during implementation. The following findings can be reported:

- Tax and Development Support is closely linked to the Country Cooperation Strategies, but the links between the longer-term objectives of SECO's engagement in Tax and Development in the partner country and specific interventions are loose.
- The application of a sequenced and integrated approach in providing Tax and Development support contributed to strengthening the synergies between the different interventions.
- SECO's approach was strengthened by using a mix of complementary instruments. The strongest synergy was achieved between technical assistance projects and Budget Support programmes.

<sup>24</sup> e.g. Lukas Schneller, \ COO.2101.104.5.1306499; Monica Rubiolo.

<sup>25</sup> Annual Programmes is an initiative of WEMU. It started in 2013, but was discontinued after two years.

- Important synergies were realised between the bilateral activities in various countries and the thematic global and regional initiatives. This proved to be less the case between bilateral activities and global and regional programmes.
- Synergies and complementarity between different interventions are facilitated by the well-established internal structures and mechanisms for internal coordination and exchange of information between various stakeholders, but capacity constraints limit the possibilities for exploring and optimising these synergies.

These findings are elaborated below.

Tax and Development support is closely linked to SECO's Cooperation Strategies with partner countries which cover a 4-year programming cycle (see the text box below). These strategies do not clearly articulate the expectations of the longer term engagement in the area of Tax and Development in the respective partner country. This does not facilitate linking the interventions of each programming cycle to the longer-term expectations of engagement. Nevertheless, SECO has developed and applies a sequenced approach in providing Tax and Development support, which builds on the achieved results and emerging needs.

#### **SECO's strategic guidance in partner countries**

For each partner country SECO has a Cooperation Strategy<sup>26</sup>. Support to DRM is generally not dealt with as a separate area, but as part of SECO's priority pillars. The Cooperation Strategies guide the prioritisation interventions in the partner countries. Country Strategies are prepared and reported on by the SCOs with inputs and clearance from various HQ departments. Cooperation Strategies are aligned with SECO's policy priorities and take the existing national plans into consideration.

As mentioned earlier, SECO's support evolved over time and was sequenced from its initial focus on providing assistance to the introduction of indirect and direct taxes, to assisting the establishment and strengthening of revenue administrations, to ultimately providing support to tackle more complex Tax and Development issues. This approach was often realised by identifying and utilizing opportunities to engage in a relatively modest way (e.g. through the assistance of IFIs or other development partners). SECO utilised its collaboration with these international partners to become acquainted with the local situation, get access to and build relationships with the relevant national institutions, and ultimately become an important player (see the text box below). The sequenced approach was further strengthened by integrating or complementing DRM interventions with interventions in area of PFM and private sector development (e.g. the PFM programme in Peru, Facility for Investment Climate Advisory Services and EITI interventions).

#### **Operationalization of SECO's sequencing approach in Mozambique**

Mozambique, where SECO's involvement has a long history, is a clear example of the sequenced approach, which was subsequently applied in other countries. The support evolved from funding a specific IMF TA intervention, to supporting the introduction of VAT and domestic taxes, to becoming an important player in the Tax Common Fund supporting revenue administration reforms.

SECO's approach was also strengthened by using a mix of complementary instruments. The strongest synergy and complementarity has been achieved between technical assistance projects to support tax reforms and the General Budget Support (GBS) operations, where subsequent disbursement decisions are linked to performance in different areas of economic governance, including DRM (see the text below). Establishing synergies between GBS and technical assistance projects created possibilities for SECO to convey and reinforce its perspective on how to strengthen

<sup>26</sup> In Burkina Faso SECO has a common strategy with the SDC. In Mozambique SECO had a common strategy with SDC until 2011.

government's accountability and transparency of the use of public resources. It allowed also to increase SECO's potential leverage in the policy dialogue with the respective partner country and, ultimately, the relevance and effectiveness of its assistance.

#### Application of Budget Support in Mozambique and Ghana

In Mozambique, tax collection was an explicit performance indicator of the GBS Performance Assessment Framework (PAF); this strengthened the synergy between the Budget Support and the Tax Common Fund, and allowed SECO to deal with both the revenue and expenditure side of the public resources management.

In Ghana support to tax reforms is a substantial part of the SECO's portfolio. Combining support to strengthening tax administration with GBS operations allowed to focus the policy dialogue on the expenditure and revenue side, and facilitated a more integrated approach of SECO's support. Since Ghana did not have a well-defined holistic PFM reforms strategy, this was particularly valuable.

Strong synergies were achieved between the bilateral and global/regional *thematic* initiatives. Synergies between bilateral and global/regional projects were realised to a lesser extent. Regional/global thematic initiatives are generally not overlapping with SECO's bilateral projects as the former focuses almost exclusively on international tax issues, while the latter focuses on domestic tax issues. The participation of SECO in thematic initiatives gave SECO access to valuable knowledge in special areas (e.g. transfer pricing, exchange of information, international accounting standards). This knowledge has been capitalised in other interventions funded by SECO<sup>27</sup>. Participation in global/regional programmes provides windows of opportunities for either getting engaged in a country, or complementing its existing bilateral support in a partner country. In practice, less than half of the eligible partner countries have benefitted from global/regional programmes such as AFRITACs, TTF MNRW and TTF TPA (see Table 2.2). To cover the countries which are not eligible for receiving TA from AFRITACs and TTFs, SECO made use of the IMF LoU<sup>28</sup>.

Synergies and complementarity between different interventions are facilitated by the well-established internal structures and mechanisms for internal coordination and exchange of information between various stakeholders. Capacity constraints, as result of the increasing workload, limit the possibilities for exploring and optimising synergies. This is discussed below:

- SECO has well-established mechanisms for internal consultation. These mechanism prove to be very useful for ensuring the relevance and complementarity of SECO's interventions to the needs on the ground. All concept notes and credit proposals are prepared in close collaboration and with substantial inputs from the relevant SCO. To raise awareness of SCO about the interventions managed by the HQ, WEMU also disseminates fact sheets and progress reports. In non-priority countries, coordination is facilitated by the annual SECO/SDC consultations. The inter-departmental consultation mechanism<sup>29</sup>, which was created in 2009 following WEMU's initiative, is used to ensure the relevance of specific thematic and international initiatives (e.g. OECD DAC Task Force, ATAF and TADAT) in relation with Swiss policies and position.
- The above mentioned mechanisms for consultation are not equally effective in practice. As mentioned earlier it is more difficult to realise synergies between bilateral interventions and regional/global interventions. The reason is that regional/global initiatives are managed and monitored by SECO's headquarters. Since these initiatives do not directly relate to individual

<sup>27</sup> An illustration is the African Tax Administration Forum (ATAF). It was experiencing difficulties in identifying transfer pricing specialists. Through the Joint Program on Tax and Development (JPTD), OECD experts were mobilised to participate in several workshops across Africa.

<sup>28</sup> Four priority countries of SECO (i.e. Colombia, Peru, Vietnam and Indonesia) cannot benefit from AFRITAC, and three upper middle income priority countries (i.e. Colombia, Peru and South Africa) cannot benefit from TTF TPA and TTF NRMW.

<sup>29</sup> The inter-departmental consultation includes SECO, the Foreign Affairs Department, the State Secretariat for Financial Affairs, the SDC and the Swiss Tax Administration.

countries, it is not easy to raise sufficient awareness about them in all relevant SCOs. There is sufficient evidence to conclude that SECO's headquarters regularly informs the SCO about HQ initiatives<sup>30</sup>. The effectiveness of these mechanisms for consultation depends rather on the SCOs capacity to absorb and utilise this information when the opportunity arises. The interviews with SECO staff in headquarters and in field offices suggest that the existing capacity in SCOs does not allow to fully exploit these opportunities.

- The organisation of tasks within WEMU works well in practice. The continued sharing of knowledge and information during the operational and thematic team meetings is important. However, the increasing workload of the project managers limits opportunities to "cross-fertilise" their knowledge to further strengthen the synergies between interventions.

#### **Thematic and geographic allocation of responsibilities in WEMU**

Each WEMU staff member has a geographical and a conceptual responsibility. The current allocation of responsibilities is largely defined by the existing capacity constraints and work load, required language skills, and the aspiration to involve WEMU staff in both conceptual and geographical work. This clustering of geographic and conceptual responsibilities is not necessarily optimal for strengthening the thematic and geographical synergies. Currently different staff members in WEMU are responsible for the assistance which is provided through the IMF. This dispersion of knowledge about IMF operations requires additional efforts for ensuring synergies and cross-fertilising between various IMF TA channels. WEMU is not in favour of nominating a single person for dealing with IMF, as such, an approach would undermine the country experience and thematic focus of the person in charge and would create weaknesses in other areas.

The same rationale applies to the geographical distribution of responsibilities. For example, one person is responsible for Indonesia and Burkina Faso, and another person is responsible for Vietnam and Mozambique. A slightly different combination could be more relevant and effective for cross-capitalisation of regional knowledge. In the same way, combining Columbia with Peru may be more sensible than combining it with South Africa<sup>31</sup>.

#### **4.1.2 Alignment with the needs and priorities of the partners countries (JC1.2)**

SECO's support has been relevant to the priorities of the different partner countries and is aligned with the government policies and emerging needs. This is supported by the following findings:

- The prioritisation and programming of SECO support benefitted from the presence of national strategies/plans in the area of DRM, and responded to the needs expressed by the recipient authorities.
- Programming and design of SECO support was informed by a variety of diagnostic assessments and various forms of needs assessments, but they did not contain sufficient level of detail which diminished their utility.
- SECO has been paying increasing attention and efforts to incorporate capacity development activities in its bilateral interventions. In practice, not all levels of capacity development (i.e. the individual level, the organisational level, and the systemic/societal level) are consistently and systematically incorporated its support.
- The relevance of SECO's support to country needs has benefitted from linking DRM support with tax policy support when possible.

These findings are elaborated below.

---

<sup>30</sup> The mechanisms to inform the SCOs about HQ initiatives are generally functioning well. However, the SCOs cannot access SECO's electronic Project Cycle Management System "Optimiso" which contains all project and programme documents.

<sup>31</sup> According to WEMU this used to be the case, but because of the increased workload Colombia was transferred to a different person.

The great majority of SECO's partner countries covered by this evaluation have revenue administration or modernisation reform strategies<sup>32</sup>. The increasing availability of such strategies has facilitated the alignment of SECO's support for domestic revenue management to national reform agendas and secured country ownership. In countries where revenue reforms are not informed by formal government strategies or plans, SECO has initiated its support in response to requests of national institutions. After the relevance and feasibility of requests or proposals were ascertained, decisions were made to provide appropriate support. Reports of evaluations of ongoing or completed projects and programmes reviewed by the evaluation team mainly confirm the relevance of these interventions (see the text box below). In exceptional cases evaluations concluded that the assistance lacked sufficient alignment with national priorities<sup>33</sup>.

#### Relevance of SECO support to country needs

The ex-post evaluation of SECO's support to the Tax Reform in Mozambique (2012) concludes that the initial VAT projects were a suitable answer to the priorities and needs of the government. Also the sequencing of SECO's interventions, with their initial focus on indirect taxes (i.e. VAT) followed by attention to direct taxes, was considered logical and relevant for Mozambique which was liberalising its regional and international trade.

Regarding the use of needs assessment the following observations can be made:

- Programming and design of SECO support was informed by various types and forms of needs assessments, as well as requests for assistance received from partner countries.
- SECO has been one of the initiators and a strong supporter of the development and use of specific diagnostic tools such as the Tax Administration Diagnostic Assessment Tool (TADAT) and the Revenue Administration Fiscal Information Tool (RA-FIT). Rather than conducting its own (capacity) needs assessments or diagnostic studies, which would duplicate efforts of other agencies, SECO has opted to utilise available diagnostic studies and assessments. Examples are the Public Expenditure and Financial Accountability Assessments (PEFA), the World Bank's two-stage diagnostic framework for revenue administrations, the European Commission's Fiscal Blueprint, USAID's diagnostic tools (benchmarking and customs), or other studies conducted by development partners.
- SECO's needs assessments take into account also the advice provided by its implementing agencies (e.g. IMF, GIZ). In the interventions implemented by the IMF, SECO mainly relies on the IMF's assessment of existing needs (see the text box below).
- The assessment of needs focus predominantly on technical issues. They are not detailed in respect to existing capacity gaps of the recipient institutions and other contextual factors.
- In all cases, when assessing the needs, SECO plays important attention to the commitment and ownership of the recipient authority and the alignment of potential interventions with the overall SECO policy. SECO's determination in ensuring government ownership and demand-driven support has often resulted in 'opportunity-driven' support.

#### The process of identification of needs under the IMF Letters of Understanding (LoU)

The IMF is responsible for the preliminary identification of needs of technical assistance and potential projects. These are then assessed by WEMU taking into account its strategy and priorities in each of the priority countries. This assessment includes consultation with SECO's field offices in the countries at issue. The purpose of these consultations is to avoid financing projects that do not focus on country needs or risk overlap with other donors' initiatives. Important selection criteria for individual projects to be financed by SECO under the LoUs are (i) their value added to existing initiatives of SECO; (ii) their potential synergies

<sup>32</sup> All countries except Burkina Faso, Bosnia and Colombia have dedicated revenue administration strategies. In Burkina Faso and Colombia revenue strategies are part of WB financed programmes. Bosnia does not have a PFM reform strategy either.

<sup>33</sup> The review of the TA support provided by SECO to Bosnia and Herzegovina through the IMF Swiss Sub Account suggests that the support to Federal Tax Administration was not considered a priority.

with the activities of other development partners, and (iii) the commitment and interest of the beneficiary authority. Following an iterative process of fine-tuning, the work program is approved by WEMU and endorsed by SECO's senior management. SECO provides the IMF with an authorization to proceed to develop detailed project proposals which have to be submitted for review and comments to the relevant WEMU's project manager.

As mentioned above, SECO has increasingly incorporated capacity development measures in its bilateral interventions, although until recently insufficient attention was given to fully integrate the different levels of capacity development (individual, organisational and systemic/societal). The inclusion of capacity development measures in interventions supported by SECO evolved from training of staff (commonly a part of most interventions) to peer-learning (particular through regional/global initiatives), and support to establishment and institutional strengthening of Revenue Authorities (e.g. Mozambique, Ghana, Peru). More recently SECO started also to pay increasing attention to supporting the management of the transformation process and incorporation of change management aspects in its interventions (e.g. Ghana). This approach is not yet systematically applied, despite the growing recognition of the importance of capacity development to increase the effectiveness and sustainability of SECO's support. SECO's capacity development approach and guidelines which were adopted in 2014 are not yet adapted to fit WEMU's work. Consequently, they are not easily applicable to individual interventions in the area of Tax and Development. At the international level, however, WEMU is actively promoting the incorporation of capacity development. Examples are the various global/regional interventions supported by SECO and the senior level discussions with the IMF.

The relevance of SECO support to country needs has benefited from linking DRM support with support for tax policy reforms when possible. It is recognised, that the gains from revenue administration reforms are limited if these reforms are not accompanied by relevant tax policy reforms. Ensuring collaboration between the respective institutions responsible for these two aspects proved to be essential to increase the relevance and effectiveness of the DRM support. As a relatively small actor SECO is not in a position to exercise significant leverage on the tax policy dialogue in its partner countries. Nevertheless, it has made recognisable efforts to address tax policy issues through its DRM interventions (see the text box below).

#### **Strengthening the relevance of SECO's support by explicitly linking DRM with tax policy**

Collaboration between stakeholders dealing with tax policy and tax administration in Ghana has been gradually improved during the last years. The collaboration between Tax Policy Unit & Macro-fiscal Unit (of the Ministry of Finance and Economic Planning) and Ghana Revenue Authority (GRA) was not necessarily effective at the establishment of the Tax Policy Unit. This was leading to duplication of activities and efforts. This situation started to change with the development of the new GRA's strategy which was supported by the Good Financial Governance (GFG) programme co-financed by SECO and the Government of Germany. This programme pursues particularly the collaboration between the Revenue Authority and the two units of the Ministry of Finance and Economic Planning. This includes a joint programming/planning exercise and the establishment of a revenue forecasting group comprising representatives from the GRA, Tax Policy Unit, and Ghana Statistical Service.

Another example is the establishment of the national Public Finance Management reform programme in Peru. This programme was designed to include both the Tax Policy Directorate and the Tax Administration.

#### **4.1.3 Complementarity and coordination of assistance with other DPs (JC1.3)**

SECO has been successful in coordinating its support with the support provided by other development partners. This is explained by the following findings:



- SECO has adequately managed the coordination of its assistance with other development partners.
- Being a small donor with limited capacity, SECO's assistance relied extensively on building partnerships and synergies with other development partners.
- The extent to which SECO can influence the effectiveness and efficiency of donor coordination is largely defined by the country context and the type of instruments used.
- Despite SECO's efforts to contribute to donor coordination, there remain cases where fragmentation and overlap of assistance could not be avoided.

These findings are elaborated below.

There is sufficient evidence which suggest that SECO adequately managed the coordination of its assistance with other development partners. SECO facilitated donor coordination through formal structures where these exist (see the text box below), or/and through less formal, more ad-hoc mechanisms. Stakeholders consulted in this evaluation often refer to SECO as an "open-minded" institution which actively shares knowledge and best practices with its counterparts. In the interviews with the evaluation team the development partners indicated their satisfaction with the support provided by SECO. They particularly emphasised SECO's efforts to foster end ensure a coordinated and consistent approach among all development partners working in the field of DRM. For example, in Peru, SECO was praised by other donors for its open attitude and its eagerness to collaborate. In the minutes of the Topical Trust Fund meetings, it is noted that SECO addresses the importance of avoiding overlaps. SECO's success in donor coordination may be explained by the fact that SECO is primarily driven by delivering results rather than aiming for visibility.

#### **Donor coordination on Tax and Development in partner countries**

None of the countries covered by this evaluation, except Mozambique, has established a special platform in which the donors and the government can discuss DRM reforms and the coordination of DRM support. Instead, these issues are often part of the agenda of the PFM donor group. However, only few countries have established such a platform. It exists for instance, in Burkina Faso where PFM reforms are coordinated through the Permanent Secretariat for the Supervision of Financial Policies and Programs. Peru has established a PFM donor round table which coordinates DRM support by making use of a "PEFA-inspired" PFM action plan. In Vietnam the Ministry of Finance facilitates PFM donor coordination with the support of the World Bank. In Ghana, the government has shown little interest in actively taking part in the coordination of donor support. Coordination of donor support in the area of revenue administration is managed by GRA's Modernization Programme Office (MPO).

Compared to multilateral institutions such as the IMF and the World Bank and large donor agencies like DFID and GIZ, SECO has limited operational capacity and can exert only limited political leverage vis-à-vis national authorities in its partner countries. In order to optimise its capacities and leverage power, SECO relies extensively on building partnerships and synergies with other development partners. About half of SECO's assistance in the area of Tax and Development is channelled through multilateral initiatives. The advantage is that SECO is able to create synergies and coordination of its support with that of its partners. SECO's involvement in common funds, or multi-donor trust funds, helped to minimise duplication. It also facilitated the alignment of its support with national reform efforts. Synergies have also been created by exploring and capitalising on comparative advantages of the partners with whom SECO cooperates (see the text box below).

#### **Illustration of synergies and coordination with partners:**

- In Ghana, SECO is co-financing the Good Financial Governance (GFG) which is implemented by the German Corporation for International Cooperation (GIZ). Currently the programming and planning of this programme is jointly undertaken with the involvement of the development partners, the Tax Policy

Unit of the Ministry of Finance and the Ghana Revenue Authority. This has resulted in a joint annual work plan in contrast to the previous work plans of the Tax Policy Unit and the Ghana Revenue Authority.

- In Mozambique, SECO supports the Tax Common Fund (TCF) in close collaboration with other donors. This has prevented potential overlaps with activities of the other donors and created opportunities for synergies. Participation of all TCF-donors in the General Budget Support Working Group on taxes contributed further to donor coordination.
- In Peru, SECO is a relatively new donor. At the start of its involvement, SECO did not avail of sufficient insights on the needs and opportunities for tax reforms. At the same time, GIZ which had sufficient knowledge about the tax structures in Peru was looking for a partner to co-fund activities in this sector. The initial collaboration between SECO and GIZ has resulted in a much wider collaboration between SECO and other development partners. Gradually, SECO was able to strengthen its position. At the time of this evaluation SECO chairs the PFM Donor Round Table.

The lack of a platform for donor coordination is one of the main factors which undermine donor coordination in many partner countries (see the text box above on donor coordination). Where the partner country government has assumed leadership in the coordination of donor support to DRM and/or PFM, coordination has improved considerably. The extent to which SECO can influence the effectiveness and efficiency of donor coordination in view of avoiding duplication and strengthening the synergies of SECO assistance with the assistance of other DPs is largely explained by the country context and the type of aid modalities applied. Bilateral projects or programmes require extensive coordination efforts when a donor coordination platform does not exist. They are however less difficult to coordinate compared to global/regional programmes. The latter interventions are commonly governed by a steering committee which involve representatives of the donors which provide support, including SECO. These steering committees can theoretically serve as effective platforms for coordination. In practice this is not always the case, as not all participants are well-informed on the activities of their organisation in the recipient countries. Many interviewed stakeholders pointed out that SECO has remained at all times committed and active in the facilitation of donor coordination (see also Table 4.3 on SECO's contribution).

Effectiveness of donor coordination remains challenging at times due to the different motivation of donors providing support, different assessments and understanding of the country's needs for assistance, as well as reluctance of donors to share information. Despite SECO's efforts to contribute to donor coordination in its partner countries, there remain cases where fragmentation and overlap of assistance to Tax and Development could not be avoided (see text box below).

#### **Illustration of fragmentation of support**

The *Tax and Customs Reform* project in Peru implemented by the IMF provides an example of where support became fragmented. Other development partners were providing support, too, but with a different scope of assistance. This situation was offering opportunities to create synergies between various support. The final project assessment document underlines that there was a good collaboration between the development partners in the formulation of the envisaged technical assistance project which aimed to modernise the Peruvian Tax Administration (SUNAT). In practice, project implementation remained fragmented. This was caused by the failures of the development partners to come to an agreement on how to coordinate the donor assistance to modernise SUNAT. Eventually, SECO convinced SUNAT to establish a coordination committee which included representatives from the IMF, the International Finance Corporation and the Inter-American Development Bank.

## 4.2 Efficiency

Efficiency measures the extent to which the project results (at the output and outcome levels) were accomplished by making economic use of resources/inputs (funds, expertise, time, etc.). In other words, it measures whether the same outputs/outcomes could have been achieved with less resources.

SECO does not adopt any specific unit-costs benchmarks. Available information does not allow to calculate unit costs. This does not allow to make an assessment of cost-effectiveness of its interventions and therefore, not all judgment criteria for efficiency could be equally applied. As no unit costs information is available, the evaluation focuses primarily on the effectiveness and efficiency of processes and mechanisms put in place by SECO to ensure a satisfactory implementation of their implementation. For the same reason the judgment on the efficiency of various implementation modalities can be only indicative. The assessment of efficiency focuses on the following aspects:

- Effectiveness of the existing processes and mechanisms (JC2.1) with respect to the organisation and management of the delivery of assistance (section 4.2.1), monitoring of the implementation (section 4.2.2), and risk management (section 4.2.3);
- Economic management of the main cost drivers (section 4.2.4).

Most of SECO's support is implemented under co-financing agreements, or with delegated execution authority. In such cases SECO's ability to guide the project is generally limited as it has to rely on the implementing partner to adequately manage and oversee the project implementation. Consequently, the efficiency of SECO support will be assessed at two levels:

- the steering and monitoring of these projects by SECO; and
- the mechanisms which SECO puts in place to ensure that the implementing partners are implementing the projects efficiently, or in the case where SECO is the implementer, that its procedures and mechanism are adequate.

### 4.2.1 *Effectiveness of processes and mechanisms: organisation and management (JC2.1)*

The established organisation and management arrangements are adequate to facilitate an efficient project implementation of its interventions. This is supported by the following findings:

- The mechanisms for operational management are generally well-established, clear and well adhered to in practice.
- SECO plays an active role in ensuring efficiency of its operations.
- In practice, the robustness and effectiveness of the oversight mechanisms and processes vary for the different implementation modalities and the capacity of SECO and the SCO's to engage in monitoring and oversight.
- The capacity constraints did not affect the overall operational efficiency, but is rather an indication of broader limitations which SECO faces in managing its portfolio.
- SECO's portfolio represents a manageable mix of instruments and implementation modalities, but the increasing number of interventions and volume of work observed during the period under review, puts a strain on the capacity of staff in headquarters and in the field offices.

These findings are discussed in more detail below.

SECO's mechanisms for operational management are clear, well-established and adhered to in practice (see the text box below). The requirements for strategic guidance and operational management of the projects funded by SECO are underlined in Financial Agreements concluded with its implementation agencies. SECO has limited influence to steer these interventions. It has to

largely rely on the information provided by its implementing partners and the effectiveness of their monitoring systems. This applies in particular to the IMF. With the increase of SECO's portfolio and operational requirements, resulting in an increased workload of its project managers, adherence to the existing mechanisms becomes more difficult. HQ staff have to increasingly rely on the inputs provided by local offices and implementing partners (e.g. participation in the steering committee meetings). While this may be an efficient solution to capacity constraints, it is not always effective. The field offices (SCOs) often lack specific competence and capacities, while the implementing agencies do not necessarily know all details. They are also not in the position to take decision and follow-up on emerging issues. This is the responsibility of the headquarters.

#### **Organisation and management of operations**

The overall guidance and management of SECO's interventions is conducted from headquarters. The division of responsibilities is as follows. Each WEMU project manager is responsible for the operational management of specific interventions. Strategic guidance is provided by the Head of WEMU, and final decision making lies with SECO's senior management. Headquarters staff rely extensively on the support of the Swiss Cooperation Offices. In the case of bilateral projects and some regional programmes, the WEMU project manager liaises with the macro-economist and the Head of Cooperation in the Swiss Cooperation Offices who may provide necessary information on project implementation. They are also involved in liaising with development partners, implementing agencies and national authorities. All decision-making regarding the interventions and their financial management is the responsibility of headquarters.

There is sufficient evidence which demonstrates the active role of SECO's headquarters in the steering of the interventions. Even when the implementation is delegated to other agencies and SECO has less leverage in steering the implementation, SECO is very considerate in taking adequate and timely decisions to ensure that the project is delivering the expected results in an efficient manner. This is reflected by SECO's active participation in project steering committee meetings and the issues it raised at these meetings. As a rule SECO is following up on issues identified by ongoing monitoring and periodic evaluation (see the text box below).

#### **Illustration of SECO's involvement in strategic steering**

- The GIZ Good Financial Governance programme in Ghana is an example of SECO's involvement in the strategic discussions on the scope and course of the implementation of the programme. The evaluation report (2012) emphasises that the selection of services and activities of the programme geared towards achieving the results and cooperation between GIZ and SECO led to very efficient service delivery to the beneficiary institution.
- Another example is the AFRITAC East programme. Following-up on the findings of the external evaluation of the programme, SECO suggested several concrete measures for improving efficiency.

The type of implementation modality and the capacity of SECO at headquarters and in the field determine the effectiveness of oversight and monitoring. Stand-alone bilateral support requires substantial more efforts to ensure effective and efficient implementation compared to other bilateral and regional support. The wide variety of activities and countries supported by SECO, the restricted staff capacity of WEMU and of the Swiss Cooperation Offices imply that SECO can adequately execute only a limited number of projects. The text box below provides an example of the way in which SECO handles project implementation by subcontracting some responsibilities for project management to a non-governmental organisation.

#### **Illustration of SECO's approach in ensuring efficiency in implementation**

SECO provides support to Peru through a national PFM reform programme and a pilot sub-national PFM reform programme. Both are implemented as stand-alone programmes. The national PFM reform programme includes DRM elements.

SECO launched this programme with the intention of retaining the responsibility for its execution<sup>34</sup>. A PFM Study Group of external high-level experts was set up to support project implementation and ensure cohesion of all programme activities and their alignment to the national PFM reform plan. During the course of implementation, the administrative management of the programme proved to be very time consuming. In 2014 SECO delegated the administrative management of the quick action fund to Helvetas, a Swiss non-governmental organisation. As a result, the administrative overload of SECO decreased. The Study Group, however, proved to be difficult to steer and technical challenges remained.

The role of Helvetas in the upcoming sub-national PFM reform programme is expanded. In addition to its administrative tasks, Helvetas will become member of the steering committee of the programme, and is involved in the programme monitoring and implementation of action plans. The delegation of tasks to Helvetas diminishes the workload of SECO-staff.

Staff in headquarters and in the field have to cope with an increasing workload as a result of the growing number of interventions and increasing administrative requirements. These capacity constraints did not affect the overall operational efficiency, but is rather an indication of the challenges which SECO is facing in managing its portfolio. These challenges relate to (i) SECO's ability to explore and strengthen synergies between various interventions in order to increase their relevance and effectiveness, (ii) increasing efforts needed to adhere to the multiple operational and administrative requirements, (iii) rationalisation and optimisation of the organisation of work, and (iv) optimisation of internal learning opportunities. The first two aspects are discussed in section 4.1.1 and 4.3.1 respectively. Organisation of work is discussed in the text box on thematic and geographic allocation of responsibilities in WEMU (see section 4.1.1). Internal learning and strengthening of thematic knowledge is facilitated in different ways (see the text box below). In practice, this is not necessarily sufficient for safeguarding required technical expertise and, consequently, an adequate quality of the programming and design of support. The current arrangements for Strategic Partnerships does not cover Tax and Development expertise. This limits the possibility to involve external thematic experts in the programming and design of support.

#### **Illustration of internal learning and challenges**

WEMU staff are highly qualified, but they are not expected to be tax experts. Consequently, they cannot be conversant in all technical aspects of the projects they manage.

SECO does not offer internal training courses on Tax and Development issues (or PFM) to its staff. If needed, staff members can follow external courses. This can be facilitated on a case-by-case basis.

Exchange of experience and learning is facilitated by exchange of information on different interventions and activities, and through thematic staff meetings. Thematic staff meetings are demand-driven depending on the evolving needs and practicality of the topics for discussion.

The organisation of work and coordination between the HQ and the field offices is generally efficient, although the capacity deficiencies in many field offices and the overload of work do not allow full exploitation of available opportunities for strengthening the effectiveness of interventions. The division of responsibilities between HQ and SCOs is based on their respective strengths and weaknesses. The field offices are responsible for the monitoring of implementation in the field. This division of responsibilities may raise questions on the cost-efficiency of the project implementation as the local office are in principle not concerned with the budget, but only with the implementation of activities. The intensity of interaction and the quality of the inputs provided by SCOs depends on the capacity of the SCO to respond to HQ requests. In view of facilitating the cooperation between HQ and SCO, a special division, Countries and Global Portfolio (WELG) was established in 2013, which redefined the work division between HQ and SCOs and most recently updated the Guidelines on Work Division HQ-field. Despite of the capacity challenges, the overall mix of

---

<sup>34</sup> The national PFM reform programme consists of 2 types of funding: a quick response fund for short-term TA and training, and a medium-term fund facility.

instruments and implementation modalities has been well aligned to the existing capacities and is manageable.

#### 4.2.2 *Effectiveness of processes and mechanisms: monitoring implementation (JC2.1)*

Project monitoring arrangements are adequate for decision-making during implementation, but their effectiveness is influenced by the available capacity in the field. This is supported by the following findings:

- Improvements in SECO's project cycle management have been important in facilitating the monitoring of the project implementation, although challenges remain in respect to monitoring of the implementation at the outcome level.
- Monitoring of implementation proved to be most effective when it was conducted by SECO itself.
- Although SECO is very careful in selecting its implementing partners, it closely monitors the implementation and does not rely only on the reports provided by the implementing partners.
- The use of Quality Assurance Groups (QAG) and external expertise proved to be an effective backstopping mechanism for SECO to assure the quality of the project design and monitoring implementation.
- Monitoring of project implementation is more effective when it is assumed by the SCOs present in the country, but its effectiveness is influenced by the capacity of the SCO to adequately monitor the implementation.

The measures taken to improve the project management cycle, including the introduction of the logical frameworks and guidance on the project reporting, have been important in facilitating the monitoring of the project implementation. The scope, form and quality of project documents (i.e. logframes, progress reports) evolved over time. The Reporting Guidelines which came into force in 2014 provide guidance not only for SECO staff, but are expected to serve as basis for discussions between SECO and its implementing partners. The guidelines acknowledge that reporting agreements have to be tailored to specific requirements of various implementation modalities, but should at all times focus on results rather than on inputs and activities undertaken. SECO usually relies on the reports presented by the implementers and/or on the information produced by project steering committees. In case the indicators point out a critical situation, SECO may consult the primary sources of verification. Regular communication by phone or e-mail with the implementers provides additional inside information for the reporting. This is more difficult in the regional/global initiatives, where SECO does not have sufficient leverage to demand further information from its implementing partners. This affects the quality of SECO's reporting on the implementation of these interventions. This is particularly true for the interventions implemented by the IMF. The IMF's restrictions on disclosing TA reports limit SECO's ability to consult primary source of information on the results achieved. The current progress reports continue to focus largely on activities and outputs, while the quality at the outcome level remains generic and is not fully informative of the extent to which expected outcomes are being achieved.

Monitoring of implementation is most effective when conducted by SECO itself. Although it is very time consuming, it allows to better adhere to the results based management requirements established by SECO. As the implementation of regional/global interventions is delegated to other agencies, their monitoring is less time consuming for SECO, but is more difficult to align to SECO's reporting requirements. The implementing agencies do not necessarily provide the level of information required by SECO's reporting guidelines. There is sufficient evidence, however, which confirms SECO efforts in pursuing its implementing partners to improve their RBM systems. One of the most noticeable example is SECO's efforts in introducing Results-Based Management (RBM) in the IMF initiatives such as RTACs and TTFs.



SECO chooses its implementing partners in a very careful manner taking into account their reputation and capabilities. Agreements with the implementing partners are clear about the required reporting. Nevertheless, SECO does not fully rely on the implementer, but generally closely monitors the implementation of the projects/programmes. This involves review of progress reports, participation in steering committee meetings, consultation with implementing agencies concerning progress and results achieved. Moreover, the SCOs are required to regularly liaise with the recipient authorities to get their views on project implementation of SECO. This works well in most of the bilateral interventions, but is less effective in the LoU interventions, despite SECO's efforts to address this issue (see the text box below).

#### **Monitoring of the implementation under IMF LoU**

According to the LoU the IMF is responsible for collecting the necessary information and evidence so as to facilitate program monitoring and reporting. These arrangements are adhered to in practice and collaboration between the two parties is good. SECO has however criticised the IMF about the quality and in-depth of their reporting. Project assessments for several projects (e.g. South-East Europe) underline that the IMF reports lack information on the achievement of concrete results. The interaction between the IMF missions and the SCOs is also not always optimal (e.g. Peru). This is also confirmed by the recently completed evaluation of the IMF Swiss Sub-Account.

The evaluation concluded that the relationship between SECO and the IMF under the Subaccount is a positive one and the overall project performance has been impressive. It points, however, to a number of elements which need further attention. The evaluation concludes that the transmission of information between SECO and the IMF is too informal, and recommends to SECO to substantially review the process of coordination, reporting and knowledge sharing and to discuss and agree with the IMF on a revised proposal. The evaluation also emphasised that weaknesses in the design of the projects are carried into the process of implementation. Project diagnostics, including a risk analysis, are not fully undertaken and consequently the risks to sustainability are not clearly identified and mitigating measures are not built systematically into the project design. A prior identification of risks would reduce delays and transaction costs during implementation and would prevent serious problems of ownership and sustainability emerging.

The use of Quality Assurance Groups (QAG) and external expertise complemented the capacity of SECO's HQ staff and proved to be an effective backstopping mechanism for assuring the quality of the project design and implementation. SECO made use of QAGs in various projects especially where it was directly responsible for project implementation (e.g. Mozambique Tax Common Fund, VAT project in Mozambique). QAGs are generally composed of highly qualified experts. SECO has also "strategic partnerships" with a number of organisations. These arrangements are useful since SECO can draw on expertise from these organisations. SECO's current "strategic partnerships" do not include a cluster on Tax and Development. In a few cases, however, it was possible to involve tax experts. This experience proved to be very beneficial for informing the design of the interventions and effective monitoring of the implementation.

Monitoring of project implementation is more effective when it is conducted by staff of the SCOs, but its effectiveness is influenced by the capacity of the SCO to adequately monitor the implementation. The project monitoring which can be conducted from HQ is limited to the review of project progress reports and updates from the SCO on recent developments in the country. Project managers in HQ are expected to visit the project site once a year. Project managers are of the opinion that this is not sufficient to get a thorough understanding and appreciation of the specific country context and/or circumstances in which the project is implemented and the potential risks. Coordination of support with other DPs from HQ is also less efficient as the communication lines are longer than when this would have taken place on the spot. Daily monitoring of bilateral initiatives falls to large extent under the responsibility of the SCO. The capacity available in the



SCOs varies significantly across countries and influences the effectiveness of monitoring in various partner countries (see the text box below). Monitoring of global/regional interventions in the field is particularly challenging as it is a lower priority for SCOs. This does not allow the SCO to proactively investigate and make optimal use of the opportunities offered by the global/regional interventions for their country.

#### **Illustration of SCO's capacity for monitoring**

The SCO in Mozambique played a very strong role in the Tax Common Fund mainly as a result of the continuous engagement of its macroeconomist who has 16 years of experience in the country's tax system. The SCO in Peru was established quite recently and experienced staff rotations which limited the office's involvement in following progress in public finance management (PFM). In other countries, such as Ghana, it is difficult to recruit experienced and knowledgeable local staff with a broad profile.

#### **4.2.3 Effectiveness of processes and mechanisms: risk management (JC2.1)**

SECO's risk management approach is applied to both bilateral and regional interventions regardless of the implementation modality. While SECO is informed by the risk analysis conducted by its implementing partners, it relies on its own risk assessments. One of the main reasons for that is that SECO may have different perception of risks in the same country, and attach a different value to the impact of certain risk on its assistance. Consequently, it may require different mitigation measures.

SECO's approach to risk management has advanced over time. The review of project documents has shown that the quality and scope of the risk analysis and SECO's approach in dealing with these have evolved. Project documents always have identified risks, but these were not always comprehensively and consistently managed during implementation. This is expected to change with the introduction of new reporting guidelines in 2014 and the introduction of a new risk management approach and guidelines in 2015 (see the text box below). Prior to 2015 the risk management matrix was reviewed only in the case of high risk projects and updated every half year. Starting from 2015, the risk management matrix needs to be updated on a quarterly basis and cover all projects not only high risk projects.

#### **SECO's new risk management approach**

SECO distinguishes between the following groups of risks: development, reputational, fiduciary, financial, environmental, and social. Each project description should identify and rank risks, as well as indicate risk mitigation measures. According to the new reporting requirements (2014), project reports should dedicate a special section for discussing the follow-up of the identified risks and changes where applicable.

It is premature to assess the effectiveness of the application of the new risk management approach and guidelines in practice. The application of the new reporting guidelines show signs of improvements. Credit Proposals started to systematically include a risk assessment. This assessment is reviewed by the Operations Committee which often asks WEMU for follow-up or additional mitigation measures. Setting up real mitigation strategies remains challenging in practice. Most of the risks are concerned with external factors. In interventions implemented by other agencies, SECO may not be fully aware of the risks.

The opinion of staff questioned by the evaluators about the new risk management approach is different. Overall, the value added of the new approach is appreciated. At the same time, there is also a recognition that it increases the administrative burden. Some consider that the benefit of the new approach is that it forces the task managers to reflect regularly on the relevance of the

previously identified risks and mitigation measures, as well as on whether there are new emerging risks. Previously, management of risks during project implementation was not considered a priority and occurred only when project managers had time, or serious risks materialised.

#### 4.2.4 *Economic management and cost-efficiency of SECO's support (JC 2.2 & 2.3)*

The lack of information on the (unit) costs of various activities does not allow to make an unambiguous assessment of the cost-efficiency of interventions. The assessment below is indicative of the extent to which SECO manages the costs. The following findings are discussed below:

- SECO does not formally conduct a cost-efficiency analysis, but implicitly considers the cost-effectiveness of alternative implementation modalities on a case-by-case basis.
- SECO's current practice of financial management of projects does not facilitate an informed ex-post assessment on which implementation modalities are more cost-efficient, nor on potential cost-efficiency gains during the implementation.
- Most of the completed interventions were implemented within the agreed budgets, but frequent delays occurred during implementation.

SECO does not systematically conduct assessments of the efficiency (cost-effectiveness) of the alternative implementation modalities to inform their decision-making. The only *formal* criterion which guides the decision-making on the application of different aid and funding modalities is the "Message to the Swiss Parliament on International Development". It envisages that 50 percent of Swiss development support should be provided through bilateral (i.e. stand-alone or joint) projects/programmes; and 50 percent through regional/global projects/programmes and initiatives. The decision notes are required to justify the choice of modality and, often, they do provide some explanation. This justification is, however, not informed by predetermined criteria or benchmarks, and is very generic.

SECO's current practice of financial management during project implementation does not facilitate an informed ex-post assessment on which implementation modalities are most cost-effective. The available information did not allow calculation of unit costs for SECO projects and their comparison. A quick comparison of the management fee paid by SECO to various implementing agencies (see the text box below) suggests that the management fee is higher if the management is delegated to an implementing agency (e.g. GIZ) rather than to an IFI or DP. The available information does not allow an informed ex-post assessment on which implementation modalities are more cost-efficient in order to draw lessons for future interventions.

##### **Management fees paid by SECO to different implementing agencies**

SECO pays a trust fund management fee of 7 percent to the IMF for the LoU South. The IMF applies more or less the same rate for its regional and global activities (i.e. RTACs, TTFs). For the individual projects under the LoU South, the budget includes an additional project management fee (usually between 0.5 percent and 3 percent). In the budget of the Good Financial Governance programme in Ghana which is implemented by GIZ, 11 percent is reserved for management costs and 1 percent for the GIZ statutory rate. The actually incurred management fee is calculated ex-post.

The division of responsibilities between the monitoring of the project implementation and the financial management of the project does not facilitate potential cost-efficiency gains during the implementation. The responsibility for financial management of interventions is defined by the legal and institutional foundations of the Federal Department for Economic Affairs, Education and Research. These foundations place the budgetary responsibility and, therefore, financial management of the projects under the responsibility of the HQ. Field offices tasked with project

monitoring do not exert financial management, although exceptions exist, for instance, in Peru where the SCO reviews the budgets being administered by Helvetas. However the overall responsibility and decision-making on financial matters remains vested in headquarters.

It was not possible to conduct a detailed analysis of project expenses upon project completion against original budgets. A review of interventions (see Table 4.1) suggests that most of the completed interventions were implemented within their original budget, but delays occur in most of them. Some of delays could have been prevented for instance by more realistic planning, but most of the delays appear to be caused by factors which are generally beyond the control of SECO, such as unexpected changes in the project environment (see the text box below). Two of the six interventions were completed with additional budget which indicates that the project plans could have been overambitious. With respect to financial commitments, the evaluators did not find any evidence of delays in SECO honouring its financial commitments. On the contrary, SECO proved to be very responsive to reconsidering project finances and made available additional resources when it considered necessary (e.g. Mozambique, Ghana). This illustrates the flexible and responsive approach adopted by SECO during the implementation so that the realisation of project results is not put at stake.

#### **Illustration of delays in the project implementation**

The 'VAT project' in Mozambique provides an illustration of delays caused by weaknesses in the project design. The original plan for the introduction of VAT was weak mainly because of the relatively limited experience and knowledge of good practices regarding technical aspects and capacity needed at the institutional level. Ultimately, the project design incorporated a number of best practices regarding tax administration, but was not informed by an ex-ante analysis of weaknesses or capacity gaps. Due to weak preparation, the project design became a compilation of activities which were not linked in a consistent and logical manner. This diminished the project's relevance, caused delays because the design had to be constantly adapted.

Other illustrations of projects that suffered delays are the Ghana Tax Policy and Administration Reform project implemented by GIZ and the Ghana Tax Law Reform project which was implemented under the LoU South. The delays in the latter project were mainly caused by changes in government which resulted in diminished interest in tax law reforms.

### **4.3 Effectiveness**

The effectiveness of SECO's support is measured as the extent to which its interventions achieved their objectives. The assessment considers in particular whether the expected outputs were achieved, and the extent to which these outputs have delivered (or are likely to deliver) benefits at the (intermediate) outcome and impact levels.

The effectiveness of SECO's support could be assessed at the output level and partly at the intermediate outcome level for completed interventions only. These is due to two main reasons:

- (i) Many interventions are still ongoing or very recently completed. For the completed interventions the time elapsed since their completion is too short to allow an informed judgment on their effectiveness at the outcome level. Projects designed prior to the introduction of SECO's logframe manual (2008) lacked logframes and clearly defined and measurable outcome indicators. For ongoing interventions, assessment can only be made of the extent to which the expected outputs are likely to be delivered within the original time frame.
- (ii) SECO's contribution to outcomes, and outputs, is complex due to the diversity of factors involved and the nature of most of SECO's programmes. A very substantial part of SECO's support to DRM is provided through joint or co-financed projects and programmes involving

other development partners. This does not allow *contribution*, let alone *attribution*, of results and failures to each individual partner, including SECO. Contribution of SECO's interventions to their expected outcomes can be only indicative of SECO's role in ensuring the relevance of the interventions to the expected outcome, in facilitating policy dialogue and adequate project implementation.

The discussions on the effectiveness of SECO support is organised as follows:

- Section 4.3.1 describes SECO's results based management approach (a sub-criterion of JC3.1) and analysis its application during the past years.
- In section 4.3.2 the "achievement of expected outputs and intermediate outcomes of SECO interventions" (JC3.1) is described.
- Section 4.3.3 discusses the likelihood of achieving the expected outcomes and ultimate objectives (JC3.2) with a focus on the major factors determining results at those levels.
- The next section (4.3.4) will briefly assess performance changes in the area of DRM achieved by the partner countries under review (a sub-criterion of JC3.3).
- The final section (4.3.5) discusses the contribution of the outputs and outcomes realised by the interventions (JC3.3) with respect to changes in the performance in the field of taxation and DRM in the various partner countries. SECO's contribution will be assessed in respect to three elements: policy dialogue, funds and technical assistance outputs.

#### 4.3.1 *SECO's results based management approach (part of JC3.1)*

Results Based Management has been pursued by SECO since late 1990s, first in the form of "project cycle management" and, since 2005, in a more sophisticated manner. SECO's policy on International Development Cooperation (including the "Message on International Development Cooperation 2013-2016") continuously underlined the need for results based management in order to strengthen accountability and to improve the effectiveness of its assistance by learning from past experiences. The adoption of the RBM approach in 2005 resulted in several measures to facilitate the transition to RBM and the application of RBM concepts. The following milestones, some of which go back before 2005, are worth mentioning:

- *Manual on indicators (developed in November 2001)*. With the development of the Manual on Indicators SECO introduced and encouraged the use of a set of standard outcome indicators to improve the quality of the project logframes and to better link them to the overall objectives of the Swiss Development Cooperation, as well as to harmonise its reporting. Starting in 2012 these indicators are applied to all thematic areas, which facilitates consistent reporting across all areas.
- *Logical Framework (Logframe) Manual (developed in 2008)*. At identification and design phase, SECO requires development of logframes which reflects the intervention logic including the overall project objective, the expected results (at impact, outcome and output levels) along with respective performance indicators, means of verification and risks/assumptions.
- *Evaluation policy and Guidelines for SECO/WE (2009)*. These two documents are complementary and outline the evaluation principles, including roles and responsibilities for implementation, reporting and use of evaluations.
- In February 2011 a "*Primer on Results-Based Management for the Swiss Economic Cooperation and Development*" was developed in order to update the Project Management Cycle approach and advance the implementation of result-based management.
- For the monitoring of the project implementation, SECO has developed in 2014 new project *reporting guidelines* which are to facilitate results measurement and learning.

All these measures aimed to contribute to improving the effectiveness, transparency and accountability of SECO's interventions. The following findings are discussed below:

- The improved quality and a more consistent application of logframes facilitated a more adequate monitoring and assessment of project implementation.
- The new reporting guidelines signal an increasing attention within SECO to handle implementation risks, sustainability and capacity development.
- The introduction of systematic evaluation in the project cycle was conducive to more systematic incorporation of previous experience and lessons learned in the design of new interventions and in the next phase of ongoing activities.

With the introduction of logframes in 2008, all interventions with a budget of more than CHF 1 million are required to have a logframe. The quality of logframes varies across interventions, but, generally, improved considerably since 2008. This resulted in better project management and monitoring. Reporting also improved. SECO can exert less leverage to influence the quality of logframes of global/regional interventions (see the text box below). Nevertheless SECO has played an important role in putting RBM on the agenda in its consultations with the IMF. Despite the improvements in the quality of logframes, challenges remain. The most common challenge is defining measurable outcomes and performance indicators.

#### **RBM approach in SECO's interventions implemented by the IMF**

In the case of the IMF LoU, the logframe is prepared for the overall programme. Individual projects do not have a specific logframe. The project documents contain a description of the expected objectives, outcomes and outputs.

Other interventions implemented through the IMF (e.g. TTFs and AFRITACs<sup>35</sup>) have rather generic logframes which do not necessarily facilitate monitoring at the outcome and impact level. The IMF has recently started to advance its results based management approach. Despite the improvements, this is still an ongoing process.

The newly introduced reporting guidelines have already resulted in improved project progress reports. These reports include dedicated sections on (i) sustainability, (ii) risks, and (iii) institutional/organisational development and human resources. The identified changes, challenges and risks serve as a basis for a more adequate and systematic project management. They also help to increase SECO's ability to respond more timely and adequately to the changing circumstances which may have an impact on project implementation.

The adoption of the evaluation policy and evaluation guidelines in 2009 (see the text box below) stimulated follow-up on lessons learning and accountability. Currently all completed activities have been subjected to an end-of project assessment. Project completion notes, which can be characterised as 'internal evaluations', were prepared for each of the four completed interventions in Mozambique. The IMF prepared final assessment for two LoU interventions. The completion notes are informative and provide systematic information on results achieved, lessons learned and recommendations. According to SECO's staff interviewed in this evaluation, these lessons are taken into account in the design of the next phase of ongoing interventions as well as in new activities. All completion notes are reviewed on a yearly basis and lessons learned are drawn and discussed in a WEMU staff meeting. To date a limited number of external evaluations have been conducted<sup>36</sup>. This is explained by the fact that most interventions, which should be subject of an external or independent evaluation, are still on-going. The external evaluations of completed

<sup>35</sup> The external evaluation of AFRITACs suggests that the current logframes and indicators do not facilitate an adequate monitoring and evaluation.

<sup>36</sup> Among these are the evaluations of the following interventions: (i) the VAT project in Mozambique, (ii) the Tax Reform project in Mozambique, (iii) the AFRITACs (mid-term reviews), (iv) the IMF Sub Account (LoU), and (v) the Tax Policy and Administration TTF. The last two are currently being finalised.

interventions in Mozambique proved to be a very useful input to the design of the follow-up interventions. They were also helpful to improve the cooperation between donors (including SECO) and the recipient institutions. A number of evaluations have been completed very recently, but it is not yet possible to judge the uptake in any follow-up interventions.

#### **SECO's evaluation policy and guidelines: types of evaluations**

The new policy and guidelines encourage the use of end-of project assessments and envisages three different types of evaluations: (i) *independent* evaluations executed by external consultants; (ii) *external* evaluations executed by external consultants; and (iii) *internal* reviews executed by SECO staff and which can take different forms, including completion notes prepared by Program Officers.

The interventions implemented under the LoU arrangement are subject to a different review procedure. SECO does not prepare internal reviews (i.e. completion notes) for individual LOU projects, but a an overall completion note. For individual projects it relies on the assessments provided by the IMF.

One of the challenges which SECO faces in the application of its results based management is the extent to which it can apply this approach to the interventions managed by its implementing partners. In respect to the IMF LoU, interviews reveal that SECO finds some of the LoU project assessments to be generic and lacking sufficient information required for taking informative decisions. The current restrictions in disclosure of the IMF TA reports do not facilitate SECO's review of these TA reports in order to get a better understanding of the results achieved, underlining factors and what would be sensible to do next. Collaboration between SCO and IMF missions in the field varies across countries. The cooperation with the IMF has been the subject of a SECO review in 2013 (see the text box below on some conclusions of this review). An independent external evaluation of the LoU is currently being finalised and reinforces the actuality of these conclusions. In particular, evidence from this evaluation suggests that project effectiveness, relevance, impact and sustainability are being achieved more through the quality of implementation than through the quality of TA design. One of the recommendations emerging from the evaluation is that the use of the logical framework methodology for the design of interventions should be properly introduced, particularly in light of the work that the IMF has undertaken to implement RBM across the institution.

#### **Limitations of the Cooperation with the IMF**

So far, the Subaccount has been an isolated TA initiative focused on niche interventions in selected SECO priority countries. TA has been provided mainly on a case-by-case basis to address needs expressed by recipient countries and/or identified by IMF country missions.

The cooperation modality with the Fund has been assessed as broadly effective to achieve its objectives, but WEMU's experience has clearly pointed at the need to:

- (i) adopt a more strategic and long-term oriented framework for the design and delivery of TA;
- (ii) streamline and simplify administrative procedures, while strengthening monitoring for results; and
- (iii) reinforce sustainability and impact dimensions of project implementation.

Source: IMF-SECO review of TA Cooperation (2013).

#### **4.3.2 Achievement of outputs and intermediate outcomes (JC3.1)**

This section provides an insight into the results which SECO support was expected to deliver at output and intermediate outcome level (see the reconstructed intervention logic in Figure 2.1).

The expected outputs are tailor made for each individual intervention, but the following categories may be distinguished:

- Design, review and further development of legal and regulatory frameworks (including manuals, guidance, procedures, etc.);



- Diagnostic assessments;
- Policy and other strategic advice (incl. strategies, work plans, action plans, road maps etc.);
- Knowledge sharing and improved skills (peer-learning, training courses, workshops, coaching etc.).

The above mentioned outputs would in turn contribute to the following (intermediate) outcomes:

1. Improved tax legislation (if possible tax policy and design);
2. A more effective tax administration to raise revenue collection;
3. Constructive state-society engagement around taxation;
4. Improved international regulations on taxation;
5. Enhanced tax transparency on a global level.

Table 4.1 provides an overview of the extent to which expected results at the output and (intermediate) outcome level were achieved as originally planned. Project documents reviewed by the evaluation team suggest that the outputs of the completed interventions have been, to a large extent, realised (a detailed overview of the results achieved by SECO's interventions is presented in Annex A4). Although most of the results were achieved, all interventions were completed with delays. Most of the delays suggest that the initial design and timing was too ambitious.

**Table 4.1 Achievement of expected outputs/outcomes in completed interventions**

Title, budget, time	Outputs achieved	(Intermediate) outcomes achieved	Delays in implementation
<b>Nr. 1: Introduction of the VAT, Mozambique<sup>37</sup></b>			
<b>Planned:</b> CHF 2.0m (1996-1998)	Planned outputs were delivered: <ul style="list-style-type: none"> <li>• VAT legislation;</li> <li>• Procedures;</li> </ul>	The VAT projects delivered the expected outcome: <ul style="list-style-type: none"> <li>• the VAT is in place, and working.</li> </ul>	Yes. VAT implementation was more complex than initially envisaged. The project duration was extended to over 5 years in total.
<b>Actual:</b> CHF 4.0m (1996-2001)	<ul style="list-style-type: none"> <li>• Training;</li> <li>• Capacity developed;</li> <li>• A new reform project designed.</li> </ul>		
<b>Nr. 2 &amp; 3: Reform of Domestic Taxes, Mozambique<sup>38</sup></b>			
<b>Planned:</b> CHF 2.0m (2002-2005)	The project matrix was mainly activity based with little focus on impact, outcome and output level. <ul style="list-style-type: none"> <li>• The major project output "Creation of the Central Revenue Authority and its strategic vision" was achieved.</li> </ul>	Results were merely defined as process and policy rather than quantitative benchmarks. <ul style="list-style-type: none"> <li>• On the aggregate level some positive improvements or trends were noticed (e.g. improvement of PEFA indicators).</li> </ul>	Yes. The extension served as intermediate, transitional project for a future continuation of support to tax reform.
<b>Actual:</b> CHF 2.6m (2002-2007)			
<b>Nr. 4: Tax Common Fund (phase I), Mozambique</b>			
<b>Planned:</b> CHF 3.0m (2009-2011)	<ul style="list-style-type: none"> <li>• 3 of 4 outputs were to a large extent achieved;</li> </ul>	<ul style="list-style-type: none"> <li>• Outcome 1 (operational effectiveness): strong progress;</li> </ul>	Yes. Funds were disbursed very late in 2011.

<sup>37</sup> Based on Completion note SECO, 2000; Ex-post evaluation, 2012.

<sup>38</sup> Based on Completion note SECO, 2007; End-of-project assessment of IMF, 2009.



Title, budget, time	Outputs achieved	(Intermediate) outcomes achieved	Delays in implementation
<b>Actual:</b> CHF 3.0m (2009-2012)	<ul style="list-style-type: none"> <li>The output related to developing HR systems did not have much results.</li> </ul>	<ul style="list-style-type: none"> <li>Outcome 2 (modernizing and strengthening tax administration) and outcome 3 (ICT): less notable progress, as these reforms take time.</li> </ul>	SCO followed the progress of the project also during 2012.
<b>Nr. 6: Tax reform (LoU), Peru &amp; Colombia</b> <sup>39</sup>			
<b>Planned:</b> USD 1.5m (2010-2013)	<ul style="list-style-type: none"> <li>“Outcome” indicator 1 scored a 4 (fully achieved);</li> </ul>	Outcomes not clearly defined.	Yes.
<b>Actual:</b> USD 1.5m (2010-2014)	<ul style="list-style-type: none"> <li>“Outcome” indicators 2 and 3 (largely achieved).<sup>40</sup></li> </ul>	<ul style="list-style-type: none"> <li>- The objective “improve compliance management” was rated as achieved (4).</li> </ul>	One year budget-neutral extension due to late start of the project.
<b>Nr. 8: Tax Policy &amp; Adm. (LoU), Vietnam</b> <sup>41</sup>			
<b>Planned:</b> USD 1.1m (2011-2013)	<ul style="list-style-type: none"> <li>Four “outcomes” indicators were rated with 4 (fully achieved);</li> <li>one outcome with 3 (largely achieved);</li> </ul>	Outcomes not clearly defined.	Yes.
<b>Actual:</b> USD 0.8m (2011-2013) <sup>43</sup>	<ul style="list-style-type: none"> <li>one with 2 (partially achieved);</li> <li>one with 1 (not achieved)<sup>42</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>The objective re: “tax policy” was fully achieved (4);</li> <li>the objectives re: “tax administration” were largely and partially achieved (3 and 2)</li> <li>the objectives re: “customs” as partially achieved (2).</li> </ul>	The project was extended with 6 months to allow for the orderly completion of the remaining project activities.

Source: Project assessments and evaluation reports.

SECO’s support was initially predominantly focused on removing “basic” bottlenecks in the domestic revenue administration. Consequently, the most prominent results at the output and the outcome level were strengthening of legal and regulatory frameworks and building capacity for revenue administration (mainly at staff levels through knowledge and skills transfer). Important accomplishments were for instance:

- Development and formal approval of Tax Administration Act, VAT Bill in Ghana;
- Introduction of VAT in Mozambique;
- Establishment of the Revenue Authority in Mozambique;
- Development of the strategic vision for the Revenue Authority in Mozambique;
- Development of a tax compliance strategy in Peru and Colombia;
- Elaboration of a modern tax audit and enforcement policy in Peru and Colombia;
- Development of manuals and software for fiscal control in Burkina Faso;
- Development of a set of recommendations for implementation of reforms in tax policy and administration in Vietnam;
- Development (work in progress) of a systematic diagnostic tool for tax administration (i.e. TADAT) which could be applied to determine the weaknesses of the systems.

<sup>39</sup> Based on IMF Final Project Assessment, 2014.

<sup>40</sup> Outputs are often formulated as “outcomes” in project assessments by IMF. Source: Independent External Evaluation of the Switzerland Technical Assistance Sub-Account (Letters of Understanding for the East and South work programmes), 2015.

<sup>41</sup> Based on IMF Final Project Assessment 2013.

<sup>42</sup> Outputs are often formulated as “outcomes” in project assessments by IMF.

<sup>43</sup> 3 missions were not necessary.

At the outcome level, improved tax legislation and more effective tax administration are reflected by changes in the performance of the tax system in the different partner countries (for instance tax to GDP ratios and PEFA performance indicators). The improvements in tax legislation are reflected by PEFA performance indicator PI-13. The improvements in tax administration are reflected by the tax to GDP ratio and the PEFA indicators PI-3, PI-14 and PI-15. These outcomes are presented in section 4.3.4. The other outcomes (constructive state-society engagements in relation to tax systems, improved international tax regulation, and enhanced tax transparency at the global level) are discussed below.

SECO's support was only indirectly focused on encouraging the involvement of *civil society* in issues dealing with taxation transparency and accountability. As a result of the division of labour between SECO and SDC, most of the support to civil society in Switzerland's partner countries is provided by SDC. Nevertheless, some bilateral and regional/global initiatives were used to indirectly support strengthening accountability and transparency in the area of taxation. Examples are the African Tax Administration Forum (ATAF), and a number of initiatives in Mozambique including the establishment of a think-tank on economic and social analysis (incl. on tax and PFM issues), training activities with participation of civil society and private sector representatives, awareness-raising and education through local universities financed via the Tax Common Fund.

Achievement of outcomes is less tangible with respect to improved international tax regulation, and enhanced tax transparency at the global level. Most of the global/regional interventions which deal with these issues are ongoing, or have just been completed. Main results achieved by the global/regional programmes and thematic initiatives are for instance:

- Progress in improving the extractive industries fiscal regimes and revenue administration (e.g. the Topical Trust Fund Managing Natural Resource Wealth (TTF MNRW)).
- Establishment of a platform for improving performance of tax administration in Africa (e.g. ATAF).
- Progress in development of instruments to improve benchmarking and performance measuring of taxation (e.g. the benchmarking tool Revenue Administration Fiscal Information Tool (RA-FIT) and Tax Administration Diagnostic Assessment Tool (TADAT) which measures the performance of the tax system). Both tools are currently being developed and piloted. It is therefore too soon to judge their effects. SECO has been a strong advocator for their development.
- The OECD Task Force on Tax and Development proved to be to a large extent oriented on international taxation issues from the perspective of the OECD countries. It focused to a much lesser extent on knowledge-sharing between developing countries, which was expected by SECO at the start of its support for this global initiative. Given this limitation and several unsuccessful attempts to change the focus, SECO discontinued its support to the second phase.

#### 4.3.3 Likelihood of the achieving expected outcomes and objectives (JC3.2)

This section looks at the extent to which the expected outcomes and the overall objectives of SECO's support to Tax and Development are being achieved. According to the reconstructed intervention logic (see Figure 2.1), the main outcome pursued by SECO is "*a fair and transparent tax policy and efficient tax administration*" and the overall objective "*contributing to good governance and transparency in managing public resources*". The likelihood of achieving this outcome and objective in the analysed countries covered by the evaluation is discussed below. Section 4.4.4 will illustrate the performance changes in the partner countries, and section 4.4.5 will discuss the contribution of SECO's support to this performance.

*Mozambique is the country under review where there is a relatively high likelihood that the interventions supported by SECO will have an impact on the effectiveness of the tax policy and tax administration.* Over the past two decades, significant progress has been made in Mozambique in terms of establishing an adequate tax regime and improving tax administrative procedures and their enforcement. The likelihood of sustaining progress made is reflected, not only by the promising trends of the tax to GDP ratio and PEFA revenue performance indicators (see section 4.3.4), but most importantly by high-level political commitment to tax administration reform and strong leadership that has managed to successfully implement and maintain important institutional changes in the tax system and in public finance. There are also clear links between the tax/revenue reform process and overall reforms in public financial management. The Revenue Authority and the Ministry of Finance are currently collaborating well. The Mozambique Revenue Authority has been particularly successful in upgrading its skills level, developing its strategic planning and operational procedures. This has resulted in enhanced credibility of Mozambique's tax systems which is acknowledged by domestic tax payers and foreign investors. The current political economy in the country has remained favourable to induce and maintain tax reforms mainly because of strong incentives of the government to reduce aid dependency and achieve fiscal sustainability.

According to the WB Public Expenditure Review (2014), although the reforms have generated a substantial increase in domestic revenues, the full potential of the tax system in Mozambique has yet to be realised. Revenue administration is still hampered by weak audit and poor taxpayer service, the two backbone functions that support effective voluntary compliance. The newly developed strategy of the Mozambican Revenue Authority (ATM) puts increasing emphasis on these two aspects, in particular on audits. One of the main challenges for the tax reforms to fully benefit from its results in Mozambique are the limitations of the existing human resources and institutional capacity.

*The interventions in Peru are likely to have an impact. Their materialisation, however, depends largely on the enabling political environment.* The Peruvian Revenue Authority and Ministry of Finance are characterised by their relatively strong institutional capacities and human capital. These assets are important to realise and maintain the planned changes in the tax system. They also enable the implementation of even more advance reforms which is not the case in other countries. The momentum for reforms has been reinforced by the strategy to reform public finance management (PFM), which received support from SECO. In fact, SECO's support to strengthen the Revenue Authority is provided as part of the PFM reform programme. This has resulted in SECO's indirect engagement with government authorities in policy dialogue concerning revenue issues. SECO has therefore less leverage on the policy dialogue related to revenue administration and less possibilities to strengthen the impact of its support under the PFM programme on the domestic revenue administration.

*In Ghana the prospects are more uncertain.* The GIZ GFG programme, to which SECO provided complementary support through the Tax Policy and Revenue Modernization component, is reported to have been very supportive in implementation of reforms in revenue administration. While substantial progress has been achieved in strengthening tax collection, mainly by improving revenue administration and modernisation of the Ghana Revenue Administration, Ghana has been recently facing significant macroeconomic and fiscal challenges. This unfavourable situation may pose difficulties to sustain the accomplishments of SECO's interventions and of those supported by other donors.

In addition, various studies have been questioning the effectiveness of the donor support to the PFM sector, as the progress achieved is not in balance with the volume of support provided for the implementation of reforms in the last twenty years. The performance reflected by the PEFA

indicators and the tax to GDP ratio (see section 3.4.4) confirms this to some extent. The studies suggest that substantial attention has been given to technical solutions rather than to solving real problems and basic issues. As the progress in DRM is strongly correlated with the tax policy and other PFM related reforms, the lack of government commitment to address persisting challenges at the broader PFM level weakened the prospects for successful domestic revenue management. According to informants, this situation may change as a result of the recent government strategy to reform public finance management (PFM). In terms of the future of SECO support to DRM, SECO has recently contracted an external evaluation of its support to Ghana Tax Policy and Revenue Modernization. This evaluation should inform SECO on the effectiveness of its assistance until now and advice on potential ways for continuing its support to DRM in Ghana.

*In other countries SECO's engagement did not yet deliver tangible results.* This makes the assessment of the prospects for achieving expected objectives more difficult. The likelihood of achieving expected objectives is explained by different factors. The most important among these are the political will and commitment of the national governments to implement and maintain reform programmes. Examples are:

- In Vietnam, the results achieved so far are modest and the challenges (incl. economic downturn, corruption, limited revenue sources etc.) together with the government's reluctance to pursue longer-term solutions may undermine the impact of the achieved results.
- In Serbia, the wider benefits of results achieved thus far will depend on government's commitment and leadership in following-up on them i.e. in other words on the extent to which the government will be able to absorb and capitalise these results. Recently implementation of reforms has suffered delays because of a change in political leadership and a different view of the current leadership on tax reforms.
- Kosovo and Macedonia face similar issues. These countries have developed strategic reform plans which set out the directions, methods, activities for reforms. Both countries have also established and/or reinforced the necessary institutional infrastructure. However, the current institutions are not yet fully capable to implement the necessary reforms. In other words, the support by donors including SECO has laid the 'groundwork' but much remains to be done until the tax systems in these two countries are fully functional. The likelihood to ultimately achieve the intended objectives of the support provided until now largely depends on the political commitment of the national governments to continue and reinforce the implementation of the reform process. Frequent changes in political leadership are not a positive sign. A major bottleneck in Serbia, Kosovo and Macedonia remains the collection of tax arrears.
- The likelihood of achieving intended objectives in Burkina Faso depends to a great deal on political will and commitment of authorities.

#### 4.3.4 Performance changes in partner countries (part of JC3.3)

Due to the complexity of factors which explain the performance changes in the partner countries, it is not possible to attribute the achieved results of SECO interventions to these changes. However, it is possible to identify the ways in which these activities may have contributed to changes. Before moving to the discussion of the contribution of SECO's support to the achievement of high-level outcomes and objectives, the changes in performance of the partner countries will be briefly discussed. These changes will be illustrated on the basis of two indicators:

- Tax to Gross Domestic Product (GDP) ratio; and
- PEFA Revenue Performance Indicators (PI-3, PI-13, PI-14, PI-15)<sup>44</sup>.

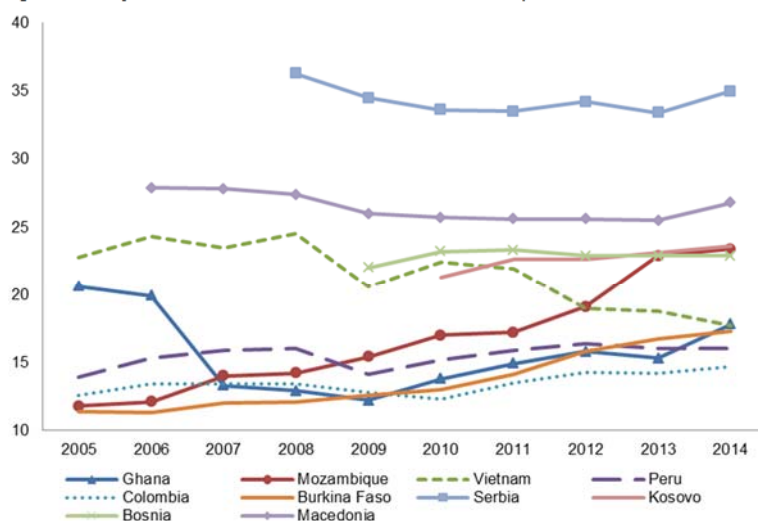
<sup>44</sup> PI-3: Aggregate revenue out-turn compared to original approved budget; PI-13: Transparency of taxpayer obligations and liabilities; PI-14: Effectiveness of measures for taxpayer registration and tax assessment; PI-15: Effectiveness in collection of tax payments.

It is acknowledged that tax to GDP ratio can only serve as a proxy to assess whether support to DRM has resulted in changes in the performance of the tax system in a particular country (see the text box below). Moreover, it is clear that the objective of tax reforms and donor support to support them, goes beyond the increase of the tax to GDP ratio as such. The performance of the tax to GDP ratio over time (see Figure 4.1 and Annex A4) shows a different dynamics across countries. An in-depth analysis is beyond the scope of this evaluation, so the interpretation of the trends needs to be done with care. With that caveat in mind, the data suggest that in most of the countries the tax to GDP ratio improved since SECO started to provide support to DRM. These improvements, however, are often marginal (e.g. Peru and SECO's South East countries). The figures suggest that Mozambique managed to achieve the most prominent results in relative terms. The tax to GDP ratio almost doubled since the late 1990s and it reached the level of SECO's South East countries. In Vietnam and Bosnia the tax to GDP ratio declined.

#### Limitations of the tax to GDP ratio for measuring performance of DRM support at the outcome level

- First of all, tax to GDP ratio depends on many factors in addition to DRM, which are not dealt with by SECO's interventions, or are beyond SECO's control.
- Secondly, tax to GDP ratio should be interpreted with care and take into account the quality and reliability of the data. This is not of adequate quality in all countries.
- Finally, the use of tax to GDP ratio may be limited. This ratio does not necessarily indicate whether the revenue collection is efficient. This limitation was one of the reasons for SECO's persistence to put the development of the Tax Administration Diagnostic Assessment Tool (TADAT) on the agenda of regional/global initiatives.

Figure 4.1 Dynamics of tax to GDP ratios over time (based on IMF Article IV Reports)<sup>45</sup>



In the absence of a dedicated tool for measuring performance of the revenue administration systems, we will use PEFA revenue performance indicators (see the text box below) for measuring performance changes in revenue administration over time. The results for the eight countries for which repeat PEFA are available, suggest that fairly limited improvements were achieved (see Figure 4.2 and Annex A5). In countries where the period between PEFA assessments is relatively short (e.g. Serbia – 3 years, Kosovo- 2 years, Burkina Faso – 3 years) this is predictable, as reforms normally take time. Above that, not all reform efforts may be reflected in the scores, or have yet delivered the expected benefits. In Kosovo the performance deteriorated between the PEFA assessments. The most prominent improvement has been shown in Mozambique. During a period

<sup>45</sup> The drop in tax to GDP ratio in Ghana in 2007 is a result of a new methodology for GDP calculation and does not necessarily reflect a decrease in performance.

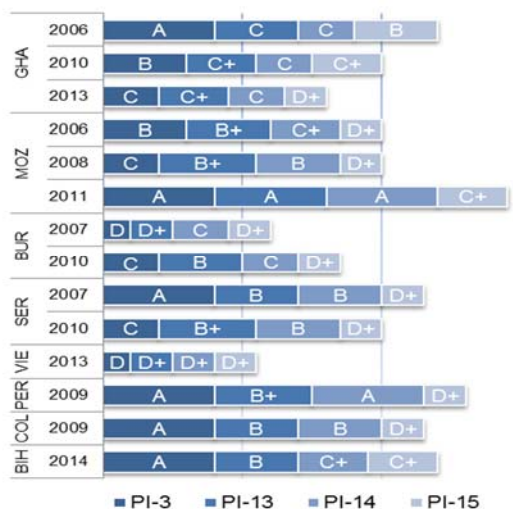
of 5 years all four PIs under consideration improved, three out of four got the highest score “A”. Ghana on contrary, during 7 years, did not show any progress in scores, except for some improvement in the taxpayers’ access to information, and collection of tax arrears. When comparing the relative scores across countries, it seems that the main challenges are in improving effectiveness of tax collections, and control in tax registration and tax assessment. This suggests that most countries managed to establish a fairly good legal and regulatory framework and achieve a fair degree of transparency, but its application in practice lags behind. It should be remembered, that SECO’s support in the beginning focused predominantly on establishing and, subsequently, improving legal frameworks in the partner countries.

#### Assessment of the revenue performance: PEFA framework and limitations

PEFA framework is one of the most common tools to assess performance of the PFM systems at a high level and changes over time. A diagnostic tool similar to PEFA dedicated for the assessment of revenue administration systems, TADAT, is currently being developed under one of the global initiatives which is supported by SECO. There are four PEFA performance indicators (PI) dealing with revenue administration: (i) Aggregate revenue out-turn compared to original approved budget (PI-3); (ii) Transparency of taxpayer obligations and liabilities (PI-13); (iii) Effectiveness of measures for taxpayer registration and tax assessment (PI-14); (iv) Effectiveness in collection of tax payments (PI-15).

For half of the countries under review no repeat PEFA was conducted and no judgment on performance changes can be made. For the countries where repeat PEFA assessments were done, the scores should be treated with care, as they may not always reflect true performance changes as result of changes in the methodology (e.g. PI-3), or different basis on which the assessment was made.

Figure 4.2 Changes in PEFA scores over time<sup>46</sup>



Source: Based on the data from the PEFA secretariat website.

#### 4.3.5 Contribution of SECO to the performance changes in partner countries (JC3.3)

This section discusses the contribution of SECO’s support to the observed performance changes in its partner countries and their development prospects. Since these developments are influenced by many interrelated factors, *attribution* of results to a single change agent, in this case SECO, is impossible. Also because most of the support was provided through multilateral channels. At best SECO’s *contribution* to the achieved results can be highlighted in terms of *provision of funds*, engagement in *policy dialogue* and the results of its *technical assistance* at the output level. Table 4.2 provides a brief overview of these main areas of contribution.

<sup>46</sup> PEFA uses a four-scale scoring system where A reflects a well-functioning system and D - a deficient system.



**Table 4.2 Synthesis of SECO's contribution**

Country	Areas of contribution
Mozambique	<ul style="list-style-type: none"> <li>• Through its early involvement and support to VAT reforms, SECO managed to position itself as a prominent DP and ensure a valuable engagement in DRM issues;</li> <li>• Involvement in the BS strengthened SECO's position and leverage on the macroeconomic and fiscal policy dialogue with the government;</li> <li>• SECO has participated as “coordinator” and facilitator in political and technical dialogue between donors and Revenue Authority and also within donors (Common Fund Donors and with Budget Group). While not assuming the role of the lead anymore, it is still actively engaged in the dialogue;</li> <li>• The longer-term involvement and continuity of the SECO assistance in Mozambique allowed SECO to build a solid reputation and competence to make valuable input to policy dialogue, as well as to strengthening the synergies between DPs support.</li> </ul>
Ghana	<ul style="list-style-type: none"> <li>• SECO together with GIZ played an important role in the dialogue with the MoF on the need for creating a centre of competence for tax policy within the Ghanaian government where decision makers are informed by policy recommendations based on sound analysis and can be monitored appropriately. Through this dialogue, SECO facilitated the establishment of the Tax Policy Unit within the Ministry of Finance (MoF); this was an important milestones in strengthening the collaboration between the policy and administration side of DRM;</li> <li>• Through the BS operation, SECO contributed to the policy dialogue (e.g. in respect to the PAF and respective triggers for disbursement);</li> <li>• SECO's active involvement in the Multi-Donor Budget Support core group raised its profile, reputation and visibility.</li> </ul>
Peru	<ul style="list-style-type: none"> <li>• SECO established itself as one of the leading donors in the policy dialogue on strategic plans for PFM reforms, including tax policy and administration;</li> <li>• Through its funds, SECO contributed to filling the funding gaps of the Ministry of Economics and Finance facilitating hereby the implementation of their reforms;</li> <li>• SECO's contribution to revenue administration under the national PFM programme was limited in terms of projects financed, but fostered relationship and communication between the Policy Directorate and the Tax Administration;</li> <li>• IMF missions provided high-level reform recommendations to SUNAT;</li> <li>• SECO established a good relation with SUNAT who regards SECO as an important donor.</li> </ul>
Colombia	<ul style="list-style-type: none"> <li>• SECO was not very involved in the execution of the project. Nevertheless, through the intervention it managed to establish contact with the beneficiaries and lay down the basis for a more comprehensive support to PFM reforms in the country.</li> </ul>
Burkina Faso	<ul style="list-style-type: none"> <li>• Through its funding SECO contributes to the introduction of SINTAX+ computer system for tax payment.</li> </ul>
Vietnam	<ul style="list-style-type: none"> <li>• SECO was not involved in the implementation but played an active role during the design by questioning the viability of the project, the logframe and the risk mitigation.</li> </ul>
South East Europe <sup>47</sup>	<ul style="list-style-type: none"> <li>• SECO involvement was relatively limited;</li> <li>• It was SECO's expectation to contribute to enlarging the IMF's roster of experts with Swiss consultants. No evidence of SECO contributing to that has been found. The link which has been expected to be created on SECO's website to the IMF website in order to ensure that qualified Swiss experts can apply for inclusion to the IMF's expert roster has not been realised.</li> </ul>
RTACs	<ul style="list-style-type: none"> <li>• SECO's financial contribution to AFRITAC West 2 is substantial i.e. 11% of total budget. Contribution to the other RTACs is slightly smaller (AFRITAC South -5%, AFRITAC West and AFRITAC East - 2%);</li> <li>• The expectation to establish a link on SECO's website to the IMF website in order to ensure</li> </ul>

<sup>47</sup> Bosnia and Herzegovina, Kosovo, FYR Macedonia, Serbia.



Country	Areas of contribution
	<p>that qualified Swiss experts can apply for inclusion to the IMF's expert roster has not been realised. WEMU intended to directly suggest specific names for the roster on the basis of proven competences and to assist the IMF to pre-identify Swiss consultants in the areas covered by the Subaccount, but this did not really materialise;</p> <ul style="list-style-type: none"> <li>• SECO played an active role in providing advice and effective steering of the implementation of the AFRITACs. SECO put important issues on the agenda most prominently the need for strengthening the results based focus of the TA interventions implemented by the IMF.</li> </ul>
TTF TPA	<ul style="list-style-type: none"> <li>• SECO is one of the lead donors to the TPA TTF. Through its active participation and involvement in setting-up the steering of this initiative, SECO ensured Swiss visibility;</li> <li>• SECO participated and played an active role in the meetings, being present at all time with the same persons; this ensured a consistent and continuous involvement. SECO chaired the meetings in mid-2014; it was complimented by the SC for this valuable strategic guidance and strong leadership.</li> </ul>
TTF MNRW	<ul style="list-style-type: none"> <li>• SECO was involved in the design of the TTF and was vice-chair in the first Financial Year and chair in the second Financial Year. It has taken an active role in the meetings, stressing the importance of coordination and knowledge sharing and providing input to the RBM framework.</li> </ul>
OECD DAC/CFA	<ul style="list-style-type: none"> <li>• SECO's financial contribution was of ca. 4-5% of the total budget;</li> <li>• Despite of its relatively small financial contribution, SECO played an important role in the set-up and design of the initiative by e.g. suggesting to include a component on state building and accountability, and the participation of the IMF and the WB in discussion on the Task Force on Tax and Development (TFTD);</li> <li>• SECO's leverage seems to have been limited in influencing OECD's approach on some issues (incl. sustainability) which was one of the factors for renouncing its support for the second phase.</li> </ul>
TADAT	<ul style="list-style-type: none"> <li>• SECO provided substantial financial contribution (ca. 15% of the total budget);</li> <li>• SECO took an active attitude towards this initiative through which it became a prominent strategic partner in this initiative;</li> <li>• SECO raised a number of issues regarding the steering, scope, working procedures of TADAT. As result of this, the Operational Framework Note was revised and many of the issues raised incorporated. There are other examples of SECO's influence on the development of this tool.</li> </ul>
ATAF	<ul style="list-style-type: none"> <li>• SECO's financial contribution is about 6% of the total budget;</li> <li>• SECO has played a strong role in coordination of donors e.g. took the lead in formulating a consolidated donor position to ATAF's donor proposal, put forward schedules to improve reporting adherence by ATAF;</li> <li>• SECO was appointed as the official donor coordinator at the General Assembly in 2014.</li> </ul>

It can be concluded that beside being an important financial contributor, SECO managed to position itself as an important player in advancing the policy dialogue in the area of DRM and International Taxation. In the partner countries it contributes to the policy dialogue through its *bilateral* TA and/or Budget Support operations. The same applies for *global/regional thematic initiatives*. Through its active involvement in these initiatives, which included putting outstanding and emerging issues on the agenda, SECO has become a serious player in the area of Tax and Development. By intensifying its collaboration with the other development partners working in this field, SECO has fostered coordination among the donors and between the donors and the recipient governments.

The scope and intensity of SECO's contribution to Tax and Development in its partner countries and at the international level, is primarily explained by the opportunities which are offered by the

different instruments employed. Table 4.3<sup>48</sup> provides an insight in the ways in which SECO has managed to provide a meaningful contribution. It should be noted that the scores in this table represent the relative success of the entire programme of SECO. The scores are only for illustrative purpose. The following observations emerge:

- SECO’s contribution to the policy dialogue on tax issues was most pronounced in countries where it provided *bilateral support via stand-alone projects*.
- SECO’s contribution in the *bilateral programmes* which were *jointly undertaken* with other development partners was important for reinforcing the policy issues promoted by the participating donors.
- SECO’s contribution to *global/regional programmes* has been relatively modest. SECO has had less influence on the policy dialogue and achievement of outputs. In addition, because these initiatives cover a broader geographical scope of countries, it proved to be more difficult to use these programmes in the benefit of the individual partner countries.
- Its active involvement in *global/regional thematic initiatives* allowed SECO to exercise influence on the dialogue and discussion on international taxation issues. As result, SECO positioned itself as an important and visible player in the field of Tax and Development.

**Table 4.3 Contribution of overall SECO support**

	Bilateral			Global/regional	
	BS	Stand-alone	Joint	Programmes	Thematic initiatives
SECO contribution in respect to:	middle-low	high	middle-high	middle-low	middle
Policy influence (overall direction, specific design, methodological focus)	middle-low	middle-high	middle	low	middle-high
Financial contribution	low	middle-high	middle-high	middle-high	middle-low
TA results (outputs, outcomes)	low	high	middle	low	low
Coordination & alignment of DP	middle-high	middle	middle-high	middle	middle-high
Supplementary benefits of SECO support	middle	middle-high	middle	middle low	middle
Internal synergies / reinforcing	middle-high	middle-low	middle	low	middle
Access to decision-makers	middle-low	high	middle	low	n.a.
Follow-up (or exit) opportunity	middle-high	middle-high	middle-high	low	low
SECO visibility	middle-high	high	middle-low	middle-low	middle-high

Note: n.a. – not applicable.

## 4.4 Sustainability

The OECD/DAC defines sustainability as ‘*the continuation of benefits from a development intervention after major development assistance has been completed*’ (OECD/DAC, 2002). Sustainability also relates to the probability of long-term benefits and the resilience to risk of the net benefit flows over time.

<sup>48</sup> SECO’s contribution to specific elements is rated with “high”, “middle” or “low” and is based on the judgment of the evaluators in respect to all reviewed interventions.

The evaluation has assessed the sustainability of SECO's interventions in the area of Tax and Development in terms of the likelihood that the benefits will be sustained after their completion. For completed interventions, the evaluation tried to ascertain whether the outputs and outcomes were actually sustained. This assessment proved not possible because the majority of the interventions in the category 'completed' were finished very recently. The assessment of interventions that were not yet completed at the time of the evaluation took into account the likelihood that the benefits (outputs and outcomes) will be sustained. In view of the limitations confronting the assessment of sustainability, the evaluation team applied the following two judgment criteria:

- Factors affecting sustainability of achieved results at output and outcome level - the extent to which these have been incorporated in the design of the assistance and/or mitigated during the project implementation (section 4.4.1);
- Country ownership and leadership in capitalising the effects of the assistance - the extent to which the beneficiary country or organisation is able to follow-up on the achieved project results and sustain them (section 4.4.2).

The first judgment criterion is related to sustainability factors that can be controlled by SECO. The second criterion is related to sustainability factors that are largely determined by the authorities in the recipient countries. This is discussed in the following sections.

#### *4.4.1 Mitigation of factors affecting sustainability (JC4.1)*

Most of the SECO's interventions are still ongoing and making a judgment about their sustainability is premature. Sustainability of achieved results at output and outcome level of the completed interventions is satisfactory, but challenges remain. The main findings in this respect are:

- During the period under review, SECO's appreciation of sustainability aspects has increased and its approach in dealing with these aspects improved.
- Management of sustainability risks which are beyond SECO's control remains challenging.
- SECO makes limited use of thorough capacity needs assessments at the identification and programming phase of its bilateral interventions, which has an influence on potential sustainability of results.
- The application of the recently adopted approach for capacity development is challenging but its operationalization is still work in progress.
- Sustainability of SECO's support is likely to be stronger when it is provided in a broader package of support and pursues a longer-term engagement.
- The long-term expectations of engagement and conditions for phasing-out or disengagement are not clearly articulated.

These findings are elaborated below.

In the period covered by this evaluation, SECO has paid increasing attention to sustainability in project and programme design. In the beginning, interventions seldom mentioned sustainability issues. Over time, programme documents increasingly made reference to and discussed sustainability risks. With the introduction of the advocacy and decision notes, sustainability received more systematic attention. With the introduction of the dedicated risk management framework in 2015, sustainability aspects are expected to be systematically included and reviewed in the risk assessment for each intervention. The risk framework is elaborated during the design phase and regularly reviewed during project implementation. This evolution reflects SECO's growing attention given to sustainability factors. This is also shown in the management responses to a number of ex-post evaluations of completed interventions.

Managing sustainability risks which are beyond SECO's control remains challenging and is extensively associated with the ability of the country authorities to absorb and sustain the results of SECO interventions. In order to ensure sustainability of its interventions SECO tries to align them with the existing national strategies and policies. This is reflected in the decision notes for individual interventions. In order to increase the ability of the recipient organisations to follow-up on and sustain the results of projects and programmes, SECO's interventions often include activities aimed at capacity development in these organisations. These activities are inter alia directed to develop and retain knowledge and skills. It does so by involving local partners (e.g. Mozambique), training-of-trainers (e.g. Ghana), addressing selected aspects of change management (e.g. Ghana). SECO also promotes peer learning through its global/regional interventions. Such peer learning is important, but is likely to only marginally contribute to strengthening sustainability of specific interventions in the partner countries, because many partner countries do not directly benefit from global and regional interventions. Yet, it is clear that learning and awareness raising, as such, cannot guarantee the ability of the recipient to sustain results.

SECO relies on needs assessments during the identification stage of its interventions. However, these assessments are often quite general which limits SECO's ability to fully understand and address sustainability issues in the project design and project implementation. In the period covered by the evaluation, for the design of its interventions SECO did not use thorough and detailed assessments, except for the mission reports, which could point at contextual factors that enable or hamper sustainability, such as institutional capacity, country ownership, political economy, social and technological conditions. SECO's interventions are informed by diagnostic assessments and technical reports when available. These, however, mainly cover technical issues and only marginally take into account "enabling environment" factors. In addition, thorough assessments of capacity development needs of recipient institutions are not common. This affects SECO's ability to identify the most relevant opportunities to foster reforms and government commitment to maintain reforms beyond 'traditional' policy advice and training.

This is not to say that SECO does not pay attention to capacity development. In fact SECO is one of the few DPs who adopted a CD approach and all levels of capacity development, including change management, are addressed in its interventions albeit not in a very consistent and systematic way (see the text box below). The application of the CD approach in practice is challenging and lags behind because it is not yet operationalised. This results in missing opportunities to ensure a more adequate design of the interventions and their potential sustainability. In order to facilitate the incorporation of change management aspects into its assistance, WEMU developed guidelines for "Managing Change in WEMU projects" in 2014. It is too soon to make a judgment on their application as this still has to materialise.

#### **Illustration regarding change management aspects**

SECO's support provided to Ghana Revenue Authority (GRA) through the Good Financial Governance programme comprises various capacity development activities including support for the implementation of the "change management" component of the GRA's "modernisation plan".

In Mozambique, significant progress has been achieved in institutional strengthening of revenue administration. The existing challenges suggest, however, that change management aspects were not effectively addressed. This was mainly due to the different understanding of change management among the stakeholders. The Revenue Authority associated change management as IT reform, while donors considered them to be issues related to human resource management. Change management has been one of the main issues at the 2012 QAG report of the Tax Common Fund.

The experience of SECO's interventions in Ghana, Mozambique and Peru suggests that their sustainability is likely to be stronger when interventions are part of the broader package of bilateral

support characterised by a long-term engagement of SECO in these countries. In Mozambique, SECO's long term engagement in DRM support evolved from addressing basic aspects of the revenue administration to facilitating more advanced reforms. This allowed SECO to support reforms in a sequenced and consistent manner, and build step by step on sustained achievements and benefits of previous interventions. In Ghana the sustainability is likely to be strengthened due to SECO's approach to working with and engaging a broader group of relevant key stakeholders, the Tax Policy Unit of the Ministry of Finance (responsible for tax policy) and the Ghana Revenue Authority (responsible for revenue administration). This allowed to facilitate the interaction and cooperation among the two key stakeholders. Also in Peru SECO's approach pursues cooperation between the Peruvian Tax Administration SUNAT (responsible for revenue administration) and the Ministry of Economics and Finance (responsible for tax policy and PFM reforms). In addition, support to DRM is provided in the context of a broader PFM programme. SECO has less leverage to address sustainability issues in its global/regional interventions (see the text box below).

#### **Illustration of sustainability challenges in the global/regional interventions**

A significant part of SECO's support to DRM is channelled through the IMF. IMF's approach focuses predominantly on emerging needs which largely have a short term nature. SECO has criticised this at various occasions and expressed its desire that the IMF would pay more attention to the longer-term impact and sustainability of its interventions. Up to now, however, there is little (if at all) evidence whether SECO's suggestions are adopted and applied in practice.

Also in the case of the Joint Programme on Tax and Development led by Committee on Fiscal Affairs of the OECD/DAC, SECO raised concerns about the sustainability of the program because most activities consisted of workshops and publications. However, SECO was not successful in pursuing the Committee to address the issue and decided not to support the second phase of the programme.

SECO's approach to ensure sustainability is reflected by its intention to engage, in principle, with its partner countries on a long-term basis. The parliamentary dispatch and Country Strategies, which are based on a four-year cycle, provide the overall horizon for involvement at country level. This supersedes any decision on engagement in the DRM arena. Official documents do not explicitly articulate the longer-term expectations of engagement, nor provide conditions for disengagement from DRM support. Currently, SECO's engagement in a country is based on a four-year programming cycle. Further engagement is conditional upon opportunities and potential prospects for successful interventions. Interestingly, project documents do not refer to the circumstances which may lead to SECO considering its disengagement other than stating that phasing out is conditional upon the ability of the recipient organisation to sustain results.

#### **4.4.2 Country ownership and leadership (JC4.2)**

Most of the challenges faced by SECO in ensuring sustainability of its support are common to all development partners, and are associated with the ability of national institutions to absorb and sustain SECO support. The extent to which these institutions are able to sustain achieved results depends on the political commitment of the national governments and the institutional capacity to advance and sustain reforms. SECO's role in addressing these issues is exemplified by the following findings:

- One of the most common factors which affects the sustainability of the provided support is maintaining the momentum of reforms.
- Country ownership and leadership in advancing reforms after completion of SECO's interventions is generally limited due to persisting capacity constraints.

It is obvious that maintaining the momentum of reforms is a necessary precondition ensuring sustainability of accomplishments. One of the requirements is stability in political leadership and in

national policies. Such stability was not observed in several countries in South East Europe which received support from SECO. For instance, in Serbia, Kosovo, Macedonia frequent changes in political leadership occurred and resulted in insufficient political backing of reform initiatives. In Peru reform efforts are constrained by political sensitivity (such as power relations, political turbulence, corruptions scandals etc.). In Mozambique, on the other hand, political commitment to tax reform has been impressive and is expected to remain so. Since its creation, the Mozambican Revenue Authority (ATM) has benefitted from high-level political commitment to tax administration reform and strong leadership that has managed to successfully steer substantial institutional change. In Vietnam and Burkina Faso, SECO facilitated sustainability of its operations and helped to maintain the momentum of reforms by supporting the design of strategies aimed to improve the revenue administration. In both countries the government showed strong commitment and participation in this process. In the case of Vietnam, sustainability was also safeguarded by the participation of other DPs in the design of the revenue administration strategy. The strong government ownership and participation during the design of the strategy facilitated government leadership in managing the reform program and coordinating the required technical assistance provided by several donors to avoid duplication and increase synergies.

Where strong country ownership and leadership exist, persisting capacity constraints at the institutional level may form a stumbling block for the actual implementation of reforms. Most of the countries included in this evaluation have instituted dedicated PFM or Revenue Administration Modernisation strategies. However, such strategies are rarely accompanied by capacity development plans, and rarely identify the capacity gap for the implementation of the strategy. The examples below provide an illustration of this:

- The Ghana Revenue Authority has developed a modernisation plan which includes a capacity development component covering also change management aspects. In practice, however, progress in change management is slow, which impedes sustainability of reforms.
- The capacity of the Mozambique Revenue Authority (ATM) was initially very weak. Over time ATM made significant progress in upgrading its skills and knowledge levels, developed its strategic planning and operational procedures, which led to strengthening the credibility of Mozambique's tax system in the eyes of domestic taxpayers and foreign investors. Currently, ATM's capacity has reached a level which allows further professionalization and enables the organisation to sustain the results achieved. Yet, continuous training and retraining of staff remains to be a major challenge, as well as the need to reinforce capacities for change management.
- The capacity strengths in Peru are of a different nature compared to many other countries. The public service in Peru is characterised by its relatively strong human capital and structures. This also applies to the Ministry of Economics and Finance (MEF) and the Peruvian Tax Administration (SUNAT). These organisations can advance revenue reforms provided there is sufficient political commitment. To achieve sustainability in the reforms, the institutions must change and accept moving forward into this institutional change.

## 5 Conclusions, lessons and recommendations

This chapter presents an overall assessment of the performance of SECO's interventions in the area of Tax and Development. It is based on the findings regarding the different evaluation criteria presented in the previous chapter. Section 5.1 provides the main conclusions. Section 5.2 provides a number of lessons and recommendations which may be considered by SECO to further improve its engagement with its partner countries in the area of Tax and Development.

### 5.1 Conclusions

#### *Overall assessment*

SECO is a relatively small organisation addressing many complex issues across different countries with different levels of development and political economies. The context in which SECO operates changed considerably during the period of review. The volume and scope of its activities in the area of Tax and Development increased substantially over the last years. The evolution of its support in the area of Tax and Development has been informed and determined by developments in the recipient countries, and by issues and discussions which emerged at the global level. SECO's response to various contextual changes was guided by relevant strategic and operational steering.

In general, SECO has been able to provide a useful contribution to help establishing a fair and transparent tax policy, and an efficient and effective tax administration in its priority countries. SECO's cooperating partners and recipients of SECO's support in the case study countries were generally very satisfied with this support. They acknowledged the importance of SECO's contribution in supporting governments' efforts to initiate and advance reforms in the area of tax policy and administration. A number of evaluations of completed interventions corroborate this finding.

SECO employs a broad mix of aid and implementation modalities. Taking into account SECO's institutional capacity at headquarters and in the field, the current portfolio represents a sensible balance between bilateral and global/regional interventions, and is adequate to deliver on SECO's mandate. The current number of partner countries benefiting from bilateral supports is manageable. A further broadening of the geographical scope and intensification of its bilateral support will most probably put a strain on SECO's capacities which could lead to a weakening of the performance of the current support. A number of priority countries do not benefit directly from SECO's support in the area of taxation because they are not covered by bilateral activities. These countries may, however, benefit from regional and global interventions supported by SECO once stronger synergies are created between these interventions and activities taking place in these countries.

SECO's performance with respect to the relevance, effectiveness and efficiency of its interventions can be considered satisfactory given the contextual environment at the time it was provided. Challenges, such as a more realistic design of the interventions informed by thorough needs assessments, monitoring of implementation at the outcome level, cross-fertilising synergies between different instruments, remain, but SECO is continuously trying to address them. In terms of creating the conditions for sustainability of the results of its intervention, SECO's performance can be judged as satisfactory. It should be noted however, that it was not possible to make a judgment on the sustainability of specific interventions at the outcome level. This is mainly caused by the fact that most interventions were still ongoing which prevents an analysis of their results at the outcome level, let alone at the impact level. Obviously, the sustainability of the results achieved by the



SECO's support in the area of Tax and Development depends to a very large extent on the political will and ability of the government of the recipient countries to sustain the achieved results and maintain the momentum of reforms of the tax system. SECO (and its partners) may exert influence on the recipient governments through policy dialogue; the actual performance of the governments remains largely beyond SECO's control.

### *Relevance*

The relevance of SECO interventions is assessed as satisfactory. The interventions covered by this evaluation proved to be relevant to the needs of the recipient authorities and were aligned to SECO's policy and coordinated with the support provided by other development partners. Prioritisation and programming of SECO's support benefited from (i) the internal policy guidance (e.g. budget support, results based management), (ii) articulation of SECO's position in respect to Tax and Development issues, and (iii) the consultation of available diagnostic assessments such as Public Expenditure and Financial Accountability (PEFA) assessments and pilot Tax Administration Diagnostic Assessments (TADAT). The main factor which increasingly facilitated the alignment of SECO's support to national reform agenda and secured the country ownership proved to be the availability of national strategies and plans for reforming/modernising revenue administration. SECO's determination to ensure government ownership and provide demand-driven support has led to a predominantly opportunity-driven support. This support, although well-aligned to national policy, is less informed by detailed needs assessments which include an analysis of the capacity needs of the recipient organisations.

The relevance of SECO support in the area of Tax and Development was strengthened by establishing synergies with other types of interventions (e.g. general budget support). SECO also took into account the developments in the international sphere on what tax reforms to support and how (e.g. thematic work on diagnostic tools). Creating synergies with its general budget support operations enabled SECO to reinforce its dialogue with governments on tax policy and revenue administration reform measures. Likewise, synergies with activities in the field of public finance management (PFM) helped SECO to increase the relevance of its interventions on tax reform. This allowed SECO to put these specific interventions in the wider perspective of public finance management whilst recognizing the strengths and limitations of revenue administration reforms to strengthening governance and financial management of public resources. It also enabled SECO to exploit the interrelationship between tax policy and revenue administration. SECO recognises the opportunities for effective synergies between bilateral projects and regional and global initiatives (particularly the thematic ones) at the programming phase. However, establishing actual synergies remained difficult. Bilateral interventions proved to be generally more relevant to the partner countries compared to regional and global initiatives.

### *Efficiency*

The assessment of efficiency mainly focused on processes and mechanisms applied in the delivery of assistance. It proved not possible to assess the cost-efficiency of SECO's interventions due to the lack of information on unit costs. The efficiency of SECO's delivery processes and mechanisms is satisfactory.

Interviews and evidence from project documents, completion reports and evaluations points at adequate internal systems and processes for project monitoring. Information from monitoring was used to adjust project implementation and prevent major efficiency losses during implementation. SECO's interventions are generally implemented according to plan and within budget. Delays did occur and plans and budgets had to be adjusted in order to accommodate emerging and changing needs. This can be considered an issue of operational efficiency. But it mainly points out the

necessity to pay sufficient attention to robust project formulation including a detailed assessment of needs during the project design stage in order to obtain realistic and feasible project designs.

In practice, the effectiveness of the application of the established internal systems and processes is largely determined by the implementation modality and the capacity in the field offices. On the whole capacity constraints in SECO did not negatively affect operational efficiency. Rather, it did determine the ability to better utilise opportunities to effectively create the synergies identified at the programming phase.

Overall, the mix of aid and implementation modalities has been well-aligned to SECO's capacities and facilitated operational efficiency. In general, SECO's implementing partners proved able to implement the various activities in an efficient manner. SECO's ability to steer and manage project implementation is strong in its bilateral activities. Despite its active role and efforts, SECO could exert less leverage to guide the implementation of the other initiatives. In these initiatives its leverage was strongest in the development of the Tax Administration Diagnostic Assessment Tool.

The current portfolio in the area of Tax and Development is manageable. However, SECO is increasingly confronted with the intensification and diversification of its support in the area of Tax and Development. Its portfolio has gradually evolved covering a wide range of countries with different political economies and varying levels of development. SECO has also improved its internal processes at the strategic and operational level which results in an increasing workload among the staff at headquarters and in the field. Consequently, SECO needs to further rationalise its approach and organise the management of its Tax and Development portfolio.

#### *Effectiveness*

The assessment of effectiveness had to be restricted to completed interventions and can only be indicative of SECO's contribution to the likelihood of achieving expected outcomes. Six out of the nineteen interventions covered by this evaluation were completed by the end of 2014; some of which quite recently. Under this caveat, it can be concluded that the overall effectiveness of SECO's interventions is satisfactory.

SECO can be considered as one of the pioneers and advocates of results-based management in development cooperation. Applying the results-based management approach, SECO managed to increase the transparency and accountability of its support. The increasing use and quality of logframes, and the growing number of evaluations, resulted in notable improvements in project and programme design which positively influenced their effectiveness.

The document review conducted as part of this evaluation showed that a large proportion of the planned outputs was achieved or will be realised. Notable outputs included: development and formal approval of Tax Administration Act, VAT Bill in Ghana; introduction of VAT in Mozambique; establishment of the Revenue Authority in Mozambique; development of the strategic vision for the Revenue Authority in Mozambique; development of a tax compliance strategy in Peru and Colombia; elaboration of a modern tax audit and enforcement policy in Peru and Colombia; development of manuals and software for fiscal control in Burkina Faso; development of a set of recommendations for implementation of reforms in tax policy and administration in Vietnam; progress in development of a systematic diagnostic tool for tax administration (i.e. TADAT) which could be applied to determine the weaknesses of the tax systems.

The prospects that these outputs and, when relevant, intermediate outcomes, will have an impact in the longer-run are mixed across country cases. Mozambique provides the only example of a country where it is very likely that SECO's interventions have positively impacted on tax policy and

tax administration. Contributing factors are: the relatively long period of engagement of SECO in this country and the evolution and logical sequencing of its support. An additional factor was the joint approach of donors, including SECO, to coordinate their support to revenue administration reforms. Despite these accomplishments, Mozambique faces weak human and institutional capacity which may restrict the country's opportunities to fully benefit from the results of the current tax reforms. In other countries, where SECO's engagement is of a recent nature, the picture is mixed and the prospects are less palpable. In Ghana prospects are uncertain. While substantial progress has been achieved in strengthening tax collection, Ghana has been recently facing significant macroeconomic and fiscal challenges. This unfavourable situation may pose difficulties to sustain the accomplishments of SECO's as well as other donors' interventions. The interventions in Peru are likely to have an impact. Their materialisation, however, depends largely on the enabling political environment.

It is difficult to delineate SECO's contribution to the performance changes in domestic revenue mobilisation in the various partner countries (the outcome level). However, some observations can be made. SECO is a relatively small development partner, but is highly appreciated by its cooperation partners and beneficiary institutions for its active role and contribution in the field of Tax and Development. Besides being an important donor in financial terms, SECO has gradually positioned itself as an important player in the policy dialogue with government institutions on the different aspects of DRM. SECO's importance in the debate on International Taxation has been also acknowledged. It has become clear that SECO's influence was more pronounced in countries which were supported by bilateral projects. Its influence proved to be less modest in regional or global projects.

### *Sustainability*

The evaluation has assessed the sustainability of SECO's interventions in the area of Tax and Development in terms of the likelihood that the benefits will be sustained after their completion. Most of SECO's interventions included in this evaluation are still ongoing. Consequently, judging the sustainability of their accomplishments is premature. Sustainability of SECO's completed interventions is assessed as satisfactory. Sustainability of SECO's support to Tax and Development is likely to be stronger when this is provided in a broader package of support (i.e. General Budget Support or focusing on broader PFM issues) and pursues a longer term engagement. The prospects of SECO's future engagement and conditions for phasing out its support to Tax and Development in the partner countries is not clearly articulated.

During the period under review, the appreciation of sustainability aspects has increased within SECO. Also in practice SECO's approach in dealing with sustainability aspects improved. Adequate management of sustainability factors proves to be challenging. Sustainability risks are increasingly being associated with the ability of the country authorities to absorb and sustain SECO's support. Nevertheless, opportunities to mitigate and manage risks by strengthening project designs are not fully exploited. For instance, SECO has made limited use of thorough (capacity) needs assessment during identification and design of its bilateral interventions. SECO's capacity development approach and guidelines which were adopted in 2014 are not yet adapted to fit SECO's interventions in the field of Tax and Development.

## 5.2 Lessons learned and recommendations

The above findings and conclusions have resulted in a number of lessons learned and recommendations at the strategic level (section 5.2.1) and at the operational level (section 5.2.2).

### 5.2.1 Strategic level

*Lesson:* SECO is a relatively small organisation which provides various types of support in a wide range of countries using different implementation modalities. Since the late 1990s, when Switzerland initiated its support to Tax and Development, the volume of this aid portfolio, its thematic and geographical scope, and implementation modalities have evolved. The capacity of SECO to manage its growing portfolio and international engagement in the complex field of Tax and Development is limited. This requires a more thorough and systematic strategic guidance on how, when and to what extent SECO should engage in this area.

#### **Recommendation**

**SECO could consider elaborating a document with strategic guidance and analytical approach on when and how it should engage in Tax and Development activities.**

This document should consolidate policies and strategies currently contained in separate position papers developed by WEMU during the past few years. It should include a high-level analytical framework and guidance on when and how to engage in the field of Tax and Development given the country context, rather than prescribing certain solutions. It is important to pay attention to possibilities to strengthen the synergies between various streams of interventions and build on SECO's experience acquired during the past two decades. In particular, it could, provide guidance on:

- how SECO's position on International Taxation issues could be capitalised in order to create stronger synergies between International Taxation and DRM interventions;
- how SECO's support to Tax and Development could be better integrated with the broader PFM support;
- how the synergies between various aid and implementation modalities could be strengthened so as to optimise the benefit to the partner countries;
- how to adapt the activities in the field of Tax and Development to the specific contexts of the priority countries; and
- how to apply SECO's approach to capacity development and, change management in the area of Tax and Development.

*Lesson:* The current links between the long-term objectives of SECO's engagement in the area of Tax and Development in its partner countries and the specific interventions determined by SECO's four-year programming cycle are not well articulated. More attention should be paid to the longer-term sequenced approach to SECO's support in supporting Tax and Development. This will help to maintain SECO's ability to intervene in each programming cycle in a way that provides value added to partner countries. This can be done without undermining SECO's current flexibility to respond to emerging needs and opportunities.

#### **Recommendation**

**Clearly articulate the sequenced approach of the longer term engagement in the area of Tax and Development.**

This can be realised within the current framework of existing Swiss Cooperation Strategies with partner countries. Although these strategies cover a 4-year period, they could clearly specify the baseline situation prior to the engagement in the area of Tax and Development and the longer-term (e.g. 10 years) expectations, accompanied by SMART indicators. Any emerging changes could be reflected in the follow-up strategies. The individual interventions would then need to clearly make the link between the baseline and the long term expectations of the sequenced engagement/support. When relevant, existing strategies should be more substantive and better articulate sustainability concerns.

*Lesson:* SECO has a well-established programming and decision-making process which makes use of various types and forms of needs assessments. It is informed by diagnostic assessments and an

assessment of the relevance of requests for support from recipient countries. The nature and thoroughness of the current investigations and assessments of country needs varies across countries and interventions.

#### **Recommendation**

**To strengthen the relevance and sustainability of SECO's support it is recommended to make more use of thorough country capacity needs assessments, which would inform a more realistic and adequate project design.**

It is essential to conduct a thorough capacity needs assessment prior to getting engaged in a particular country in order to identify the potential scope and adequate modalities of SECO's support in the short, medium and long term. This should inform the potential scope and modality of SECO support in the longer-term. To the extent possible, the capacity needs assessments should be conducted in cooperation with other development partners. The use of diagnostic tools (e.g. PEFA and TADAT when finalised) should be continued. However, the needs assessments should also reflect capacity gaps and other constraints.

*Lesson:* The effectiveness of completed SECO interventions has been satisfactory, but the sustainability of the achieved results continue to largely rely on factors which are beyond SECO's control. There is a general awareness in SECO of the importance of sustainability risks and a positive attitude and ongoing efforts to address these. In practice, the assessment of sustainability risks has remained challenging.

#### **Recommendation**

**Sustainability risks which cannot be mitigated need to be better reflected in the risk framework and an approach for their management elaborated prior to the start of project implementation.**

SECO has already introduced some measures to manage risks (e.g. logframes and guidelines for risk management). These efforts should continue but in a more systematic and consistent way. SECO could engage more external expertise in the design of its interventions, notably its bilateral projects. Well-articulated project design which includes a thorough risk assessment will be instrumental to reduce sustainability risks and prevent unnecessary delays in implementation. Risk analyses, could be combined with, or be part of, the above mentioned *thorough* needs assessments. Adequate capacity in the field offices (see also recommendations at the operational level) should facilitate managing sustainability risks during implementation.

### **5.2.2 Operational level**

*Lesson:* While the current portfolio is manageable, the increasing volume of work, puts a strain on SECO capacity at headquarters and in the field offices. There is a robust and constructive relationship between the headquarters and field offices. Capacity constraints in many field offices and the overload of work do not enable full use of available opportunities to strengthening the effectiveness and efficiency of interventions. Also the increasing workload of project managers in the headquarters limit the opportunities for exploring synergies with other interventions, discussing strategic issues emerging from the implementation of the SECO work.

#### **Recommendations**

**Consider including a cluster on Tax and Development issues when launching the next tender for Strategic Partnerships.**

This will allow SECO staff easier access to technical expertise and advise in the programming and design of the interventions.

**Consider possible alternatives for optimising the use of existing capacity of WEMU.**

The current allocation of responsibilities of WEMU staff leaves room for optimising existing capacity and knowledge. It is recommended to establish a different thematic and geographic clustering of responsibilities. From the aid effectiveness point of view, the allocation of interventions should be ideally driven by the need to cross-capitalise the current geographical and thematic knowledge, and less by such factors as the existing language skills, workload and aspirations of the staff.

**To the extent that current constraints allow, ensure that there is adequate capacity in the field offices for an effective monitoring of the projects.**

In order to strengthen the monitoring of the project implementation on the ground and create more synergies between various interventions, SECO should ensure that sufficient capacity exists in the field offices. These should ideally be *national* project officers who know the country context and culture, and have established relationships and extensive experience of working with various national stakeholders.





# Annexes



## A1. List of persons consulted

Name	Organisation	Position
<b>SECO HQ</b>		
Ivo Germann	SECO/WE	Head of Operations
Monica Rubiolo	SECO/WEMU	Head of WEMU Public Financial Management
Carlos Orjales	SECO/WEMU	Programme Manager Peru Taxes /Central America MTEF, TTF TPA, Tax & Development, ATAF/CIAT
Thomas Benninger	SECO/WEMU	Programme Manager Ghana Extractives, RTACs, TTF MNRW, SP PFM
Franziska Spörri	SECO/WEMU	Programme Manager Columbia, South Africa Fiscal Decentralisation, IMF Swiss Subaccount, PEFA
Katrin Ochsenbein	SECO/WEMU	Programme Manager Vietnam, Mozambique Economics of Climate Change, INTOSAI
Steffen Miller	SECO/WEMU	Programme Manager Burkina Faso, Indonesia Expenditure management, financial programming
Iren Leibundgut	SECO/WEQA	Deputy Head of WEQA
Ueli Ramseier	SECO/WEQA	Scientific Officer, Task Manager Evaluation
David Brockhaus	SECO/WEQA	Quality Manager
Milena Mihajlovic	SECO/WEQA	Scientific Officer, responsible for Accountability
Julien Robert	SECO/WEQA	Head of WEQA
Nina Gotsch	SECO/WELG	Programme Manager
Christian Robin	SECO/WEHU	Programme Manager WEHU, previously Head of Cooperation in Peru
<b>Mozambique</b>		
Rasmus Bakke	Norwegian Agency for Development Cooperation	Tax programme supervisor
Kobi Bentley	DFID	Economic Adviser
Mauricio Cumbi	Autoridade Tributaria (Revenue Authority)	Department of International Cooperation (key focal point in AT for external missions)
Yolanda Fonseca	Autoridade Tributaria	Strategic Plans and Budgets
Esmeralda Machel	Autoridade Tributaria	Head of IT reform
Orlanda Manhique	Autoridade Tributaria	Management of large tax payers
Damiano Stella	Autoridade Tributaria	Economist/Tax programme technical Supervisor
Telma Loforte	SCO Maputo	Economist / Macro-economic support
Mirko Manzoni	Swiss Embassy	Swiss Ambassador
Dinis Nhancume	Autoridade Tributaria	Directorate of Revenue forecast and Analysis
Rogério Ossemene	DFID	Assistant Economic Adviser
Esther Palacio	IMF	IMF/TA manager
Horácio Simão	Autoridade Tributaria	Head of CF Partnership Committee (PC)
Sven Stucki	SCO Maputo	Manager for governance
Herminio Sueia	Autoridade Tributaria / CEDSIF	Previous head PC (for 8 years). Currently head of CEDSIF
AugustoTacarindua	Autoridade Tributaria	Head of Tax Department

Name	Organisation	Position
<b>Ghana</b>		
Marie-Laure Akin-Olugbade	AfDB	Resident Representative
Benjamin Ayesu-Kwafo	MOF / Tax Policy Unit	Principle Economics Officer
Rosemond Asante	GIZ	Senior Technical Advisor
Brigitte Cuendet	SCO Ghana	Head of SCO
Mr. Anthony Dzadzra	MOF / Tax Policy Unit	Head, Tax Policy Unit
Magnus Ebo Duncan	SCO Ghana	Macroeconomist and Financial Specialist
Valerie S. Ennison	GRA	Deputy Commissioner, Modernisation
Ulrich Hueser	GIZ	Programme Manager, GFG
Dr Edward Larbi-Siaw	MOF / Tax Policy Unit	Tax Policy Advisor
Allan Lassey	GIZ	Senior Advisor, Extractive Resource
Lamin Leigh	IMF AFRITAC	Coordinator - Director
Jean-Marc Lepain	IMF AFRITAC	Regional PFM Advisor
Wilberforce Mariki	AfDB	Principal Country Economist
Faith Mazani	IMF AFRITAC	Regional Advisor - Revenue Administration
Valeria B. Mensah	IMF AFRITAC	Special Projects Officer
Maurice Ochieng	GIZ	Senior Tax Advisor
Elene Okudzeto	AfDB	Macroeconomist
<b>Peru</b>		
Bruno Barletti	Consultant / SECO	Thematic expert in SECO sub-national reform programme, former member of PFM Grupo de Estudios (Advisory Group) of the PFM national reform programme
Laura Calderon	MEF - Vice Ministry of Finance	Advisor for the Ministry and the coordinator for the Study Group
Patricia Camacho	HELVETAS Swiss Intercooperation	Programme manager national PFM reform programme
Marco Camacho	MEF	Director General Tax Policy Unit
Limberg Chero	Consultant / SECO	Manager sub-national PFM reform programme, previous Programme Officer for national PFM reform programme
Armando Egúzquiza	MEF	Director Economic Intelligence and Revenue Optimization
Bruno Giussani	Consultant	Consultant, former member of PFM Grupo de Estudios (Advisory Group) of the PFM national reform programme
José Larios	Inter-American Development Bank	Senior specialist Fiscal and Municipal management
Alberto Masias	SUNAT	Manager of International Cooperation Agreements
Luis Narro	SUNAT	National intendant of Development of Strategies of Services and Compliance control
Hartmut Paulsen	GIZ	Director Good Governance Programme GIZ
Rossana Polastri	MEF / SECO	Member of PFM Advisory Group / "Grupo de Estudios"
Binolia Porcel	HELVETAS Swiss Intercooperation	Deputy director, in charge of the sub-national reform programme
Mayra Ugarte	GIZ	Senior Advisor PFM Good Governance Programme GIZ
Jenny Valencia	SCO Lima	National programme manager
Luis Zarate	SUNAT	Regional intendant / project manager of transversal processes

## A2. List of documents consulted

Agriconsulting Europa SA (2012), Ex-Post Evaluation of Tax Reform in Mozambique: Introduction of Value Added Tax, final report.

Batliner, Rudolf, Ruedi Felber, Isabel Günther (2011), A Primer on Results-Based Management, SECO Economic Cooperation and Development.

Consulting Base (2013), IMF East Africa Regional Technical Assistance Center (East AFRITAC) Independent Mid-Term Evaluation Phase III: October 2009 to date.

Consulting Base (2013), IMF West Africa Regional Technical Assistance Center (West AFRITAC) Independent Mid-Term Evaluation Phase III: October 2009 to date.

Consulting base (2015), IMF Tax Policy and Administration Topical Trust Fund (TTF) Independent Mid-Term Evaluation (draft).

Enterplan (2004), Evaluation of Multi-Donor Tax Reforms in Mozambique.

Fiscus (2015), External Evaluation of the Switzerland Technical Assistance Sub-Account of the IMF (Letters of Understanding for the East and South work programmes), draft version.

Fjeldstad (2014): Tax And Development: Donor Support To Strengthen Tax Systems In Developing Countries in Public Administration and Development. No 34.

International Monetary Fund (IMF) (2013), Switzerland Subaccount under the IMF Framework Administered Account for Selected Fund Activities, Annual Report.

Itad, Fiscus and MB Consulting (2014), Independent Evaluation of Budget Support to Mozambique, 2005 -2012.

OECD/DAC / Working Party on Aid Evaluation (2002), Glossary of Key Terms in Evaluation and Results Based Management.

Orjales, Carlos (2014), Unterstützung der Entwicklungsländer bei Steuerreformen: Modalitäten, Chancen und Herausforderungen, (Assistance to developing countries in tax reform: modalities, opportunities and challenges), Die Volkswirtschaft.

Rubiolo, Monica (2011), Die öffentlichen Finanzen in Entwicklungsländern: Wie reformieren?, Die Volkswirtschaft.

State Secretariat for Economic Affairs (SECO) (2006), Budget Support Strategy.

SECO (2008), Logframe user manual (version 1.2).

SECO (2011), Règles relatives à l'approbation financière de la coopération économique avec les pays en développement, en transition et de la contribution suisse à l'élargissement (Regulations financial approval for economic cooperation with developing and transition countries and for Swiss contribution to enlargement).

SECO (2012), Règlement du Comité des opérations (Regulations Operations Committee).

SECO (2013), Swiss Economic Cooperation and Development: Ghana Country Strategy 2013-2016.

SECO (2013) Swiss Economic Cooperation and Development: Peru Country Strategy 2013-2016.

SECO (2014), Budget Support Strategy.

SECO (2014), SECO Reporting Guidelines.

SECO (2014), Swiss Economic Development Cooperation: Ghana Country Strategy Implementation Report 2014.

SECO (2014), Swiss Economic Development Cooperation: Peru Country Strategy Implementation Report 2014.

SECO/WE (2009), Evaluation Guidelines.

SECO/WE (2014), Interner Resultatbericht (Internal results report).

SECO/WE (2015), Risikomanagement-Politik (Risk Management Policy).

SECO/WE (2015), Interner Resultatbericht (Internal results report).

SECO/WEMU (2008), Position Paper Tax Policy and Tax Administration reform.

SECO/WEMU (2012), Tax Issues in the Economic Development Cooperation, Position Paper.

SECO/WEMU (2013), IMF-SECO Review of TA Cooperation, minutes.

SECO/WEMU (2013), IMF-SECO Annual Consultation, minutes.

SECO/WEMU (2013), Jahresplanung (Annual Planning).

SECO/WEMU (2014), Annual Planning.

SECO/WEMU (2014), Managing Change in WEMU projects.

SECO/WEQA (2009), Evaluation Policy, Revised and approved by WE Management.

SECO/WEQA (2013), Capacity Development in SECO Projects and – Programs Manual, Manual on the inclusion of capacity development in projects and programs with a Checklist for (National) Program Officers.

Swiss Agency for Development and Cooperation (SDC) (2012), Swiss Cooperation Strategy Mozambique 2012-2016.

SDC (2013), Evaluation Policy Swiss Agency for Development and Cooperation (SDC), updated July 2013.

Swiss Federal Council (2012), Botschaft über die internationale Zusammenarbeit (Message International Cooperation) 2013-2016.

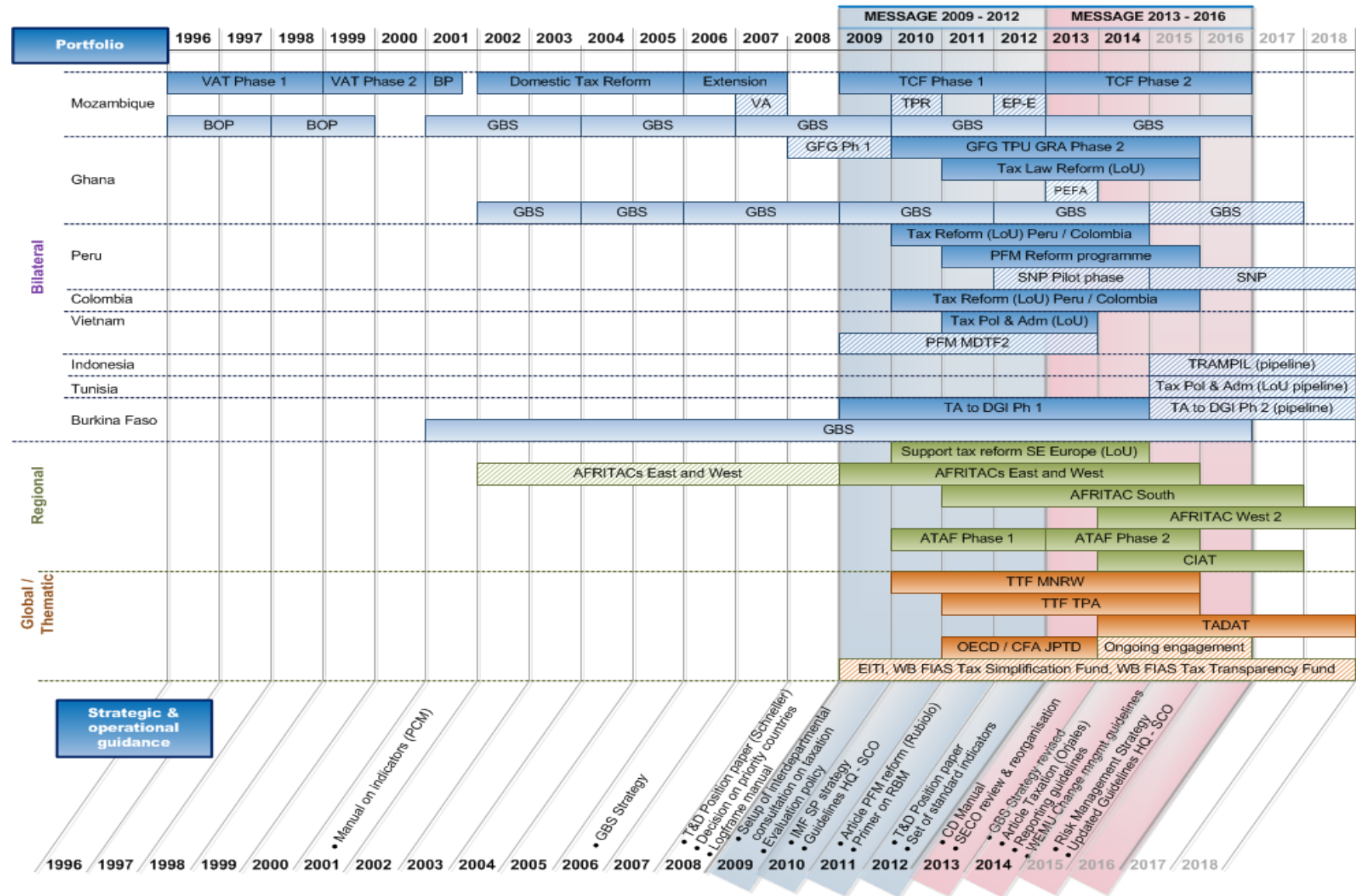
Other project specific documents for the selected interventions including:

- Advocacy notes;
- Decision notes;
- Credit proposals;
- Progress reports and back-to-office reports;
- Completion notes;
- Agreements with partners;
- Memoranda of Understanding;
- Proposals, annual reports, work plans, minutes, reviews, e-mail correspondence.





### A3. Timeline of SECO's interventions and key strategic and operational milestones



Note: VA = VAT Audit; TPR = Tax Policy Review; EP-E = Ex-Post Evaluation.



## A4. High-level overview of interventions, results and challenges

Key activities of SECO	Indication of performance changes at the output & outcome level	Challenges and limitations
<b>Ghana</b> <i>Provision of Budget Support since 2002; Tax programmes since 2008.</i>		
<ul style="list-style-type: none"> <li>Support to Tax Policy Unit phase I (2008-2010) and support to TPU and GRA phase II (2010-2015) through GIZ: Capacity building i.e. MoF Academy, training and workshops (revenue forecasting, self-assessment, investigations, tax laws, GRA strategy development);</li> <li>Tax law reform support through IMF missions (LoU South);</li> <li>Budget Support and negotiations/dialogue on Performance Assessment Framework (PAF);</li> <li>Two videos prepared on the collaboration between SECO &amp; IMF (2014);</li> <li>Chair of the Heads of Cooperation Group for 2<sup>nd</sup> half 2013;</li> <li>Co-chair of the Multi-Donor Budget Support group (July 2009 to June 2010) and with an active role in the PFM sector working group.</li> </ul>	<ul style="list-style-type: none"> <li>Deterioration in scores on PEFA (PI-3, PI-13, 14 and 15) between 2006 to 2013:               <ul style="list-style-type: none"> <li>PI-3: Actual domestic revenue collection compared to domestic revenue in the originally approved budget decreased from an A in 2006 to a C in 2013;</li> <li>PI-13: Clarity and comprehensiveness of tax liabilities worsened from B in 2006 to D in 2013, but tax-payer access to information on liabilities improved;</li> <li>PI-14: Between 2006 and 2013 no changes were made with regards to effectiveness of measures for taxpayer registration and tax assessment;</li> <li>PI-15: the collection ratio for gross tax arrears, improved as well as the Effectiveness of transfer of tax collections to the treasury by the revenue administration, but overall the Effectiveness in collection of tax payments decreased from C to D+.</li> </ul> </li> <li>Tax-to-GDP ratio worsened after 2006. Gradual increase in last few years;</li> <li>From 2010 to 2013, total revenue collection more than doubled from GH¢5.95bn to GH¢13.15bn respectively: so absolute increase in tax collection;</li> <li>Tax modernization plan 2015-2017;</li> <li>Establishment of Tax Policy Unit;</li> <li>Establishment of Revenue Authority;</li> <li>Revised legal framework (e.g. VAT Law, Excise Bill, Petroleum Revenue Management Act; other under finalisation e.g. Internal Revenue law);</li> <li>Tax Expenditure reports (2008, 2011);</li> <li>Improved analytical capacity (e.g. revenue forecasting, review legislation);</li> <li>Progress in Ghana Integrated Financial Management System implementation;</li> <li>Issuance of policy statements to guide fiscal consolidation (2013, 2014);</li> <li>Segmentation of tax administration in large, medium, and small tax offices has progressed;</li> <li>Large and medium tax payers are now self-assessing.</li> </ul>	<ul style="list-style-type: none"> <li>Progress in tax administration outpaced progress in tax policy;</li> <li>Revenue performance still low by international standards;</li> <li>Discretionary use of tax exemptions;</li> <li>Government's commitment to certain reforms;</li> <li>Lack of political will to act decisively on extractive issues;</li> <li>Delay in procurement (offices, equipment);</li> <li>Fragmented donor coordination and different interests;</li> <li>Attitude in GRA: need for change management.</li> </ul>

Key activities of SECO	Indication of performance changes at the output & outcome level	Challenges and limitations
<b>Mozambique</b>		
<i>SECO involvement started in 1996 with a combination of Balance of Payments support and TA</i>		
<ul style="list-style-type: none"> <li>• Technical Assistance to Implement a Value Added Tax and Improve Tax Administration by the Ministry of Finance of the Government of Mozambique (1996-2000);</li> <li>• Strengthening Tax Administration and preparing for Tax Reform – Interim Project (2000-2001);</li> <li>• SECO Programs Phase (II): Reform of direct taxes and strengthening tax administration (2002-2007);</li> <li>• Balance of Payment and Budget Support since 1996 and involved in and actively facilitated the policy dialogue through technical and high level meetings;</li> <li>• Support to the Tax Common Fund (2009-2016), which was founded in 2007;</li> <li>• Participation in TCF Partnership Committee and Tax Donor Group under Budget Support;</li> <li>• Financing of several reviews: VAT Audit (2007), IMF Tax Policy Review (2010), ex-post evaluation of the VAT project (2012) and QAG mission for Tax Common</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement in scores on PEFA (PI-3, PI-13, 14 and 15) between 2006 to 2011: <ul style="list-style-type: none"> <li>- Aggregate revenue out-turn compared to original approved budget (PI-3), transparency of taxpayer obligations and liabilities (PI-13) and effectiveness of measures for taxpayer registration and tax assessment (PI-14) all significantly improved to an A-status in 2011;</li> <li>- Effectiveness in collection of tax payments (PI-15) improved from a D+ to C+: still some weaknesses in the collection ratio for gross tax arrears.</li> </ul> </li> <li>• Tax-to-GDP ratio has been constantly increasing, from 10.6% in 1998 to app. 23.4% in 2014.</li> <li>• A comprehensive tax system broadly in line with international best practices for low-income countries;</li> <li>• Legal framework complete and well-defined;</li> <li>• Implementation of VAT in 1999;</li> <li>• Establishment of Central Revenue Authority in 2006;</li> <li>• Strategic Plan (2006-2014) developed;</li> <li>• Improved coordination between DPs and Revenue Authority;</li> <li>• In 2007, taxes on goods and services comprised the majority of revenues collected, but taxes on incomes, profits and capital gains have recently been increasing. In 2012, these outweighed revenue from goods and services taxes;</li> <li>• Tax base has been broadened (as reported by IMF in its review of 1994-2007);</li> <li>• Conditions for ATM staff has been improved;</li> <li>• Taxpayer service has been improved;</li> <li>• Successful fiscal education;</li> <li>• Improvement of ATM's image;</li> <li>• Perceived general improvement in the quality of ATM's work.</li> </ul>	<ul style="list-style-type: none"> <li>• Current system does not cover all potential taxpayers, e.g. numerous exemptions;</li> <li>• Widespread tax evasion and fraud;</li> <li>• Large-taxpayer management and oversight;</li> <li>• Need for improvement of Human Resources, Training and capacity building;</li> <li>• Limited effective use of IT (e-taxation);</li> <li>• Weak audit;</li> <li>• Backlog of tax disputes;</li> <li>• Still poor taxpayer service and efficiency losses due to suboptimal basic services;</li> <li>• Complex tax code;</li> <li>• Structural economic and demographic factors (low income country, relatively small working age population, poor youth literacy rates and a large informal economy);</li> <li>• Taxation of natural resources remains a challenge.</li> </ul>

Key activities of SECO	Indication of performance changes at the output & outcome level	Challenges and limitations
Fund.		
<b>Peru</b> <i>SECO priority country since 2008. Country office opened in 2010.</i>		
<ul style="list-style-type: none"> <li>IMF missions to SUNAT under LoU South to improve compliance and audit;</li> <li>PFM national reform programme which includes since 2012 a stream on revenue reforms: several initiatives (training, internships) proposed by the Tax Policy Directorate in MEF have been funded as well as one initiative of SUNAT (training);</li> <li>Active role in setting up a PFM donor round table;</li> <li>Policy dialogue with SUNAT through SCO and annual HQ mission;</li> <li>Support to International Finance Corporation project tax simplification;</li> <li>PFM sub-national programme (pilots) which covers local taxation.</li> </ul>	<ul style="list-style-type: none"> <li>The PEFA conducted in 2009 scored the aggregate revenue out-turn compared to original approved budget (PI-3) and the effectiveness of measures for taxpayer registration and tax assessment (PI-14) as A. It indicates improvement is needed in the effectiveness in collection of tax payments (PI-15, rated a D+);</li> <li>Since 2007 stable Tax-to-GDP ratio of around 16%.</li> <li>Adoption of a comprehensive Compliance Improvement Program (CIP) as a core element of the Strategic Plan 2012 – 2016;</li> <li>Estimates for noncompliance show an improvement;</li> <li>SUNAT regarded as a strong tax administration in the region, strong human capital;</li> <li>In process of becoming OECD member, SUNAT is adopting International Financial Standards.</li> </ul>	<ul style="list-style-type: none"> <li>No overall modernization strategy for Tax Authority;</li> <li>Indirect taxation is quite low in comparison to other countries in the region;</li> <li>Large informal economy;</li> <li>High level of bureaucracy and corruption;</li> <li>Improvements in IT are needed: partly covered by IADB loan;</li> <li>Tax policy is politicised and difficult to steer.</li> </ul>
<b>Burkina Faso</b> <i>Burkina Faso has been a priority country of the SDC since 1976. Since 1994, SECO has provided supplementary budget support and other economic assistance. Since 2007, Swiss development cooperation has focused on specific thematic areas.</i>		
<ul style="list-style-type: none"> <li>Provision of budget support;</li> <li>Programme to Tax Directorate (DGI) partly executed through the</li> </ul>	<ul style="list-style-type: none"> <li>Two PEFA's were conducted in 2007 and 2010. A final draft is ready for 2014, but not yet published. Between 2007 and 2010 indicators PI-3 and PI-13 improved (from D to C and D+ to B respectively). PI-14 and PI-15 remained at C and D+ respectively;</li> </ul>	<ul style="list-style-type: none"> <li>Political unrest in the country;</li> <li>Difficulties in working with government authorities.</li> </ul>

Key activities of SECO	Indication of performance changes at the output & outcome level	Challenges and limitations
<p>IMF, partly executed by using a (private) implementing party.</p>	<ul style="list-style-type: none"> <li>Steady increase in Tax-to-GDP ratio from 10.2% in 2011 to a projected 17.3% in 2014.</li> <li>Auditing programme, manuals for fiscal control procedures and “chart of the taxpayers”;</li> <li>Training of 100 staff members on new material;</li> <li>Development of software;</li> <li>Infrastructure in place (software, internet connection, projectors etc.).</li> </ul>	
<p><b>Colombia</b> <i>SECO priority country since 2008.</i></p>		
<ul style="list-style-type: none"> <li>IMF missions under LoU South to improve compliance and audit.</li> </ul>	<ul style="list-style-type: none"> <li>One PEFA was conducted in 2009. Aggregate revenue out-turn compared to original approved budget (PI-3) was scored A. Both PI-13 and PI-14 were scored a B, with a lower score for clarity and comprehensiveness of tax liabilities. Effectiveness in collection of tax payments (PI-15) could be improved as it was scored a D+;</li> <li>Slight increase in Tax-to-GDP ratio since 2010: from 12.3% to a projected 14.7% in 2014.</li> <li>Significant improvement in tax compliance levels, as evidenced by the increased collection of the taxes administered by the tax and customs agency and a reduction in tax evasion.</li> </ul>	<ul style="list-style-type: none"> <li>Staff turnover and change in government.</li> </ul>
<p><b>Vietnam</b> <i>Since 1995 Vietnam has been one of the key recipient countries of Swiss development aid. In 2008, Vietnam became a SECO priority country.</i></p>		
<ul style="list-style-type: none"> <li>SECO funded a project executed by IMF (LoU South), supporting the authorities with advice and recommendations on the implementation of tax policy and reform and tax administration reform, guidance on facilitating taxpayers’ compliance and improving enforcement, advice for strengthening Personal Income Tax and Social Security Contribution collections, and</li> </ul>	<ul style="list-style-type: none"> <li>One PEFA assessment was conducted in 2013, which signals weaknesses in the aggregate revenue out-turn compared to original approved budget (PI-3). Other revenue-related indicators (PI-13, PI-14, PI-15) are scored a C+;</li> <li>Decrease in Tax-to-GDP ratio since 2010 from 22.4% to a projected 17.7% in 2014.</li> <li>Adoption of a comprehensive and ambitious tax reform plan for 2011-15;</li> <li>The tax system has been modernised and relatively suitable to the international common practice;</li> <li>Tax structure in Vietnam has been evolved from an initial situation of high reliance on production and trade taxes, to greater reliance on taxes on consumption;</li> <li>Since early 2012, VAT is in principle applicable to all taxpayers, with no minimum turnover threshold;</li> </ul>	<ul style="list-style-type: none"> <li>Over the past five years, the tax administration has been improved insignificantly. Results of tax reform in Vietnam have been mixed<sup>49</sup>;</li> <li>Delays in acquiring a new information technology system;</li> <li>Slow progress in modernizing HR management policies;</li> <li>Economic downturn;</li> <li>Authorities less inclined to pursue recommendations with a</li> </ul>

<sup>49</sup> Thanh, Su Dinh and Bui, Trung Thanh and Kiên, Tran Trung, Reforms of Tax System in Vietnam: Toward International Integration Commitments Until 2020 (August 25, 2014).



Key activities of SECO	Indication of performance changes at the output & outcome level	Challenges and limitations
<p>advice on selected reform measures in customs;</p> <ul style="list-style-type: none"> <li>SECO contributed to the Multi Donor Trust Fund 2, which directly supported the strengthening of tax policies and legal foundation for revenue administration as to inform the Government's new reform strategy until 2020;</li> <li>In 2012 SECO contributed to an International Finance Corporation project on Tax Simplification.</li> </ul>	<ul style="list-style-type: none"> <li>The system of tax regulations and procedures are clear and comprehensive for almost all major taxes;</li> <li>The 2013 WB Doing Business Survey, Vietnam was ranked at 133 out of 185 countries in terms of taxation (151/183 in 2012);</li> <li>The Tax Registration System is now centralised in the General Department of Taxation.</li> </ul>	<p>long-term scope;</p> <ul style="list-style-type: none"> <li>Limited revenue sources, and increasing tax burden on taxpayers;</li> <li>International emerging challenges, such as cross-border tax evasion, transfer pricing, and e-commerce transactions;</li> <li>Vietnam has gone under pressure of removing and declining many types of taxes according to obligations of market liberalization;</li> <li>Corruption in tax sector;</li> <li>Weak regional cooperation.</li> </ul>
<p><b>Bosnia &amp; Herzegovina</b></p> <p><i>Switzerland is a close partner of Bosnia and Herzegovina since the declaration of the country's independence in 1992. To date, peace promotion, humanitarian aid, assistance to returnees, support to political reforms and socio-economic development have been the main lines of cooperation, jointly implemented by SDC, SECO, the Federal Office for Migration (FOM) and the Human Security Division (HSD).</i></p>		
<ul style="list-style-type: none"> <li>IMF assistance under LoU East in strategic management, compliance and IT.</li> </ul>	<ul style="list-style-type: none"> <li>A PEFA was conducted in 2014 for all four different levels of government. When looking at the overall level (BiH), revenue outturn against budget is good (PI-3, A). Transparency of taxpayer obligations and liabilities is scored a B (PI-13) and the effectiveness of taxpayer registration and assessment and the effectiveness of tax collection are rated C+ (PI-14 and PI-15);</li> <li>Stable Tax-to-GDP ratio of around 23% since 2009.</li> <li>Strategic plans are in place for the national level Indirect Tax Authority (ITA) and the Republika Srpska Tax Administration (RSTA);</li> <li>Governing structures (e.g., steering committees and project coordination units) have been established;</li> </ul>	<ul style="list-style-type: none"> <li>Three different tax administrations;</li> <li>All three tax administrations need to do more work to systematically identify compliance risks of the biggest taxpayers and to cooperate on these risks.</li> </ul>

Key activities of SECO	Indication of performance changes at the output & outcome level	Challenges and limitations
	<ul style="list-style-type: none"> <li>The Federation of Bosnia Herzegovina Tax Administration (FTA) commenced the development of a modernization plan in 2013;</li> <li>The ITA has re-aligned its large taxpayer administration and broadened the mandate for this area to cover more tax risks.</li> </ul>	
<p><b>Kosovo</b>  <i>Switzerland has been supporting Kosovo since 1998. Starting initially with humanitarian aid, reconstruction and return aid to refugees, the Swiss cooperation evolved gradually to support transition processes focused on socially inclusive market economies, democratic political systems providing access to essential services as well as supporting regional and European integration.</i></p>		
<ul style="list-style-type: none"> <li>IMF assistance under LoU East in strategic management, compliance and IT.</li> </ul>	<ul style="list-style-type: none"> <li>Data of two PEFA's (2007 and 2009) are available. They indicate a high level of revenue outturn compared to the budget (PI-3, score A). The revenue indicators PI-13, PI-14 and PI-15 deteriorated in 2009 compared to 2009, especially effectiveness of tax collection and taxpayer registration decreased to a score of D+;</li> <li>Slight increase in Tax-to-GDP ratio from 21.3% to a projected 23.6% in 2014.</li> <li>Comprehensive corporate strategy in place to guide all reform efforts;</li> <li>Governing structures (e.g., steering committees and project coordination units) have been established;</li> <li>Adoption of compliance strategies based on the EU/OECD model;</li> <li>Detailed user requirements for a new IT-system have been developed;</li> <li>A large taxpayer office is in place;</li> <li>A one-stop shop for taxpayer registration, e-filing opportunities and a modern taxpayer service centre is in operation;</li> <li>An electronic performance management system has been established to monitor the implementation of management decisions.</li> </ul>	<ul style="list-style-type: none"> <li>Staff turnover and change in government.</li> </ul>
<p><b>Macedonia</b>  <i>Switzerland has been providing humanitarian and transition support to Macedonia since its independence in 1992. In the last years, the Swiss Cooperation concentrated on two domains: rule of law and democracy as well as water and environment.</i></p>		
<ul style="list-style-type: none"> <li>IMF assistance under LoU East in strategic management, compliance and IT.</li> </ul>	<ul style="list-style-type: none"> <li>A PEFA was conducted in 2007, which did not rate the majority of the revenue indicators (PI-13, PI-14 and PI-15). PI-3 was scored A. A new PEFA will be conducted this year;</li> <li>Slight decrease in Tax-to-GDP ratio between 2006 (27.9%) and 2013 (25.5%). Increase projected for 2014 (26.8%).</li> </ul>	<ul style="list-style-type: none"> <li>Staff turnover and change in government are mentioned.</li> </ul>

Key activities of SECO	Indication of performance changes at the output & outcome level	Challenges and limitations
	<ul style="list-style-type: none"> <li>• Development of strategic business plans for reform efforts;</li> <li>• Governing structures (e.g., steering committees and project coordination units) have been established;</li> <li>• Adoption of compliance strategies based on the EU/OECD model.</li> </ul>	
<p>Serbia</p> <p><i>Switzerland has provided humanitarian and transition support to the Republic of Serbia since 1991. During the last strategy cycle, 2010-2013, the Swiss government collaborated with Serbia in four domains, i.e. economic development, rule of law and democracy, education, as well as energy efficiency and renewable energy, with an average annual budget of CHF 15 million.</i></p>		
<ul style="list-style-type: none"> <li>• IMF assistance under LoU East in strategic management, compliance and IT.</li> </ul>	<ul style="list-style-type: none"> <li>• Two PEFA's were conducted (2007 and 2010). Only a small improvement was made on the transparency of taxpayer obligations and liabilities (PI-13, from B to B+). No improvement was made on PI-14 and PI-15 (remained B and D+ respectively). A deterioration was observed for aggregate revenue out-turn compared to original approved budget (PI-3): from A in 2007 to C in 2010;</li> <li>• Stable Tax-to-GDP ratio of around 35% in the last few years.</li> <li>• A Corporate Strategy (2011-2015) drives modernization efforts;</li> <li>• Compliance plans for 2012 and 2013 have been developed;</li> <li>• Audit plans are in pace and audit skills have been updated;</li> <li>• Audit efforts are gradually shifting towards medium and large businesses;</li> <li>• A debt collection strategy and associated operational collection plans have been developed and implemented;</li> <li>• The large taxpayer office has been considerably strengthened;</li> <li>• A comprehensive IT strategy has been developed;</li> <li>• Tax payer service has improved and procedures have been simplified;</li> <li>• Governing structures (e.g., steering committees and project coordination units) have been established;</li> <li>• Adoption of compliance strategies based on the EU/OECD model.</li> </ul>	<ul style="list-style-type: none"> <li>• Nearly the entire management team was replaced, resulting in a delay of reform efforts and uncertainty about reform goals and direction.</li> </ul>



## A5. Dynamics of tax to GDP ratio by country

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Ghana <sup>50</sup>				17.2	17.5	20.2	21.7	20.6	19.9	13.3	12.9	12.2	13.8	14.9	15.8	15.3*	17.8*
Mozambique	10.6	11.3	11.8	11.0	11.0	12.0	11.7	11.8	12.1	14.0	14.2	15.4	17.0	17.2	19.1	22.9	23.4*
Vietnam								22.8	24.3	23.5	24.5	20.6	22.4	21.9	19.0	18.8	17.7*
Peru			12.0	12.2	11.9	12.8	13.8	13.9	15.3	15.9	16.0	14.1	15.2	15.9	16.4	16.0*	16.0*
Colombia								12.6	13.4	13.4	13.4	12.8	12.3	13.5	14.3	14.2*	14.7*
Burkina Faso				10.2	10.6	10.8	11.8	11.4	11.3	12.0	12.1	12.6	13.0	14.1	15.8	16.7	17.3*
Serbia											36.3	34.5	33.6*	33.5*	34.2	33.4	35.0
Kosovo													21.3	22.6	22.6*	23.1*	23.6*
Bosnia												22.0	23.2	23.3	22.9*	22.9*	22.9*
Macedonia									27.9	27.8	27.4	26.0	25.7	25.6	25.6	25.5	26.8*

Source: IMF Article IV Reports.

Note: (\*) – Projections.

<sup>50</sup> The decrease in 2006 is due to the rebasing of GDP data.



## A6. Changes in performance of revenue administration (based on PEFA)

Overview of revenue administration performance indicators (PI) in PEFA	
PI-3	Aggregate revenue out-turn compared to original approved budget
(i)	Actual domestic revenue collection compared to domestic revenue in the originally approved budget
PI-13	Transparency of taxpayer obligations and liabilities
(i)	Clarity and comprehensiveness of tax liabilities
(ii)	Taxpayer access to information on tax liabilities and administrative procedures.
(iii)	Existence and functioning of a tax appeals mechanism.
PI-14	Effectiveness of measures for taxpayer registration and tax assessment
(i)	Controls in the taxpayer registration system.
(ii)	Effectiveness of penalties for non-compliance with registration and declaration obligations
(iii)	Planning and monitoring of tax audit and fraud investigation programs.
PI-15	Effectiveness in collection of tax payments
(i)	Collection ratio for gross tax arrears, being the percentage of tax arrears at the beginning of a fiscal year, which was collected during that fiscal year (average of the last two fiscal years).
(ii)	Effectiveness of transfer of tax collections to the Treasury by the revenue administration.
(iii)	Frequency of complete accounts reconciliation between tax assessments, collections, arrears records and receipts by the Treasury.

PEFA SCORES	Ghana			Mozambique			Vietnam	Peru	Colombia
	2006	2010	2013	2006	2008	2011	2013	2009	2009
PI-3	A	B	C	B	C	A	D	A	A
(i)	A	B	C	B	C	A	D	A	A
PI-13	B	C+	C+	B	B+	A	C+	B+	B
(i)	B	D	D	B	B	A	B	A	D
(ii)	C	A	A	A	A	A	C	A	A
(iii)	B	C	C	C	B	A	C	C	B
PI-14	C	C	C	C+	B	A	C+	A	B
(i)	C	C	C	B	B	B	B	B	B
(ii)	C	C	C	C	B	A	C	A	B
(iii)	C	C	C	C	B	A	C	A	B
PI-15	C	C+	D+	D+	D+	C+	C+	D+	D+
(i)	D	B	B	D	D	C	C	D	D
(ii)	B	A	A	B	B	A	B	A	A
(iii)	C	C	D	B	A	A	A	A	D



PEFA SCORES	Serbia		Kosovo		Macedonia	BiH	Burkina Faso	
	2007	2010	2007	2009	2007	2014	2007	2010
PI-3	A	C	A	A	A	A	D	C
(i)	A	C	A	A	A	A	D	C
PI-13	B	B+	B+	B	NU	B	D+	B
(i)	B	A	A	A	NU	B	D	B
(ii)	B	B	A	C	NU	B	C	B
(iii)	C	B	C	B	NU	C	C	C
PI-14	B	B	C	D+	NU	C+	C	C
(i)	C	B	C	D+	NU	C	C	C
(ii)	A	B	C	C	NU	B	C	C
(iii)	C	B	C	C	NU	C	C	C
PI-15	D+	D+	B	D+	NU	C+	D+	D+
(i)	D	D	C	D+	NU	C	D	C
(ii)	A	A	A	A	NU	A	B	B
(iii)	A	A	B	A	NU	C	D	D+

Note: NU – not used.

## A7. Project sheets: assessment of individual interventions

### *Mozambique – VAT Implementation, 1996-2000 (intervention 1)*

Title	
Introduction of the Value Added Tax and the Strengthening of the Tax Administration	
Country:	Mozambique
SAP reference:	-
Duration	1996 - 2000
Swiss contribution:	CHF 4 million
Co-funding:	None; in second phase complementary funds from WB and USAID.
Type of support:	Stand alone bilateral programmes/projects
Executing agency:	IMF
Approach and Objectives	
<p>The overall objective of the project was to improve the yield of tax revenue and improve the economic efficiency of the Mozambican tax system. Specifically, this consisted of the implementation of the VAT within the timetable prescribed and improvements in the effectiveness of domestic tax administration.</p>	
Relevance	
<ul style="list-style-type: none"> <li>• <b>SECO objectives:</b> This TA project was part of an agreement on Balance of Payments support between Mozambique and Switzerland. The disbursement of the tranches of the BoP support were partly related to the satisfactory progressing of the VAT project. As such, this TA was an accompanying measure to the BoP support to improve the effectiveness of the tax administration. The project marked SECO's early interest in DRM as part of PFM reform.</li> <li>• <b>Relevance to partner country:</b> The introduction of VAT fitted in a wider revenue modernization strategy of the complete tax administration which started with indirect taxes in the nineties. The ex-post evaluation 2012 notes there is ample evidence and acknowledgement by the beneficiaries that the VAT projects were a suitable answer to the support of the priority development objectives agreed by the Government of Mozambique.</li> <li>• <b>Coordination with other DPs:</b> The first phase of the project was a stand-alone donor initiative, i.e. SECO was the only funder. This support was complementary to the reforms in Customs which were supported by DFID. At this time, SECO, DFID and the IMF were the only DPs involved in DRM reform in Mozambique. In the second phase, SECO support was complemented by support from WB and USAID for other aspects of the project (e.g. computerization and publicity). The ex-post evaluation notes that reporting and monitoring focused only on SECO funds, and could have been structured otherwise to benefit all donors.</li> </ul>	
Efficiency	
<ul style="list-style-type: none"> <li>• <b>Organisation and management:</b> The project partner was the Domestic Tax Department (DNIA) of the Ministry of Finance. The IMF was the contractor/service provider for TA and selected and employed the senior technical and legal advisors. IMF was responsible for the management of the project.</li> <li>• <b>M&amp;E:</b> Monitoring arrangements were quite well developed. IMF submitted progress reports to SECO and a Tripartite (GoM, SECO, IMF) Review was carried out at least once a year. In addition, SECO organised additional bi-annual project reporting by an independent party (IDHEAP) in order to specifically monitor the use of SECO's contribution.</li> <li>• <b>Risk management:</b> A dedicated risk assessment was not included in the project proposal or in the decision note (phase 2). This statement should be read in the context of the 1990s, when these features were less common in project design.</li> <li>• <b>Cost-efficiency:</b> There have been several delays and raise of costs. However, the ex-post evaluation mentions that the cost of introducing the VAT has been broadly similar to costs in neighbouring countries in the SADC region and other Sub-Saharan countries.</li> </ul>	
Effectiveness	
<ul style="list-style-type: none"> <li>• <b>Results framework:</b> The project design suffered from several shortcomings. The initial project design for VAT was a checklist of best features in tax policy and tax administration issues. No logframe was</li> </ul>	

Title	Introduction of the Value Added Tax and the Strengthening of the Tax Administration
-------	-------------------------------------------------------------------------------------

constructed. There was little attention for capacity building in the original VAT design. These shortcomings were mainly caused by the absence of RBM at this time and the little awareness of best practices for CD in the 1990s.

- **Outputs:** The outputs leading to the VAT implementation, e.g. in drafting legislation, procedures and providing training, were achieved. Although there were delays in the implementation of the planned activities, the implementation of the project was rather smooth. The extreme weak capacities of the tax administration and its high dependence on the foreign advisor, combined with little attention in the design for capacity development, mainly caused the slower implementation.
- **Outcomes:** The main outcome, implementation of a working VAT, was achieved. Initially, the goal was to implement the VAT within the timetable prescribed and make improvements in the effectiveness of domestic tax administration. In project 2, it was decided that assistance should fully focus on VAT implementation. Additional assistance for improving and strengthening other areas of tax administration, including for direct taxes and tax policies in general, would need to be addressed at a later date, when the VAT operational capacity is fully in place. The ex-post evaluation of 2012 concludes that the VAT Programme (1996-2000) can be considered as a success. After 12 years, it can be concluded that an effective VAT regime has been introduced in Mozambique. However, the evaluation also identified some unintended impacts to VAT which are growing instead of vanishing, such as a lack of an effective refund mechanism; an effective audit strategy; how to limit and manage exemptions; and fraud, evasion and corruption.
- **SECO contribution:** SECO completely financed phase 1 and 37% of phase 2 and was one of the first donors to engage in DRM support in Mozambique. SECO has not been involved in the actual implementation, but put in place ample arrangements to monitor progress. The Tripartite review benefitted from the participation of the beneficiary, whereas the monitoring reports by IDHEAP provided more in-depth information. In the last IDHEAP mission report of November 2000 it was mentioned that constant pressure is needed, e.g. that two missions in Maputo a year by SECO and/or its consultant are necessary and that SECO should be more involved in defining the terms of reference of the tripartite review in order to ensure that all important aspects will be covered. SECO has continued to follow VAT development in Mozambique, e.g. it financed in 2007 a VAT audit, a Tax Policy Review in 2010 and an ex-post evaluation in 2012.

Sustainability
----------------

- **Explanatory factors:** The ex-post evaluation states the VAT projects have made a sustainable contribution to developing the revenue base. Total tax revenues have been in constant progression from 9,95% of GDP in 1999 to 17,3% of GDP in 2010. This has been also due to follow up support, which was immediately secured. The main factor delaying the project and endangering sustainability was the weak capacity within the Tax Administration. This project confirmed that tax reform is a complex area: it needs both TA on reform of the tax system (legislation) and the strengthening of the administration (capacity building). Mitigation was not always adequate, e.g. the top-up of salaries of qualified employees to make them stay was not a sustainable solution.
- **Ownership:** The GoM has been committed to the implementation of VAT. The accompanying budget support and the Tripartite reviews created room for policy dialogue, to ensure engagement of the government.

*Mozambique – Reform of Domestic Taxes and its Administration, 2002 – 2007  
(interventions 2 and 3)*

Title	
Reform of Domestic Taxes and its Administration 2002 – 2007	
Country:	Mozambique
SAP reference:	UZ-01093.02.01 / UZ-01093.03.01 (extensions)
Duration	2002 - 2007
Swiss contribution:	USD 2.6 million (Original budget of USD 2,001,175 + extension of USD 600,000)
Co-funding:	DANIDA (both SECO and DANIDA contribute funds to the IMF; GTZ and DFID support are closely aligned, but work bilaterally).
Type of support:	Stand alone / Joint bilateral programmes/projects
Executing agency:	IMF
Approach and Objectives	
<p>The Government of Mozambique (GoM) launched an important tax reform program focusing primarily on direct taxation, with financial and implementation assistance from DANIDA, DFID and SECO. The reform should further help to consolidate the achievements in VAT and customs administration and finally culminate in the establishment of a Central Revenue Authority (ATM in Portuguese) uniting the two existing taxation departments into one single centralised taxation entity.</p>	
Relevance	
<ul style="list-style-type: none"> <li>• <b>SECO objectives:</b> The project is strategically anchored in SECO's Country Strategy Note, where increasing domestic revenues based on the continuation of targeted TA is a component of the strategic orientation. There is a close synergy between supporting tax reform and SECO's provision of budget support, in which tax collection is an explicit performance indicator. The tax reform process undertaken by the GoM has actively been supported by SECO since its inception in 1996 and this project naturally follows on the provided support for VAT implementation and a "bridging" project that closed the gap between the end of the VAT project and the commencement of this project.</li> <li>• <b>Relevance to the partner country:</b> Tax reform is one of the priorities for the Government of Mozambique and this project is in line with the sequenced reform strategy, moving from reform of indirect taxation more towards reform of direct taxation.</li> <li>• <b>Coordination with other DPs:</b> The programme is coordinated with support of other donors: DANIDA supports tax reforms through a trust fund with the IMF; DFID has been supporting the Customs area since 1997 and agreed to fund preparatory studies for the establishment of the ATM and computerisation of the DGI; GTZ is providing assistance for the training of municipal tax officials with the assistance of DANIDA support. These individual project setup worked well due to the preparedness by all stakeholder to seek coordination and to cooperate closely. Over the years, the approach became less relevant and the individual projects became increasingly integrated, culminating in joint project reviews.</li> </ul>	
Efficiency	
<ul style="list-style-type: none"> <li>• <b>Organisation and management:</b> The project is managed by the IMF, using both staff and external consultants, and in close collaboration with the authorities. The authorities and the involved donors established a tax reform Steering Committee.</li> <li>• <b>M&amp;E:</b> Multipartite Tax Reform Reviews were held on a semi-annual basis and the IMF delivered semi-annual project progress reports to SECO. The Swiss Embassy in Maputo has been actively involved in the definition of the project extension and assumed a strong monitoring role during its implementation. The participation in the joint project reviews and in the Steering Committee meetings were also part of the Embassy's tasks. SECO HQs provided necessary backstopping and participated in the overarching discussions on PAF targets as well in the annual project reviews.</li> <li>• <b>Risk management:</b> The project proposal shortly mentions risks, but no responses. The decision note does not include a risk assessment.</li> <li>• <b>Cost-efficiency:</b> The project was extended several times and additional budget was provided. The extension was justified by SECO and IMF as it intended to facilitate the transition to a follow-up project.</li> </ul>	

Effectiveness

- **Results framework:** The project matrix was mainly activity based with little focus on impact, outcome and output level. Further, as was common with IMF projects, benchmarks related merely to activities, processes and policies rather than on quantitative performance benchmarks.
- **Outputs:** With the formal creation, although delayed, of the ATM and the finalization of a strategic vision for this entity, the major project output was achieved. In addition, the majority of other results were achieved as well, such as: Personal and Corporate Income Tax were implemented, legislation was drafted to consolidate indirect taxation reforms and adjust other taxes, a new Tax Benefit Code was drafted, two new IT systems were implemented.
- **Outcomes:** Tax administration processes, while still having major weaknesses and difficulties to achieve revenue targets, showed on the aggregate level some positive improvements or trends. The second Public Expenditure and Financial Accountability Assessment (PEFA) of 2008, found that two out of the three *Revenue Collection and Management* Indicators (PI 13, PI 14, PI 15) improved with respect to 2004. However, it is difficult to report on outcomes, as the project design did not provide a rationale for its activities. Lack of benchmarks to measure performance also proved to be difficult for the newly setup revenue authority, that lacked information regarding its performance.
- **SECO contribution:** SECO has not been involved in implementation, but has contributed to the project by extensive monitoring. With substantial support from the local SCO economist, SECO has played an influential role in Mozambique's effort to reform its tax administration. It has acquired a leading donor role together with DFID on the subject and has actively worked with other donors and the GoM on a successor project: IMF Missions with support of WEMU's strategic partner systematically started, beginning of 2006 to compile and track this type of information in view to set quantitative baselines for a successor project. SECO kept on insisting on the inclusion of realistic and clear performance benchmarks throughout project implementation in order to have a clearer framework against which to evaluate project success

Sustainability

- **Explanatory factors:** The status of IMF positively contributed to the success of the project. IMF indicated it did not want to be the main executing agency in a future initiative. Upon insistence and invitation by donors and the GoM IMF agreed to stay engaged in the future reform process as an independent reviewer and to continue to provide advice to GoM and tax donors, which supports sustainability.
- **Ownership:** The GoM has shown strong ownership of the reforms. However, it has to ensure that sufficient resources are available within the Ministry and the Revenue Authority. These institutions should also make sure that human capital is not lost after ending of the project. The dialogue on tax policy and tax administration between donors and the GoM has been difficult and was at times limited with little responsiveness to discuss issues of tax policy, despite continued efforts by SECO to increase the profile of the issue.

*Mozambique - Tax Common Fund, 2009-2016 (interventions 4 and 11)*

Title	
Country:	Mozambique
SAP reference:	UZ-01093.04.01 & UR-00754.10.01
Duration:	2009 – 2012 (phase 1); 2013-2016 (phase 2)
Swiss contribution:	CHF 3.0m (phase 1); CHF 2m (phase 2)
Co-funding:	BTC, KFW, DFID, Norway, Sweden, Denmark. IMF involved as an observer to the TCF.
Type of support:	Joint bilateral programmes/projects
Executing agency:	Ministry of Finance / Mozambican Revenue Authority

**Approach and Objectives**

The program's overall objective is to contribute to the implementation of the reform program for the Revenue Authority (ATM), in line with the existing poverty reduction strategy, through the financing of a Tax Common Fund (TCF) designed to support the implementation of the Strategic Plan of the ATM. The specific objectives are: (1) Increasing tax collection in a sustainable way; (2) Modernizing and strengthening the tax administration; (3) Development of ICT.

**Relevance**

- **SECO objective:** Support to the TCF builds upon previous engagement of SECO in the area of DRM. Initially, support to TCF was in line with SECO's strategy of phasing out. This project is an accompanying technical assistance measure to the General Budget Support, similar to previous TA projects in DRM. Continued support during a second phase was in line with SDC's activities and country strategy.
- **Relevance to partner country:** The support is in line with national priorities of GoM and as it is executed by the government itself.
- **Coordination with other DPs:** Donor coordination takes place through the Partnership Committee of the Tax Common Fund and through a tax group of Budget Support donors. The form of funding, i.e. basket funding, mitigates the risk of overlap by channelling most of the donor money through one fund. There is still some additional support being provided to ATM, i.e. Norway and Portugal are currently also funding some small targeted projects outside of the CF. More recently ATM has been able to access Technical Assistance (TA) through the IMF's managed "Topical Trust Fund for Managing Natural Resource Wealth" and Mozambique is one of the recipients of TA through the AFRITAC South.

**Efficiency**

- **Management and organisation:** Common Fund monies, i.e. external donor contributions will be fully on ATM's budget but will take the form as a "project on budget". The overall implementation is carried out by ATM staff under the lead of the ATM Executive Committee for the TCF management. The Partnership Committee (PC) is the decision body for steering the Common Fund. It is composed from donor representatives and high-level government representatives (Ministry of Finance, ATM). As observers the IMF and the US Treasury Team will participate closely. The PC is in charge of the annual review of performance, the approval of the activities, financial and audit reports and endorsement of the next year's plan and budget. Additional PC meetings also took place for discussion of specific issues on an ad hoc basis. SECO is involved in the management through its seat in the Partnership Committee and is represented by the economist from the SCO Maputo.
- **M&E:** The Partnership Committee meets three times a year to review project implementation and approves, by consensus, work plans and budgets. The Partnership Committee is informed on the operational aspects and institution building issues by the ATM reports (submitted quarterly and annually) but also through other monitoring sources: 1) IMF FAD reports (twice a year); 2) reports of the Quality Assurance Group (mandated by the PC to review implementation); 3) financial audits of the money spent; 4) additional information such as reports of the US treasury on TA on strategic planning 2009-2010, or the two evaluations financed by SECO on VAT implementation and Tax Policy. Arrangements worked well, although the completion note mentions that the PC are quite formal and monitoring would benefit from more informal engagements. The QAG provided useful information, but the recommendations of the first two reports were

Title	Tax Common Fund (phase 1 and 2)
	<p>not owned by the AT. For phase 2, it is intended to involve ATM more in the design of the terms of reference for the QAG. Monitoring, coordination and participation by SECO has been done actively by the local office with backstopping from WEMU. BTOR reports demonstrate monitoring from HQ during the field missions of the HQ programme manager.</p> <ul style="list-style-type: none"> <li>• <b>Risk management:</b> The decision note contains a risk analysis. The project memorandum contains a section on the main risks as well. SECO manages the risks through constant monitoring by SCO and coordinating with other donors.</li> <li>• <b>Cost-efficiency:</b> The completion note for phase 1 states that the pooled funding arrangement has proven to be effective. In terms of execution, external financial audits in phase 1 did not show major management problems. In general, it is perceived that the ATM is efficiently spending its funds, although improvement could be made in the allocative efficiency. As the money is not earmarked, it should be complemented by a strong policy dialogue and a common agreement on indicators from the outset. In phase 1, donors and ATM sometimes had different ideas on the priorities on which the TCF money should be spent. In phase 2, donors expressed worries about the low execution rate of funds. ATM claims this is due to late disbursements by donors. This issue will be further investigated in the upcoming QAG.</li> </ul>
<b>Effectiveness</b>	
	<ul style="list-style-type: none"> <li>• <b>Results framework:</b> For phase 1, the completion note mentions that the insufficient definition of midterm targets through measurable performance indicators hampered the effective M&amp;E of the reform process over time. The logframe and strategic indicators for phase 1 kept changing and eventually lost track. For phase 2, it was agreed that donors and ATM will formulate specific annual targets for performance indicators, in coherence with the Strategic plan. Still, donors find it hard to adequately track progress. Discussions are ongoing to use the new TADAT tool to monitor progress of ATM.</li> <li>• <b>Outputs:</b> The TCF has contributed to implement the activities defined in the ATM's Strategic and Operational plans.</li> <li>• <b>Outcomes:</b> For phase 1 in general it can be said that the expected outcomes have been achieved. Objective 1 was achieved. Direct outcomes of objectives 2 and 3 were less impressive, as these reforms take time and need to be firmly anchored into the institutional governance framework of Mozambique. Component/objective 3 has suffered from significant delays, due to technical complexity of the project and its management, delays in equipment procurement and coordination difficulties between the ATM and the MoF. In 2014, the reforms of the ATM are on track. IT remains a challenge (in 2014, an IMF mission has provided a negative assessment on the choice of the technology for the e-taxation project). Policy dialogue in phase 1 was not as effective as hoped for, as ATM is mainly preoccupied with tax administration and less interested to be engaged in tax policy. It was also noted that the quality of the chair of the TCF influences the effectiveness of the dialogue.</li> <li>• <b>SECO contribution:</b> The Swiss Cooperation Office in Mozambique was involved in the follow up, monitoring and dialogue for the project in the field, with backstopping and supervision from WEMU. SCO actively participated in the PC meetings and promoted coordination with the TCF donors. SECO funded one of the QAG reports. Roles, tasks and expectations between the field office and HQ have been well defined and working. SECO benefited from the knowledge of its Economist in the local office, who has been involved in DRM reforms since 1996 and has been a strong representative in the PC meetings. Through SECO's involvement in Budget Support, where tax indicators are part of the performance matrix, SECO was involved in the policy dialogue on fiscal policy and macroeconomic management, which complements the assistance to the TCF which focuses on tax administration. The SCO participates in the tax donor group within the GBS-platform. The linkage of GBS and complementary TA was confirmed to be successful by the recently completed BS evaluation (2014).</li> </ul>
<b>Sustainability</b>	



Title	Tax Common Fund (phase 1 and 2)
	<ul style="list-style-type: none"> <li data-bbox="256 174 1331 510"> <p><b>Explanatory factors:</b> The completion note for phase 1 indicates sustainability is likely, as basis systems and reforms implemented are irreversible and strong ownership and lead in Government, driven by political will to reduce aid dependency, is present in the country. There have been some difficulties in phase 1 with regard to the functioning of the Tax Common Fund, e.g. the different vision of donors and ATM on change management and fiscal education, related to the lack of steady and clear performance indicators and varying performance of the TCF chair which influenced the quality of the policy dialogue. In addition, tax reform in Mozambique faces external challenges, such as the discovery of natural resources, which will lead to an increase of funds from extractive industries, the compliance costs for the private sector and the large informal sector.</p> </li> <li data-bbox="256 510 1331 577"> <p><b>Ownership:</b> Strong ownership by GoM was noted in various sources. In addition, the budget for tax administration reform is already largely funded by the government (about 95%).</p> </li> </ul>



Title	
Assistance technique pour un renforcement du système fiscal burkinabé et de la Direction générale des Impôts (Projet DGI Burkina Faso Phase I)	
Country:	Burkina Faso
SAP reference:	UR - 00166.01.01 / UR - 00166.01.02
Duration	2009 - 2015
Swiss contribution:	CHF 1.92 million
Co-funding:	None
Type of support:	Stand alone bilateral programmes/projects
Executing agency:	IMF / DGI
Approach and Objectives	
<p>This project will contribute to good governance in Burkina Faso, allowing not only increase the tax contribution of Burkinabe taxpayers but also allowing greater transparency in the operations conducted by the DGI triggering the development of the private sector. This project covers three areas of support: (1) support the formulation and implementation of in-depth reform of the Burkinabe tax system (implemented by IMF); (2) reinforcing the controlling capacities of the DGI; (3) developing and spreading a new software for a consolidated management of the revenues (SINTAX+). The funds for 2 and 3 are allocated directly to the DGI.</p>	
Relevance	
<ul style="list-style-type: none"> <li>• <b>SECO objectives:</b> This TA project complements the BS in the country. Burkina Faso is not a priority country in the new strategy of WE, but SECO has a long-term involvement in the country.</li> <li>• <b>Relevance to partner country:</b> The technical assistance operation proposed by WEMU responds to government priorities and shows the outline of the recommendations of the IMF missions related to the deepening of the tax reform in Burkina Faso and the strengthening of the DGI in-house capabilities. This technical assistance operation is the result of an ongoing dialogue between SECO, Burkinabe authorities and the Fiscal Affairs Department of the IMF.</li> <li>• <b>Coordination with other DPs:</b> TA is consistent with interventions of other development partners.</li> </ul>	
Efficiency	
<ul style="list-style-type: none"> <li>• <b>Organisation and management:</b> Part 1 is executed by IMF. For part 2 and 3 technical implementation is provided by two technical committees for each project. A local agency was hired to ensure the administrative management of the project and also to support the DGI in organizing various activities planned in the project. The local agency works under close supervision of SECO and SCO and interfaces with DGI Technical Services. A mission report from 2012 mentions that the local agency is doing a good job on keeping the project on track and provides reports on a regular basis.</li> <li>• <b>M&amp;E:</b> An expanded Steering Committee was set up within the framework of the annual monitoring of the project. The role of the SCO is particularly important; it will monitor throughout the year, relying in particular on the local agency and takes an active part in the political dialogue on tax reform. It also has the task of financially managing this operation and participates in the SC. In 2014, a joint mission of DGI, SCO and ADM (the local agency) took place to monitor progress of implementation in different regions.</li> <li>• <b>Risk management:</b> A risk assessment is not clearly present in the project documents (although risks are mentioned in the logframes), and it was mentioned that more attention should be paid to risk management in the mission report in 2012. The decision note contains a risk analysis.</li> <li>• <b>Cost-efficiency:</b> Initially, the project intended to last from 2009 until 2011 but faced several delays, which resulted in an extension. Additional funds were requested in 2013.</li> </ul>	
Effectiveness	
<ul style="list-style-type: none"> <li>• <b>Results framework:</b> The project documents contain a detailed logframe for part 2 and 3. For part 1, IMF developed outputs and outcomes.</li> <li>• <b>Outputs:</b> The mission of SECO in Burkina Faso in November 2012 confirmed the good results achieved by the project and recommended a continuation and extension of Phase I of the project to ensure full operational capability of the software in place, and allow for the completion of planned work. An update from 2014 mentions that the auditing programme, the manuals for fiscal control procedures and the “chart of the</li> </ul>	

Title	Assistance technique pour un renforcement du système fiscal burkinabé et de la Direction générale des Impôts (Projet DGI Burkina Faso Phase I)
	<p>taxpayers” have been finalised and trainings were carried out. The last manual on the techniques for fiscal control is not yet ready (supposed date 10/2014). This update also mentioned that the deployment of the software still had to happen in two provincial offices and the formations have not yet been given in 5 sites.</p> <ul style="list-style-type: none"> <li>• <b>Outcomes:</b> Phase 1 is being finalised and phase 2 is being designed. There have been major delays caused by a range of factors. The mission report of 2012 notes that it would be useless to mention results at that point. In 2014, results have been relatively positive, the system has been introduced. However, the mission report in 2014 notes that there are still many difficulties to overcome in different areas to make optimal use of SINTAX+.</li> <li>• <b>Contribution of SECO:</b> SECO is funding this project and has thus an important contribution to the introduction of SINTAX+. In terms of involvement, it has been primarily the local office involved in monitoring the implementation of the programme.</li> </ul>
Sustainability	
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors &amp; ownership:</b> The project has materialised some tangible results (software, internet connection, projectors, manuals). The mission report 2012 mentions as factors for delay the late ownership of the Burkinabe government (due to staff changes) and difficulties with the procurement regulations. Significant delay was caused by the development of the software. Political turmoil and the willingness of the government will remain huge factors of influence to the second phase of this project, which is currently being developed.</li> </ul>

Peru / Colombia – LoU project Tax and Customs reform, 2010-2014 (intervention 6)

Title	
Country:	Peru / Colombia
SAP reference:	UZ-01149.04.01 (Swiss IMF Technical Assistance Subaccount)
Duration	2010-2013, extended to 2014 and new phase approved running to Dec. 2015
Swiss contribution:	USD 1.5 million
Co-funding:	None
Type of support:	LoU bilateral programmes/projects
Executing agency:	IMF

#### Approach and Objectives

The project seeks to improve compliance management in Colombia and Peru including through improvements in audit, enforcement and collection processes. The modalities for TA delivery include short-term expert visits and headquarter diagnostic and follow-up missions to review progress and determine next steps.

#### Relevance

- **SECO objectives:** The project is in line with SECO's geographical focus: it tries to establish activities in these two new priority countries. It is also in line with SECO's thematic interests. In Peru, the support to tax administration complements the PFM reform programme, which is mainly focused on tax policy.
- **Relevance to partner countries:** The assistance is in line with the reform plans in both tax authorities. Both projects are based on IMF diagnostic missions, that signalled the weaknesses in the systems of both countries. The Colombian Tax Authority (DIAN) specifically requested this support and SUNAT confirmed as well that the support was highly relevant.
- **Coordination with other DPs:** IMF collaborated with other donors in the field, such as World Bank and IADB. However, especially in Peru, TA remained scattered and uncoordinated. It was noted that similar TA requests were submitted to WB and IADB.

#### Efficiency

- **Organisation and management:** Management was done by IMF as this project was funded under the LoU South arrangement.
- **M&E:** The original project work plan was modified, with an increased focus on the revision of the IT strategy. Activities carried out seem to be much broader than initially defined. SECO communicated to IMF that it would like more clarity on the specific activities that would take place. Also, it flagged that it had the impression that the counterparts were not fully aware of what the IMF assistance would entail. Nor SECO or the counterparts were always informed of the planning of the missions. However, there have been also instances on which SCO Lima was involved in the missions, attending briefings and debriefings. SCO Lima also follows up with the beneficiary, SUNAT.
- **Risk management:** A risk analysis was made in the project proposal, but there are no indications of consistent follow up by IMF.
- **Cost-efficiency:** The project was extended with a year, because the approval process took longer than originally anticipated and IMF argued that the original project design called for a full three years. This is contrasting to the project proposal, which states that the activities can be carried out within the time frame of 2,5 years.

#### Effectiveness

- **Results framework:** The project proposal contains a logframe, but does not define clear outputs. The outcomes formulated are rather outputs, whereas the objective is more an outcome.
- **Outputs:** Several missions were conducted and recommendations were made. The authorities expressed high appreciation of the quality of the TA delivered. Although sometimes recommendations were regarded as quite high-level and beyond the capacity to implement, efforts have been made to incorporate the suggested reforms. According to the final project assessment by IMF, the first outcome (a new compliance strategy) was largely achieved in both countries. IMF rates the second outcome (proposal of a comprehensive, modern audit and enforcement policy) as fully achieved.
- **Outcomes:** Although it is still early to measure the achievement of the objective, measures of tax evasion

Title	Reform and modernization of tax and customs administration
	<p>since the beginning of the project have shown a consistent tendency to a reduction in noncompliance. In both countries, total revenue collection has also increased in 2013 against the same period for 2010.</p> <ul style="list-style-type: none"> <li>• <b>Contribution of SECO:</b> SECO has not been very involved in the execution of the project, also because it was not always up to date about the TA being delivered. However, the project provided the opportunity for SCO to have regular contacts with the beneficiaries and to occasionally participate in a mission.</li> </ul>
Sustainability	
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> For Peru, the suboptimal coordination in SUNAT of donor support led to challenges. In both countries, the IMF reported setbacks with the implementation of certain measures due to delays experienced by other related components, such as the development of IT systems. In the case of Peru, this related to the preparation of a TA programme by the IADB. The final project assessment indicates that additional resources would be required to bridge these gaps.</li> <li>• <b>Ownership:</b> Ownership of the departments was mentioned by IMF as a challenge. However, in Peru there seems to be quite some ownership of the recommendations of the IMF.</li> </ul>

Title	
Country:	Ghana
SAP reference:	UR-00367.02.01
Duration	2010-2015 (phase 2)
Swiss contribution:	CHF 4.2 million and CHF 144,650 leftovers from Phase I committed
Co-funding:	Germany
Type of support:	Joint bilateral programmes/projects
Executing agency:	Gesellschaft für Technische Zusammenarbeit (GTZ)
Approach and Objectives	
<p>This project continues the support the tax policy and tax administration reforms of Ghana through providing support to consolidation of capacity at the Tax Policy Unit (TPU) of the Ministry of Finance (MoF) for a second phase and to establishment of the Ghana Revenue Authority (GRA). Inputs will be provided in the form of technical and organisational advice to the TPU and the GRA.</p>	
Relevance	
<ul style="list-style-type: none"> <li>• <b>SECO objectives:</b> Ghana is one of the priority countries for SECO. The project is aligned with the SECO country strategy for Ghana and fits well the thematic action line of WEMU. It is complementary to other SECO programmes and the provision of Budget Support. GIZ is the most prominent donor to the GRA and teaming up with them enables SECO to take a strong position in the donor field of taxation, e.g. SECO uses this programme also to promote other projects, such as TADAT and EITI.</li> <li>• <b>Relevance to partner country:</b> The project responds to the Ghanaian Growth and Poverty Reduction Strategy (GPRS II) and the PFM reform agenda under which tax policy and tax administration reform is one of the key priorities.</li> <li>• <b>Coordination with other donors:</b> Currently there has been duplication of donor efforts. The PFM working group used to be very active in previous years, but is currently weak. This impacts the donor coordination in the field of taxation. Other donors have shown interest to support the taxation area. However, there is not much progress in moving towards basket funding, as the donors all have their own interests, for example GIZ is already heavily present on the ground. Budget Support is also not well-coordinated, as donors make their own assessment and time planning for disbursements.</li> </ul>	
Efficiency	
<ul style="list-style-type: none"> <li>• <b>Management and organisation:</b> Overall responsibility for the implementation of the GRA reform lies with the Project Implementation Unit (PIU). The PIU defines the detailed annual work plans for the GRA component, in consultation with the project partners. Initially the PIU reports to the Deputy Finance Minister and the Ghana Tax Reform Steering Committee, which is part of the wider PFM Reform Steering Committee that guides Ghana's overall PFM reforms. Steering of GRA reform will later on shift to senior leadership of the GRA. For the TPU component overall responsibility is with the management of the TPU, which elaborates detailed annual work plans in consultation with project partners. GTZ is the executing agency and is responsible for implementation. SECO is involved in the content of the programme by an annual meeting with GRA and GIZ for the preparation of the Strategic Plan for the coming year. Although SECO is not part of the Steering Committee, SECO is fully involved in the joint planning process with GIZ, TPU and GRA.</li> <li>• <b>M&amp;E:</b> An annual and a mid-term review is carried out, reporting against the logframe. GIZ and SECO hold meetings to discuss the bi-annual reports. The local SCO assumes an important role in continuous monitoring. It represents SECO at regular review meetings. SECO has been regularly updated on the progress by GTZ and communication is good. GIZ is transparent in providing documentation, such as elaborate financial reports which demonstrate detailed costs. SCO Ghana reports quarterly to SECO HQ, making use of the quarterly reports from GRA and GIZ.</li> <li>• <b>Risk management:</b> The decision note contains a detailed risk analysis. Risks are discussed by GIZ and SECO. SECO has at times asked for more risk-related information. The BTOR from the programme manager of HQ contains a risk update.</li> </ul>	



Title	Tax Policy and Tax Administration Reform Phase II
	<ul style="list-style-type: none"> <li>• <b>Cost-efficiency:</b> SECO relies on the financial management arrangements of the institutions. The project is subject to the audit policy of GTZ and BMZ. The mid-term evaluation of 2012 mentions a good impression of the selection of activities and services of the programme geared towards achieving the results and cooperation between GTZ and SECO led to very efficient service delivery to the partner.</li> </ul>
	<b>Effectiveness</b>
	<ul style="list-style-type: none"> <li>• <b>Results framework:</b> A logframe has been developed under the leadership of the GRA and TPU.</li> <li>• <b>Outputs:</b> SECO and GIZ have funded various trainings and workshops to build capacity in the GRA and the Ministry of Finance and have supported the drafting of several policies, documents and manuals. Trainings and workshops include: skills training (e.g. project management, proposal writing), training on taxation issues (e.g. training on Petroleum Taxation, International Taxation, Mining Taxation), training on audit and audit techniques and a training programme through the MoF Academy on negotiation, law, taxation, PFM and cost benefit analysis. Documents and manuals include: operational manuals (e.g. instructions, such as the operational manual and accounting manual and instructions), guidelines (e.g. procedure for staff training) and strategic documents (e.g. IT strategic plan, roadmaps).</li> <li>• <b>Outcomes:</b> The logframe shows progress on most outcome indicators, some of them are already achieved. Progress on the doing business indicator is lagging behind.</li> <li>• <b>Contribution of SECO:</b> SECO has funded various activities to support the GRA, the TPU and to Resource Governance and made as such a valuable contribution to the outcomes of the programme. SECO used to be able to connect with the Government through a policy dialogue established by its budget support, but because of the fragmentation of GBS between donors this dialogue has become less effective.</li> </ul>
	<b>Sustainability</b>
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> GIZ has a long-term commitment to the revenue authorities in Ghana, as the GIZ programme dates back to 2003, which was beneficial for the project. Macro-fiscal developments such as higher inflation, lower revenue collection and GDP growth, increase pressure on the revenue authorities and shifted their focus to short-term revenue collection rather than long term reforms. For a long period, there was no holistic PFM reform framework. Fragmented donor approach and non-aligned support to GRA are a challenge to sustainability of reform.</li> <li>• <b>Ownership:</b> The attitude to change within the GRA is another issue. A focus on change management is necessary for sustainability. The GFG programme is already paying attention to this aspect.</li> </ul>

Strengthening Tax Policy and Administration	
Country:	Vietnam
SAP reference:	UZ-01149.04.01 (Swiss IMF TA Subaccount, LoU South 2010-2014)
Duration	2011 - 2013
Swiss contribution:	USD 1.4 million; decreased to USD 0.85 million
Co-funding:	None
Type of support:	LoU bilateral programmes/projects
Executing agency:	IMF

#### Approach and Objectives

The main aims of the project have been to assist the Vietnamese authorities to (1) adopt a growth-oriented tax policy regime; (2) manage the implementation of a tax administration modernization program and provide targeted advice on selected reforms under the program; and (3) implement key reform priorities in customs administration. IMF undertook seven TA missions: three in tax administration, two in tax policy and two in customs administration; it had planned 13 short-term expert visits on tax administration and tax policy. Eventually 3 STX visits were cancelled because they were not necessary to reach the project objectives.

#### Relevance

- **SECO objectives:** The project is relevant to SECO's strategy towards revenue mobilisation and fits in the Country Strategy Vietnam 2013-2016.
- **Relevance to partner country:** The project supported the implementation of Plans and Strategies adopted by the Government of Vietnam. This was double-checked by SECO through its local office.
- **Cooperation with other DPs:** There is no overlap with ongoing World Bank support. During the project, the reporting mentions good collaboration between IMF and other donors. In 2013, SECO asked for additional clarification from IMF on the complementarity of support, as many other donors are active in the field and again in 2014, for complementarity to WB support (co-financed by SECO).

#### Efficiency

- **Organisation and management:** The project is conducted under the LoU South agreement and management has been carried out by IMF.
- **M&E:** IMF was responsible for the continuous monitoring of the project. IMF shared progress reports with SECO and provided a project assessment update in the annual LoU South report. Occasionally, it shared mission reports / aide memoires with SECO and invited the SCO to a briefing/debriefing when a mission is taking place. SECO consistently commented on the received reports through HQ, after consulting with the SCO (e.g. when HQ receives the reports, it asks the SCO for feedback). When a mission of IMF has visited the local office, SCO briefs HQ on the main findings. In general, SECO expressed to be content with the communication with IMF, although comments were made on several instances that it would be appreciated if the reports had been more outcome-oriented.
- **Risk management:** Risks were mentioned in the project proposed; SECO asked in the project design to clarify on risk mitigation. During the project, risks were managed by SECO to liaise with the SCO and share this with IMF. No indication of risk management by the IMF.
- **Cost efficiency:** The final assessment reports a 6 months delay in implementation and the cancellation of three missions because they were unnecessary to meet the project objectives. The actual spending for this project was thus subsequently lower. IMF budgets in line items, not per activity. It is thus hard to determine what a mission costs and how efficient the budget has been implemented. IMF has asked twice for an extension, which was approved by SECO.

#### Effectiveness

- **Results framework:** A basic logframe was provided in the project proposal. SECO asked in its response for clarification on the logframe, which was received. As for most LoU interventions, the proposal defines outputs as outcomes, and outcomes as objectives.
- **Outputs:** The support focuses on making high-level recommendations through short missions. The project provided recommendations and proposals to implement the reforms in tax policy and tax administration.

Title	Strengthening Tax Policy and Administration
	<p>They were appreciated by the Government. The project made recommendations to strengthening the collection of specific taxes and to selected custom reform measures. These recommendations have not yet been implemented. The final project assessment rates the outcomes related to the area of tax policy as fully achieved. The outcomes related to tax administration were fully achieved, except from the outcome of improving PIT and SIC collections, which was not achieved. The component on customs was revised, as such the outcomes were only partially achieved.</p> <ul style="list-style-type: none"> <li>• <b>Outcomes:</b> The final project assessment rates objective related to the area of tax policy as fully achieved; the objectives regarding tax administration are largely to partially achieved; and the objectives on customs as partially achieved.</li> <li>• <b>SECO contribution:</b> SECO has not been directly involved in the implementation or management of the project, but has been tracking progress throughout the project (both at HQ and at the local offices) and asked IMF for clarification. E.g. IMF consulted SECO for the project design through HQ, but also prior to this there have been discussions between IMF and the SCO. HQ also liaised with the local office and sent an integrated response to IMF, in which SECO asked for more explanation on the viability of the project (since a WB project was cancelled), the logframe and the risk mitigation. This procedure has been repeated for other reports.</li> </ul>
Sustainability	
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> One of the main factors indicated, especially for the area of tax administration, is the lack of skills and knowledge to implement advices. This makes it particularly difficult to sustain results from short-term TA.</li> <li>• <b>Ownership:</b> IMF indicates Vietnam takes strong ownership and has indicated, especially for the recommendations in tax administration, that it will follow up. However, some recommendations were delayed or not followed up. It was expressed by IMF that the government of Vietnam should be consulted extensively before the project, as donor-coordinated assistance can be counterproductive.</li> </ul>

Peru – National PFM reform programme (tax component), 2011-2015 (intervention 9)

Title	
Country:	Peru
SAP reference:	UR-00529.01.01
Duration	2011 - 2015
Swiss contribution:	USD 6.4 million (overall programme)
Co-funding:	GIZ, BTC, KfW (EC, AECID, IDB)
Type of support:	Stand alone bilateral programmes/projects
Executing agency:	Ministry of Economic and Finance
Approach and Objectives	
<p>The objective of the PFM Reform Program or PMC is to make a significant contribution towards the advancement of PFM in Peru through three elements: (1) common and explicit medium term vision for PFM, together with its corresponding strategic objectives; (2) a management structure to promote coordination, cohesion and sequencing between all PFM institutions and reform actions being undertaken; and (3) specific funding to support this endeavour. In 2012, an objective related to taxation was added to the programme: <i>increase tax base and tax compliance</i>. Goals under this objective have been formulated as 1) set-up of a medium-term plan and start its implementation as well as develop and initiate a risk management model; 2) design improvements in regulations to prevent evasion and exemptions; 3) study new mechanisms to rationalise tax expenditures and limit new initiatives; 4) conduct a study to identify the factors explaining the low tax revenue locally and propose measures.</p>	
Relevance	
<ul style="list-style-type: none"> <li>• <b>SECO objectives:</b> The proposed program directly relates to SECO's main areas of strategic focus and expertise and contributes to WE's cross cutting topic of promoting economic governance and transparency. Peru is a priority country and this programme is in line with the objectives formulated in the first Country Strategy for 2009-2012.</li> <li>• <b>Relevance to partner country:</b> SECO conducted a scoping mission to identify main priorities in Peru, including specific priorities for the Ministry of Economics and Finance (MEF). As such, the programme is closely aligned with MEF's needs. Furthermore, the PFM action plan, which is the backbone of the programme, was based on the PEFA, which makes it relevant to the most pertinent reform needs in Peru. For taxation, the objectives are mainly focused on tax policy / legislation. It was purposely decided to not focus too much on SUNAT, because of the assistance this organisation is already receiving.</li> <li>• <b>Cooperation with other DPs:</b> Donor coordination has been good, as SECO has taken the lead to gather all donors in a PFM donor round table. However, discussions among donors exist on the type of activities funded under this programme and whether these are in line with the PFM action plan.</li> </ul>	
Efficiency	
<ul style="list-style-type: none"> <li>• <b>Organisation and management:</b> The PFM reform programme consists of a quick response fund (FATI) and a medium-term fund facility (FREM). The programme is managed by the MEF. A <i>PFM Study Group</i> supports the execution of the program to ensure cohesion of all interventions, coordination and appropriate sequencing of initiatives and consistency of the reform effort with the medium term vision and strategic objectives for PFM. Project proposals for PFM reforms may be presented to the Study Group by interested beneficiary institutions at any moment during the course of the year. These proposals will be reviewed by the Study Group and - at regular intervals - submitted with recommendations to a Special Committee for Project Approval. This committee consists of the Vice Minister of Finance of MEF and one representative for each of donor agencies that provide funding to the PMC. SECO takes part in the Special Committee, and has, like all donors, a veto. The SCO does the first assessment of the proposals submitted, mainly looking at country specific details (e.g. is it relevant, and viable). The list is then forwarded to HQ, which also conducts an assessment, rather looking at the compatibility of the proposals with SECO objectives. The approved projects are administered by the donors themselves, following own procedures and control mechanisms. Initially, this was done by the SCO, but in 2014 the administration for the initiatives funded under FATI was outsourced to Helvetas, as it took up too much resources.</li> </ul>	

Title	Support to the PFM reform process in Peru
	<ul style="list-style-type: none"> <li>• <b>M&amp;E:</b> The PFM Study Group submits a report every year on the progress under the programme. The Group was given a heavy monitoring role, however, it has in practice more an advisory role than a watchdog position. It was indicated by SECO that the quality of the reports produced by the group needs to be improved and changes in the group are very frequent. The facility has become an assessors team for the Vice-Minister instead of being a source for proper monitoring and supervision of the PFM reform plan. This deficiency in the programme has led to the perception by some that the project proposals are not always in line with the PFM Action Plan. In addition, the SCO Lima closely follows implementation of the PFM reform programme by a permanent policy dialogue with the PFM Study Group and MEF. This has been at times challenging because of a heavy workload and staff turnover (and therewith associated loss of capital).</li> <li>• <b>Risk management:</b> No risk analysis in the PFM reform programme, but part of the proposal template that should be completed for each application for funds. A risk analysis is included in the decision note and reported upon in the BTOR.</li> <li>• <b>Cost-efficiency:</b> The administration of funds for projects financed through the FATI/FREM is undertaken directly by the participating donor agencies. SECO outsourced the administration to Helvetas in 2014, as it was too time consuming. The MEF provides donors with reports on the expenditures and commitments for each project implemented by external consultants and financed under the FATI/FREM funds. Participating donor agencies have the right to audit projects individually or as a package. An end-of-project evaluation could shed more light on the efficiency of this particular aid modality.</li> </ul>
Effectiveness	
	<ul style="list-style-type: none"> <li>• <b>Results framework:</b> The PMC contains a logframe with the medium-term outcomes. Against this logframe, the Study Group reports annually.</li> <li>• <b>Outputs:</b> This section focuses on the outputs made to the objective of increasing the tax base and tax compliance. This stream received a relatively smaller share of funds compared to other streams, app. 2% a year. As an explanation, it was indicated that this area received additional support of IMF. Outputs mentioned in the Study Group's reports for 2012 and 2013 related to reviews for tax law proposals and diagnosis and proposals for changes in municipal taxation. SUNAT received so far funding for one initiative: a request for TA on transfer pricing management. The DG Tax Policy in the MEF received support for several project proposals, such as funding for internships, trainings etc.</li> <li>• <b>Outcomes:</b> The Study Group reports on legislative changes which have contributed to a broadening of the ax base and tax compliance. Largely thanks to measures derived from the law for strengthening SUNAT, legislation to reduce tax evasion and avoidance, including improvements in tax policy and administration, decrees has strengthened the systems of control, collection and limited enactment of new tax expenditures, leading to improvements in the collection. While there may not be direct outcomes related to tax administration as a result of the outputs, the programme contributed to contacts between the tax policy directorate within MEF and SUNAT.</li> <li>• <b>SECO contribution:</b> SECO is the principal donor of this programme, funding the majority of the initiatives and being the funder of the Study Group, but also contributing strongly to the policy dialogue in the PFM area. It has established itself as one of the main counterparts for MEF. Related to tax administration, the programme has opened the door to establish contacts with SUNAT as well. Although under this project, SECO's contribution to taxation has been minor compared to other achievements, by including taxation as a stream in the programme, it has contributed to including revenue reform as a part of overall PFM reform.</li> </ul>
Sustainability	
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> The sub-optimal monitoring role of the Study Group poses a challenge for sustainability, as it is vital to ensure that the funded proposals under the programme are linked to the broader PFM strategy. With regard to taxation, tax policy is quite politicised, which hinders large reforms. In favour of sustainability is the human capital in Peru.</li> <li>• <b>Ownership:</b> The MEF is very pleased with the programme and takes the lead in executing it. It has been signalled by some that the role of MEF might be too prominent which leads to less ownership by other departments.</li> </ul>

Ghana –LoU project Tax Law Reform, 2011-2015 (intervention 10)

Title	
Country:	Ghana
SAP reference:	UZ-01149.04.01 (Swiss IMF TA Subaccount, LoU South 2010-2014)
Duration	2011-2013, extension to 2015
Swiss contribution:	USD 0.2 million; increased to USD 0.3 million (figure 2014)
Co-funding:	None
Type of support:	LoU bilateral programmes/projects
Executing agency:	IMF

#### Approach and Objectives

Project objectives of the Ghana Tax Law Reform are the enactment of: (1) a Tax Administration Act which pulls together and modernise the procedural provisions of existing tax laws and provide a sound legal basis for tax administration; (2) a modernised Internal Revenue Act (income tax, primarily); (3) an amended VAT law; (4) a new customs management Act. The budget would include 5 STX visits plus time spent at home, reviewing drafts and preparing explanatory memoranda for the draft laws.

#### Relevance

- **SECO objectives:** The project aligns with SECO's strategy and the country strategy. Overlap with the ongoing GRA/TPU project was specifically checked with the Swiss Cooperation Office in Ghana. The SCO responded that this project does not touch upon legislative aspects, and that the IMF project was recommended as being complementary and value added to other SECO activities in Ghana.
- **Relevance to the partner country:** The project is in line with Ghana's Shared Growth Agenda and with its reforms in taxation (e.g. with the GIZ project, see above).
- **Coordination with other DPs:** The project proposal notes there is no other relevant complementary TA in this area.

#### Efficiency

- **Organisation and management:** IMF is responsible for the management. This project is funded under the LoU South arrangement between SECO and the IMF.
- **M&E:** Several project assessments were submitted to SECO. SECO has expressed its desire to have more information in these reports, especially because they do not receive the TA reports. The SCO Ghana also monitors the project, however at times this is difficult because there has not always been a regular exchange of information. In the feedback sent to IMF late 2014, it was indicated that SECO did not receive sufficient information on what has been done so far and it would appreciate a work plan for the extension phase and the name of a contact person to follow up with.
- **Risk management:** Risk management or mitigation strategies were not incorporated in the design of the project.
- **Cost-efficiency:** It is hard to determine cost efficiency as IMF works with general budget lines. IMF has asked twice for a year non-cost extension of the project. Reasons for extension have been mainly political, e.g. changes in government.

#### Effectiveness

- **Results framework:** A basic logframe was provided in the project proposal. As for most LoU interventions, the proposal defines outputs as outcomes, and outcomes as objectives.
- **Outputs:** The latest project assessment reports on the outcomes of the project as being partially to largely achieved. A draft Tax Administration Act was prepared and has been presented to Cabinet; the Internal revenue draft law is being finalised; the VAT bill has now passed parliament and regulations need to be prepared; the Customs management Act and Excise Act drafts have been presented to Cabinet and are now being discussed with the parliamentary finance committee. No law has passed yet, but in every area there has been progress. In 2014, not much progress was made because the tax law reform took a while to be digested by the Ministry of Finance. In addition, the MOF was said to have other priorities. However, the Minister has requested for continuation of support.
- **Outcomes:** Objectives are up to now also partially to largely achieved according to the IMF.

Title	Tax Law Reform
<ul style="list-style-type: none"> <li>• <b>Contribution of SECO:</b> SECO revised the draft proposal, but has not been in a position to closely contribute to this project, as it lacks sufficient information.</li> </ul>	
Sustainability	
<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> External factors in this project have been mainly of political nature. The MOF has now requested for follow up TA for the implementation phase. This would enhance sustainability of the results of this project.</li> <li>• <b>Ownership:</b> Response of the government has been limited at times.</li> </ul>	

Title	
Reform and modernization of tax administration for South-East Europe	
Country:	Bosnia and Herzegovina, Kosovo, FYR Macedonia, and Serbia
SAP reference:	UZ-01149.03.02 (LoU East)
Duration	2010 - 2015
Swiss contribution:	USD 6.3 million
Co-funding:	None (SECO only funder, but the project is part of a larger IMF programme, which is funded by JICA and the IMF)
Type of support:	LoU regional programmes/projects
Executing agency:	IMF
Approach and Objectives	
<p>This project aims to strengthen the capacity of tax administrations in selected South East Europe (SEE) countries to deal with common challenges in tax administration, many of which have been amplified by the global economic crisis. The three objectives are: (1) strategic management: tax agency reforms and operations are guided by a robust strategic management process; (2) compliance management: increase overall taxpayer compliance with the tax laws and contribute to improving the country's investment climate; (3) IT reform: the tax agencies in selected countries will have developed a strategy for IT reform. The project will be implemented through the delivery of a comprehensive package of TA activities.</p>	
Relevance	
<ul style="list-style-type: none"> <li>• <b>SECO objectives:</b> The TA project is in line with SECO's strategies for the respective countries. It is a bit of an exception in the assessed portfolio in a sense that tax &amp; development tends to focus on developing countries rather than on transition countries.</li> <li>• <b>Relevance to partner countries:</b> The TA is in most cases related to the Strategic Plans of the countries. Only for Bosnia, it was indicated in the review of 2013 that until 2012, support to the Federal Tax Administration was not considered a priority. At a later stage, relevance for Serbia reduced due to changes in government priorities.</li> <li>• <b>Coordination with other DPs:</b> IMF is setting up a regional strategy. SECO is one of the donors providing support to carrying out this strategy. This project is complemented by funding from the governments of Japan and The Netherlands that finance similar FAD activities in some of the other SEE countries, at this stage. Strategies and plans have been closely coordinated with other TA delivery partners, including the EU, the World Bank and other bilateral donors such as the USAID, and the US Treasury.</li> </ul>	
Efficiency	
<ul style="list-style-type: none"> <li>• <b>Organisation and management:</b> This project is funded under the LoU East programme. IMF is responsible for the management of the programme.</li> <li>• <b>M&amp;E:</b> The project is monitored continuously by IMF HQ against annual specification of expected outputs and milestones for each participating country. Project assessment updates were provided to SECO, but the external evaluation of the LoU East and South found that the quality was not always adequate to measure the progress, e.g. for Serbia the reports did not contain any hard evidence of claimed success. SECO also indicated reporting could be more thorough critical. In its feedback to IMF, SECO mentioned that it would appreciate more involvement of its local offices.</li> <li>• <b>Risk management:</b> No indication of structural risk management.</li> <li>• <b>Cost-efficiency:</b> The recent evaluation of the LoU East and South assessed the TA delivered to Kosovo and Serbia under this assignment. Scores were quite high for cost-efficiency, the overall efficiency-score was lowered because of the quality of M&amp;E.</li> </ul>	
Effectiveness	
<ul style="list-style-type: none"> <li>• <b>Results framework:</b> Outputs and outcomes have not been clearly defined from the outset in a logframe. The project proposal was based upon the fact that first, diagnostic missions needed to be carried out to identify the main issues to address. Subsequently, separate work plans for each country were drafted.</li> <li>• <b>Outputs:</b> Several review missions have been carried out, in which the regional advisor reports on the progress made towards following up the FAD recommendations. For Kosovo and Macedonia, mainly</li> </ul>	



Title	Reform and modernization of tax administration for South-East Europe
	<p>positive results were registered. Progress in Bosnia started slow. For Serbia, outputs were achieved in terms of TA provided and recommendations made. IMF reports in 2014 positively on the outcomes: the outcomes under objective 1 and 2 are largely achieved and the IT outcomes are fully achieved.</p> <ul style="list-style-type: none"> <li>• <b>Outcomes:</b> The LoU evaluation confirms most of the objectives in Kosovo were achieved, but was less positive about the achieved results in Serbia.</li> <li>• <b>SECO contribution:</b> As clearly defined outputs are not available and lack of reporting of direct results, it is difficult to assess which outputs are achieved and to what extent they are linked to the TA financed by SECO (e.g. IMF complements SECO-funded TA with own TA). SECO is not closely involved in implementation. The findings of the LoU evaluation suggest that SECO would like to be closer involved in monitoring, as it was mentioned that SECO requested more information on the ongoing activities and more concrete information to adequately monitor progress.</li> </ul>
Sustainability	
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> Frequent rotation or replacement of management team has presented a particular reform challenge in the region, especially in Serbia. The LoU evaluation states the achievements made in Kosovo are, provided no major staff changes will occur, sustainable.</li> <li>• <b>Ownership:</b> The level of ownership differed between countries: it was very high in Kosovo, but less present in Serbia.</li> </ul>

Regional – AFRITACS, 2010 – 2015 (intervention 13)

Title	
Country:	Regional (Africa)
SAP reference:	UR-00155.03.01 (AFRITAC East and West – AFE and AFW); UR-00155.04.01 (AFRITAC South - AFS); UR-00155.05.01 (AFRITAC West II - AFW2)
Duration	2009/10 – 2015/7/8 (one funding cycle)
Swiss contribution:	USD 10m (USD 5m - AFW2; USD 3m – AFS; USD 2m – AFE and AFW)
Co-funding:	Various (main: EC, DFID)
Type of support:	Regional programmes/projects
Executing agency:	IMF

### Approach and Objectives

The overall objective of the Regional Technical Assistance Centers (RTACs) is to facilitate the implementation of the long-term development objectives of beneficiaries as articulated in their development and poverty reduction strategies in core areas of the IMF's expertise, through building institutional and human capacity in public financial management, revenue mobilisation, monetary and financial systems and statistics. AFRITAC East and West were opened in respectively 2002 and 2003. AFRITAC South has started its operations in 2011 and AFRITAC West 2 in 2014.

### Relevance

- **SECO objectives:** SECO has been involved AFE and AFW in previous cycles. Due to strategic changes, SECO decided to rebalance its support towards AFRITAC West II and South. The areas of activities with regard to revenue administration are relevant for SECO. Also in a broader sense, RTAC's field of work – macroeconomic and PFM issues – is relevant to SECO's line of interventions. The RTACs complement the other TA products of the Fund SECO is supporting as part of its new programmatic approach, although it is unsure to what extent this materialises, as SECO mentions in many SC meetings that the links between RTACs and TTFs are not made clear. The AFRITACs cover two priority countries: South Africa (AFS) and Ghana (AFW2 – host country); as well as Mozambique and Burkina Faso.
- **Relevance to the partner countries:** The evaluations of AFE and AFW (2013) rated the relevance of the centers as excellent, being overall consistent with strategy and regional countries' priorities.
- **Cooperation with other DPs:** The Steering Committees (SCs) of the RTACs also serve as a platform for donor cooperation and coordination. However, both independent evaluations indicate weaknesses in the setup of the SCs and recommend improving donor coordination.

### Efficiency

- **Management and Organisation:** The IMF serves as the executing agency of the RTACs. The centers are headed by a Center Coordinator and comprise a number of Resident Advisers in each of the relevant TA areas and a pool of short-term experts for specific assignments. Each RTAC is governed by a SC that consists of representatives from recipient countries, donors, the IMF and observers. The annual work plan is the basis for the implementation of activities. The work plans are developed in consultation with recipient countries and within the context of the IMF's TA prioritisation process, managed through the regional strategy notes. Within SECO, a HQ programme manager is responsible for support to the AFRITACs. He attends the AFE SC meetings; the AFS meetings are attended by SCO Pretoria; in AFW SC meetings, SECO is usually represented by GIZ.
- **M&E:** Reporting and monitoring arrangements are equal for all RTACs and consist of Steering Committee meetings, submission of Annual Reports and an external evaluation every 3 years. IMF is working on implementation of result-based monitoring as a framework for reporting on its TA activities. Monitoring by SECO takes place through reviewing the reports and attending SC meetings. In most cases, the attendance to the meetings by SECO is well documented: a "Back to Office Report" is shared with relevant SECO departments and SCOs. When working with representatives such as GIZ, reporting is less formal but does take place. The programme manager is responsible for providing the representatives in the SC with comments on the reporting and other issues to discuss.
- **Risk management:** The evaluations of AFE and AFW found little evidence that RAs conduct formal risk

Title	African Regional Technical Assistance Centers (AFRITACs)
	<p>analysis before embarking on a TA initiative. Nevertheless, there have been a number of instances where missions have been postponed when the RA has assessed that the client is not ready for the TA. In the Program Document for AFW2, risks are discussed but not formalised in a framework. SECO's decision note includes a risk analysis, which is occasionally referred to in the BTORs.</p> <ul style="list-style-type: none"> <li>• <b>Cost-efficiency:</b> Cost-efficiency was not central to the evaluations of AFW and AFE. For AFE, SECO commented on the evaluation report that it did not provide concrete recommendations about cost-efficiency, but that these certainly could be made. SECO also asked for more transparency in the funding (e.g. backstopping costs are not clear). In general, RTACs are perceived as a useful modality for TA provision.</li> </ul>
	<p><b>Effectiveness</b></p> <ul style="list-style-type: none"> <li>• <b>Results framework:</b> IMF is working on implementation of result-based monitoring as a framework for reporting on its TA activities. This includes a logframe and indicators. According to the AFE evaluation, this system does not fully fit the needs for M&amp;E for RTACs.</li> <li>• <b>Outputs:</b> The evaluation of AFE and of AFW both rated the effectiveness on outputs as “excellent” and on outcomes as “good”. There has been no evaluation yet of AFS (opened in July 2011) and AFW2 (opened in December 2013), but they seem to be performing well based on the progress reports.</li> <li>• <b>Outcomes:</b> The evaluation of AFE and of AFW both rated the effectiveness on outcomes as “good”. The majority of the objectives for this criterion have been met. There has been no evaluation yet of AFS and AFW2. For AFW it was noted that there was a specific added value in Revenue Administration: “Revenue Administration also has many donors but these tend to be more fragmented in their approach, serving special niches and often only in one or two countries as opposed to the entire region that AFW serves.” (AFW evaluation 2013).</li> <li>• <b>Contribution of SECO:</b> Relatively, SECO contributes most to AFW2 (11% of total budget), followed by AFS (5%). SECO contributes 2% to the budgets of AFW and AFE. They have been present at most of the SC meetings, or have arranged for SCO to represent them. As most donors, they have not much more means to contribute to the outcomes.</li> </ul>
	<p><b>Sustainability</b></p> <ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> Sustainability of the AFE and AFW was rated as “good” by the respective evaluations. A few main factors that affect sustainability of delivered TA support: (1) political stability; (2) recruiting and retaining quality staff (HR management); (3) absorptive capacity of the partner countries. Regardless of the external nature of these factors, both evaluations point out that there is no formal risk assessment carried out and that the centers can do more to address situations where there are delays in TA implementation (AFE evaluation 2013).</li> <li>• <b>Ownership:</b> Both the AFW and AFE evaluation found strong ownership by project counterparts. The Centers could take more significant proactive steps to ensure that sustainable capacity is being built in the region, above and beyond that directly related to its TA interventions.</li> </ul>

*Global – TTF Managing Natural Resource Wealth, 2010-2015 (intervention 14)*

Title	
IMF Topical Trust Fund on Managing Natural Resource Wealth	
Country:	Global (natural-resource rich low-income and lower-middle-income countries are eligible)
SAP reference:	UR-00473.01.01
Duration	2010-2015
Swiss contribution:	USD 5 million
Co-funding:	EU, Norway, Australia, Switzerland, Netherlands, Oman, Kuwait
Type of support:	Global programmes/projects
Executing agency:	IMF
Approach and Objectives	
<p>The overall objective of the fund is the building of economic policy and administrative capacities that will enable low-income countries to derive the maximum benefit from their oil, gas and mineral resources, boosting economic development and alleviating poverty in the process. The TTF provides demand-driven (i.e. countries have to apply) technical assistance and capacity building (in the form of IMF headquarters-missions and external experts) based on annual programs that are approved by the Steering Committee. These annual programs are based on consultations with several stakeholders.</p>	
Relevance	
<ul style="list-style-type: none"> <li>• <b>SECO objectives:</b> Support to the TTF is in line with SECO's strategic orientation, both thematically and geographically (five out of seven priority countries of operation in the South are eligible as well as several from Eastern Europe and Central Asia). Involvement in the initiative is in line with SECO's desire to be a leading donor in the field of Resource Management. The support is complementary to contribution to the EITI initiative managed by WEHU.</li> <li>• <b>Relevance to the partner countries:</b> The TA is demand-driven, which implicates it should be in line with specific national/regional needs of countries.</li> <li>• <b>Cooperation with other DPs:</b> The TTF has become a useful donor coordination tool. Coordination takes place through the Steering Committee. A "map" has been created, showing the overlap between donor-sponsored bilateral TA and MNRW-TTF TA. This overview has been updated over time.</li> </ul>	
Efficiency	
<ul style="list-style-type: none"> <li>• <b>Organisation and management:</b> The TTF will provide TA and capacity building (in the form of IMF headquarters-missions and external experts) based on annual programs approved by the Steering Committee. A SECO programme manager is responsible for the support to this TTF. Within SECO/WE, WEMU exchanges with WEHU in order to ensure coordination with the EITI Initiatives.</li> <li>• <b>M&amp;E:</b> A Steering Committee coordinates twice a year and monitoring and reporting is being improved through the introduction of Results-Based Management. SECO attends the SC meetings and shares the Back-to-Office reports of these meetings with other relevant departments. In most cases the SCOs are informed about upcoming TTF activities in the country, so that they can if possible engage and provide feedback to HQ.</li> <li>• <b>Risk management:</b> Risk management has further developed with the introduction of results-based management. The risk section for each project is more elaborate in the 2014 report than in 2013. The SECO decision note includes a risk assessment.</li> <li>• <b>Cost-efficiency:</b> As most of the projects financed by the fund are still running, it is too early to judge whether resources have been used efficiently. However, pooling donor funds in the TTF seems to be an efficient way to channel funds to the projects with the highest needs and expected impacts, which was underlined by the recently completed evaluation of the other Topical Trust Fund on Tax Policy and Administration.</li> </ul>	
Effectiveness	
<ul style="list-style-type: none"> <li>• <b>Results framework:</b> Progress in implementing RBM was slower than in the other TTF. In June 2014, TTF MNRW was piloting a new RBM framework, although it remains difficult to integrate reporting from top-down (strategic level) and bottom-up (project-level).</li> </ul>	

Title	IMF Topical Trust Fund on Managing Natural Resource Wealth
	<ul style="list-style-type: none"> <li>• <b>Outputs:</b> In December 2014, the project implementation rate was about 45%. Good results have been achieved in more than 20 projects and good progress was made in most other projects during the first six months in Financial Year 2015.</li> <li>• <b>Outcomes:</b> The annual report on FY14 mentions that substantial progress was made in improving the Extractive Industries fiscal regimes and revenue administrations (modules 1 and 2) of recipient countries. In general, progress in the projects related to macro-fiscal policy, asset and liability management, and statistics (modules 3, 4, and 5) was more limited.</li> <li>• <b>Contribution of SECO:</b> SECO has taken a leading role in the steering of the TTF. It was involved in the design of the TTF and was vice-chair in the first Financial Year and chair in the second Financial Year. It has taken an active role in the meetings, stressing the importance of coordination and knowledge sharing and providing input to the RBM framework.</li> </ul>
Sustainability	
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> A number of challenges was noted to influence the outcomes of the TTF: (1) lack of consistent commitment by the authorities; (2) data / information constraints; (3) fragmented administration of natural resource revenues and therefore a lack of cooperation and information sharing; (4) capacity constraints in countries. These risks are partly covered by the fact that TA must be demand-driven and an ex-ante assessment is conducted. In addition, a number of strategies have been adopted in projects to help build and sustain capacity, such as offering training workshops and planning regular short-term expert visits to ensure reforms are being embedded.</li> <li>• <b>Ownership:</b> TA is demand-driven, which ensures at least a certain degree of ownership by the recipient country.</li> </ul>

*Regional – African Tax Administration Forum, 2010-2015 (intervention 15)*

African Tax Administration Forum (ATAF)	
Title	African Tax Administration Forum (ATAF)
Country:	Regional (Africa)
SAP reference:	UR-00524.01.01
Duration	2010 – 2012 (Phase 1); 2013 – 2015 (Phase 2)
Swiss contribution:	CHF 0.2 million (Phase 1); USD 0.6 million and Special Contribution of USD 0.25 million (Phase 2)
Co-funding:	Multi-donor trust fund (DFID, Irish Aid, MINBUZA, Norad, GIZ, EC)
Type of support:	Regional programmes/projects
Executing agency:	ATAF

#### Approach and Objectives

The objective of ATAF is to provide a platform to improve the performance of tax administration in Africa. Better tax administration will enhance economic growth, increase accountability of the state to its citizens and more effectively mobilise domestic resources.

#### Relevance

- **SECO objectives:** The project directly relates to SECO's main areas of strategic focus and expertise and also contributes indirectly to WE's cross cutting topic of promoting economic governance and transparency. The Secretariat of ATAF will be hosted in a SECO priority country (South Africa) and has a particularly strong relationship with SARS, a potential partner for WEMU. It is also in line with SECO's strategy to promote regional knowledge hubs which could serve as a platform for allowing the exchange of experiences and promote learning among peers.
- **Relevance to partner countries:** In the international debate the importance of regional tax cooperation has been stressed. Currently, ATAF includes 36 partner countries, making it a well-represented regional body. However, ATAF is quite dependent on donor funding, which enlarges the risk of having an agenda that is based on donor priorities rather than local priorities.
- **Coordination with other DPs:** Support to ATAF is given by several DPs and coordination takes place. ATAF also works together with the IMF, OECD and AfDB. This broad coalition prevents overlaps. However, documentation reports that in practice, coordination can be improved and overlap sometimes occurs. SECO assured before providing funds that there was indeed need for its contribution and that there was no overlap with other initiatives. SECO is one of the most active partners in reaching out to other DPs.

#### Efficiency

- **Organisation & management:** The highest decision-making body of ATAF is the General Assembly, which constitutes of the Heads of the Tax Administrations of member states and meets at least once every Financial Year. Ten representatives of member states will manage ATAF through the Council. The Secretariat will perform the administrative functions of ATAF. Each year, a work programme is developed by the ATAF Secretariat based on the activities and outputs defined in the logical framework and reflecting its pre-established objectives. The ATAF Council commits to the work programmes and annual budgets and submits them to the General Assembly for final approval. The ATAF Secretariat is responsible for the implementation, management and administration of the specific activities.
- **M&E:** Bi-annual and annual progress reports are provided to all donors. A final report will be provided to all donors at the end of the period. The reporting requirements are adhered to, although the reports are produced with a delay. In July 2012, ATAF introduced a results-based monitoring system. SECO monitors progress through the HQ Programme manager, who attends the General Assembly meetings and liaises with other donors. Additional monitoring is provided by the SCO South Africa, whose staff attend ATAF workshops, and through the HQ country manager for South Africa, who visits the Secretariat on her annual country visit. Monitoring by donors has not been optimal, as it is difficult finding a donor representative that can invest enough time in closely monitor the programme, e.g. ensuring deadlines are adhered to and recommendations of donors are followed up. SECO was appointed in the General Assembly of 2014 as official "donor coordinator".
- **Risk management:** ATAF does not have a clear risk management strategy in its strategy. SECO has its

Title	African Tax Administration Forum (ATAF)
	<p>internal risk analysis, which is updated in the Back-to-Office Reports.</p> <ul style="list-style-type: none"> <li>• <b>Cost-efficiency:</b> Monitoring financials was difficult in the beginning, as a separate audit for ATAF was not possible (ATAF was not yet a legal independent body, but part of the South African Revenue Authority). Since 2013, ATAF is legally independent and its first audit was shared with the donors.</li> </ul>
Effectiveness	
	<ul style="list-style-type: none"> <li>• <b>Results framework:</b> For both phases of ATAF, a logframe was developed. SECO commented on the logframe to strengthen its measurability, e.g. by proposing performance indicators.</li> <li>• <b>Outputs:</b> Most outputs are in the progress of being achieved, some are already achieved and some will only start next year. The BTORs report progress under ATAF is “rather positive” and mention the main achievements in the project. The progress of implementing the Technical Assistance component is still behind. ATAF has sufficient funds but needs to translate these in its capacity.</li> <li>• <b>Outcomes:</b> Objective 1 and 2 seem likely to be achieved, objective 3, 4 and 5 are in an earlier stage, so it is too early to estimate the achievement of these outcomes. At the end of phase 2, a final assessment can be made on the achievement of outcomes by measuring the indicators.</li> <li>• <b>Contribution of SECO:</b> Especially in phase 2, SECO is one of the leading donors to ATAF in terms of funds and policy dialogue. SECO has played a strong role in coordination of donors, not in the least place because of its continuous involvement through the same programme manager. SECO took the lead in formulating a consolidated donor position to ATAF’s donor proposal and put forward schedules to improve reporting adherence by ATAF. SECO was appointed as the official donor coordinator at the General Assembly in 2014.</li> </ul>
Sustainability	
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> ATAF has established itself as a recognised regional organisation. The set-up of a capacity building division for the second phase would enhance sustainability of results. However, development of this component progresses slowly. In addition, ATAF is dependent on donor funding which can influence the relevance of its work to its African members.</li> <li>• <b>Ownership:</b> Financial sustainability remains an issue, despite the increase of member state contributions. In 2014, donors expressed concerns about the low membership fee compliance rate. This implies risks for the level of ownership.</li> </ul>

Global – OECD DAC/CFA Joint Program on Tax and Development (JPTD) 2011-2013  
(intervention 16)

Title		OECD DAC/CFA Joint Program on Tax and Development (JPTD)
Country:		Global
SAP reference:		UR-00564.01.01
Duration		2011-2013 (for funding, but ongoing engagement in meetings)
Swiss contribution:		CHF 0.2 million
Co-funding:		OECD, USA, Norway, UK, Finland, Ireland, Canada
Type of support:		Global initiatives
Executing agency:		OECD
Approach and Objectives		
<p>The overall objective of the Joint Program on Tax and Development (JPTD) is an enhanced enabling environment for developing countries to collect appropriate and adequate tax revenues and to build effective states. The program will focus on four areas, which have been identified as main challenges in the framework of the tax and development debate, i.e.: i) state-building and accountability, ii) exchange of information for tax purposes, iii) financial reporting of MNEs and iv) transfer pricing. The activities to be undertaken are as follows: mapping international assistance, workshops/training events, publications/case-studies, regional dialogues, reference list, advisory services.</p>		
Relevance		
<ul style="list-style-type: none"> <li>• <b>SECO objectives:</b> The JPTD gives WEMU access to the expertise of the OECD in areas where they have a comparative advantage (transfer pricing, exchange of information, international accounting standards). The focus on almost exclusively international taxation issues posed some doubts about the alignment with SECO's philosophy – the BTOR 2010 expresses the wish to rather focus on knowledge sharing between developing and developed countries than to focus on an agenda of international taxation issues, driven by developed countries. Although concerns were voiced that the program could be counterproductive with regard to Swiss interests, the relevant federal offices (SIF, ESTV, EDA) have been consulted and have agreed on a (modest) contribution, which gives Switzerland more weight when expressing its views.</li> <li>• <b>Relevance to partner countries:</b> Relevance to developing countries is less evident, as the initiative is mainly concerned with international taxation issues driven by OECD countries.</li> <li>• <b>Coordination with other DPs:</b> IMF and WB are not very involved in the initiative, while they are important players in the international taxation debate. SECO has stressed from the beginning to collaborate more with IMF and WB, to avoid overlap in the development of e.g. diagnostic tools.</li> </ul>		
Efficiency		
<ul style="list-style-type: none"> <li>• <b>Organisation and management:</b> Within the OECD, the DAC and the CFA are the lead Committees, while the Development Cooperation Directorate (DCD) and the Centre for Tax Policy and Administration (CTPA) are the respective lead Departments. The program will be supported by the informal Task Force on Tax and Development (TFTD) comprised of interested OECD countries, developing countries, international organisations, civil society and business. A small Tax and Development Secretariat (TDS) team will also be established to manage and deliver the program. Within SECO, the involvement in the Task Force has led to an internal allocation of tasks between the Foreign Affairs department (EDA), which has a representative in the OECD, the State Secretariat for International Financial Matters (SIF), the Swiss Federal Tax Administration (ESTV) and WEMU. SIF has the lead in the TFTD, WEMU attends the DP meetings. This has led to regular information exchanges and the formulation of a unified Swiss approach to various international taxation issues. The Task Force is an important topic in the bi-annual interdepartmental meeting between the different departments concerned with taxation.</li> <li>• <b>M&amp;E:</b> Within the OECD, the DAC and the CFA will jointly oversee the program. The team leader of the Tax and Development Secretariat will regularly report to CTPA and DCD Directors. All reports generated by the TDS will be issued jointly by the CTPA and the DCD. The TFTD, which is an advisory group and not a decision-making body, will report its recommendations directly to the DAC and CFA. For SECO, the decision note states WEMU is responsible for monitoring, but is supported by SIF (which has the lead in the</li> </ul>		



Title	OECD DAC/CFA Joint Program on Tax and Development (JPTD)
	<p>informal Task Force on Tax &amp; Development) and the Swiss Delegation in Paris. Reports are exchanged between the departments to keep each other informed and be able to comment on the deliverables.</p> <ul style="list-style-type: none"> <li>• <b>Risk management:</b> No risk assessment was provided in the project proposal. The decision note drafted a risk analysis table, which was not clearly updated.</li> <li>• <b>Cost-efficiency:</b> WEMU relies on the financial management arrangements of the OECD. The contract will specify the provisions on the financial audits, including scope and frequency. As a minimum, a final financial audit according to the rule of the OECD or a financial report of the project certified by the internal audit service will be required.</li> </ul>
Effectiveness	
	<ul style="list-style-type: none"> <li>• <b>Results framework:</b> The project proposal includes an output results table, but not a complete logframe with indicators.</li> <li>• <b>Outputs and outcomes:</b> Progress has been made in assistance on transfer pricing. Some other examples of outputs are a set of principles to improve donor coordination and the launch of a new initiative “Tax Inspector without Borders” .The OECD is not a typical TA provider. Results from the Task Force thus remain at the level of guidelines and notes, and are hampered by a lack of consensus.</li> <li>• <b>Contribution of SECO:</b> SIF has mainly taken the lead in this initiative by participating in the meetings and discussions. SECO is involved in plenary OECD sessions and in internal meetings to review the work of the Task Force. Compared to other initiatives, the Swiss role is less visible, as the Task Force involves many countries. It seems that the added value (or: the result) for Switzerland is more into the networking and learning: being aware on the latest developments in the international taxation debate and being in a position to influence them. Engaging in this initiative moreover led to a note on a unified Swiss stance towards international taxation issues. SECO decided to not engage in another round of funding, because it felt it did not need this initiative to strengthen its tax portfolio and it did not fully agree with the approach taken by OECD.</li> </ul>
Sustainability	
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> Difficult to determine the sustainability of the programme, as it is still ongoing. The lack of implementation power could limit the actual use of the different notes and guidelines. Another risk is the possible overlap with IMF and WB initiatives, as they are not fully engaged.</li> <li>• <b>Ownership:</b> More involvement of the IFIs would increase worldwide acceptance of guidelines and standards. Ownership of developing countries could also be improved by focusing less on complex international taxation issues but also on knowledge sharing and best practices.</li> </ul>

*Global – TTF Tax Policy and Administration, 2011-2015 (intervention 17)*

Title		IMF Topical Trust Fund on Tax Policy and Administration (TPA TTF)
Country:		Global (low and lower-middle income countries are eligible)
SAP reference:		UR-477.01.01
Duration		2011-2015
Swiss contribution):		USD 5 million
Co-funding:		Germany, Netherlands, Luxembourg, Belgium, Kuwait, EU
Type of support:		Global programmes/projects
Executing agency:		IMF
Approach and Objectives		
<p>The overall objective is to ensure that needed public spending is financed without jeopardizing fiscal stability. The trust fund is intended to deliver integrated advice to implement key components of the reform.</p>		
Relevance		
<ul style="list-style-type: none"> <li>• <b>SECO objectives:</b> Thematically, the TTF directly relates to one of SECO's main areas of strategic focus and expertise. As SECO was involved in the design of the TTF, it could shape the proposed initiative to ensure a strategic fit with SECO priorities. Four out of seven priority countries of operation in the South are eligible to benefit from assistance and six of nine in priority and constituency countries in Eastern Europe and Central Asia. Support to the TTF is also in line with SECO's partnership with the IMF, which intends to use different, though complementary delivery modalities with the Fund. The TPA follows a step-by-step approach, e.g. through dividing support into different modules working to incremental improvement of administration. This is very much in line with SECO's philosophy of first tackling the basic problems before going into complex matters.</li> <li>• <b>Relevance to the partner countries:</b> The TTF mainly targets countries that have large revenue problems, have expressed strong interest in reforms and do not have a big donor programme in this field. The trust fund supplements the existing IMF TA programs by offering an opportunity to develop targeted, country-specific advice over the five-year horizon of the trust fund, ensuring both greater focus and continuity over time. The independent evaluation of the TTF rated its relevance as "Excellent" and saw the advantages of the modular, sequenced approach confirmed.</li> <li>• <b>Coordination with other DPs:</b> The independent evaluation notes that better donor canvassing could take place within the countries in tax reform, to reduce TA gaps. In the first Steering Committee meeting, SECO highlighted the importance of coordination. For example, SECO had an ongoing project in Burkina Faso, which was also on the list of the TTF (this project was dropped eventually, because the authorities refused assistance). SECO also suggested that the Fund makes a proposal how to coordinate between the TTFs.</li> </ul>		
Efficiency		
<ul style="list-style-type: none"> <li>• <b>Organisation and management:</b> Work under the Topical Trust Fund (TTF) is guided by a Steering Committee, composed of donor representatives and IMF staff. The SC provides strategic guidance and contributes to the setting of policies and priorities, including through the endorsement of an indicative annual work plan. Within SECO, in HQ a programme manager is responsible for the support to the TTF TPA and for attending the SC meetings.</li> <li>• <b>M&amp;E:</b> Monitoring takes place through the SC meetings, the bi-annual reporting and an external evaluation every three years. Reporting is of good quality. Results-based management has been integrated into the programme, although some improvements can be made especially towards consistency in scoring of different projects. The logframe is well developed, but could be adapted more to the 'bottom-up' methodology (e.g. taking alternative indicators than the overall Tax-to-GDP ratio). SECO monitors through attending the SC meetings and reviewing the reports. BTORs of SC meetings are shared with other departments. The mission report of 2012 notes relevant Swiss field offices were consulted for direct feedback on TTF support, which was then shared in the SC meeting.</li> <li>• <b>Risk management:</b> During the SC meeting 2014, it was mentioned that risk mitigation and learning could be improved. This was confirmed by the independent evaluation of 2014, which found little evidence of strong risk assessments.</li> </ul>		

Title	IMF Topical Trust Fund on Tax Policy and Administration (TPA TTF)
<ul style="list-style-type: none"> <li>• <b>Cost-efficiency:</b> Efficiency of the TTF was rated by the independent evaluation as “Excellent”.</li> </ul>	
Effectiveness	
<ul style="list-style-type: none"> <li>• <b>Results Framework:</b> Results Based Management has been introduced in TTF, e.g. a revised logframe was included in the end-of-FY14 report. The independent evaluation noted that RBM is sound, although there remains confusion by some project managers in defining outputs and outputs and there is a lack of scoring consistency. In addition, the logframe is well developed, but it faces difficulties linking the bottom-up methodology of the project and portfolio level to top-down approach of the logframe. (i.e. the evaluation is not sure about tax-to-GDP ratio as an overall indicator).</li> <li>• <b>Outputs:</b> In November 2014, the following status was achieved (Mid-term Report 2014): 19 active projects, distributed over four regions: Africa (10), Asia Pacific (3), Middle East and Central Asia (3), and Western Hemisphere (3). With the approval of new projects outpacing project implementation rates, there is currently a gap between the approved budget and the cumulative expenditure.</li> <li>• <b>Outcomes:</b> The independent evaluation rated of the TTF rated its effectiveness as “Substantially achieved”. Overall achievement of TTF portfolio was rated as a strong “Good” with a score of 2.9. The independent evaluation registered less progress in the development and use of the research tools, i.e. the Revenue Administration Fiscal Information Tool (RA-FIT) and the Tax Administration Diagnostic and Assessment Tool (TADAT).</li> <li>• <b>Contribution of SECO:</b> SECO, along with Germany and the European Commission, is one of the lead donors to the TPA TTF. SECO has attended all SC meetings with the same representatives and was chairing the meeting mid-2014, in which it was praised for its valuable strategic guidance. SC members indicated to have noted the strong leadership provided by Switzerland on the trust fund. SECO has continuously stressed the importance of coordination and complementarity, both with other donors as with other IMF modalities. For SECO, the research tools have been important. The independent evaluation reports modest achievements for RA-FIT and does not mention TADAT (although this was part of the Terms of Reference for the evaluation).</li> </ul>	
Sustainability	
<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> Most of the external factors mentioned in the annual reports are country specific and refer to political instability and management turnover, and to external shocks (such as the Ebola crisis). The independent evaluation noted that risk assessment could be improved, to formulate a better response towards capacity issues and TA gaps. Both issues could also be tackled by narrowing the focus of TA, and creating more synergies with other IMF and donor assistance. Also, it should be acknowledged more that achieving results takes time and a longer horizon than three years is needed.</li> <li>• <b>Ownership:</b> Under SC members, there is broad interest to pursue a second phase of the trust fund. It is thus likely that the programme will continue and results will be sustained. The module-form of delivering TA would seem to enhance sustainability and ownership, as it is an incremental process in which reforms are implemented.</li> </ul>	

Title	
Country:	Regional (Latin America)
SAP reference:	UR-00789.10.01
Duration	2014 – 2017
Swiss contribution:	CHF 2.1 million
Co-funding:	CIAT and partner countries
Type of support:	Regional programmes/projects
Executing agency:	CIAT - Tax Administration Strengthening Program in the LAC region

#### Approach and Objectives

The overall objective of this program is to improve the efficiency of tax administrations so as to mobilise additional tax revenues with the aim of reducing dependency to ODA and creating sufficient fiscal space to allow a proper and sustainable financing of poverty reduction and development programs. To achieve this goal, the Program will deliver technical assistance and training through both North-South and South-South cooperation schemes. The assistance will be provided with a focus on five delivery modalities in which CIAT has accumulated extensive experience over years: training courses, technical assistance, studies/ surveys, working groups/ workshops and study visits.

#### Relevance

- SECO objectives:** Thematically, the support directly relates to SECO's main areas of strategic focus and expertise. The program also contributes indirectly to WE's cross cutting topic of promoting economic governance and transparency. Support provided to a regional organisation such as CIAT is in line with the strategy to promote regional knowledge hubs which could serve as a platform for allowing the exchange of experiences and promote learning among peers. It contributes to South-South cooperation, which is mentioned in WEMU's annual operational plan as one of the focus areas. To ensure synergies with other Swiss support, the concept note for support was shared with SCO Lima, Bogota and Managua and WEIF, who commented and added upon the design. CIAT is member of the TADAT Technical Advisory Group, which creates synergies between support to CIAT and support to TADAT. Two of SECO's priority countries are members of CIAT (Peru and Colombia). In addition, establishing a partnership with CIAT will allow Switzerland to better promote its views and principles and consolidate its position in the international debate. The program is in line with Swiss international fiscal policies and SIF and the ESTV will be involved and updated on most recent developments.
- Relevance to partner countries:** CIAT has 38 members and exists since 1967. Regional tax associations play an important role in allowing developing countries to establish their own positions and priorities on sensitive issues and promoting them in international fora. CIAT has consolidated its role as regional exchange platform by promoting timely dissemination of relevant information and the exchange of ideas and experiences among tax administrations through general assemblies, technical conferences, seminars, publications and other appropriate means.
- Coordination with other DPs:** Support to CIAT is an arrangement between SECO and CIAT and not part of a broader basket funding. Links with other DP support are not explicitly mentioned in the Credit Proposal. In the annexed budget, it is mentioned that it is possible that other agencies such as GIZ, ITC, IDB, among others, may directly or indirectly collaborate with the project, but it is not yet possible to determine the cooperation level.

#### Efficiency

- Organisation and management:** The program will be managed and executed by the CIAT Executive Secretariat, which will report progress to the Executive Council and to the General Assembly, as well as to SECO. Each year, a work programme will developed by the CIAT Executive Secretariat based on the activities and outputs defined in the logframe, and reflecting pre-established objectives described in the CIAT strategic plan (2013-2017). SECO will organise annual consultations per video-conference to discuss the annual report and approve the work plan and budget for the following year.
- M&E:** Semi-annual and annual progress reports will be provided by CIAT on a regular basis. These reports

Title	CIAT - Tax Administration Strengthening Program in the LAC region
	<p>are linked to an established logframe with indicators and need to include a risk assessment. In addition, it is agreed that SECO field offices in Peru and Colombia will be consulted if activities are being planned/implemented in these countries. The BEPS conference in Peru is an example of coordination between CIAT and SCO Lima. Systematic consultation of SDC local offices in other recipient countries is not foreseen, but may take place on an ad hoc basis.</p> <ul style="list-style-type: none"> <li>• <b>Risk management:</b> CIAT should provide a risk assessment in its reporting. SECO has developed its own risk analysis in the Credit Proposal.</li> <li>• <b>Cost-efficiency:</b> To be materialised, but SECO has performed a due diligence assessment to ensure CIAT's internal procedures are robust enough to allow the implementation of a bilateral technical assistance program both at operational and financial levels. In addition, CIAT is subjected to the WE financial audit policy for new partners.</li> </ul>
Effectiveness	
	<ul style="list-style-type: none"> <li>• <b>Results Framework:</b> A logframe has been developed in the Credit proposal with indicators and means of verification.</li> <li>• <b>Outputs, outcomes, contribution of SECO:</b> No results yet.</li> </ul>
Sustainability	c
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors and ownership:</b> No results yet.</li> </ul>

*Global – Tax Administration Diagnostic and Assessment Tool (TADAT), 2014-2018  
(intervention 19)*

Title		Tax Administration Diagnostic and Assessment Tool (TADAT)
Country:	Global	
SAP reference:	UR-00477.01.02	
Duration	2014 - 2018	
Swiss contribution:	USD 1.25 million	
Co-funding:	UK, Norway, Netherlands, Japan, Germany, European Commission and the World Bank	
Type of support:	Global initiatives	
Executing agency:	IMF (within IMF TTF TPA)	
Approach and Objectives		
<p>The Tax Administration Diagnostic Assessment Tool (TADAT) is a mean to provide an objective and standardised assessment of the relative strengths and weaknesses of the administration of a country's tax system. The TADAT will have significant input into the reform objectives, and design, sequencing and prioritization of technical assistance (TA).</p>		
Relevance		
<ul style="list-style-type: none"> <li>• <b>SECO objectives:</b> This tool indirectly contributes to SECO's objectives on domestic resource mobilisation. The tool gives more insight into the strengths and weaknesses of a country's tax administration, which enables SECO to tailor its support to the country's needs. In addition, it facilitates monitoring of progress made, and makes it possible to compare countries. This allows SECO to make more informed decisions about its choices for countries / types of assistance. Support to the tool also provides SECO with the opportunity to take part in high-level discussions in the field of tax administration and potentially increase authority and visibility.</li> <li>• <b>Relevance for partner countries:</b> Support to TADAT is indirectly relevant to partner countries, as it will enable DPs to make a better assessment of which support in taxation is needed. In addition, priority country South Africa has been assessed for one of the pilots of the tool. Priority countries Kosovo, Egypt, Romania, Serbia, Azerbaijan and Kyrgyzstan are candidates for pilot countries.</li> <li>• <b>Cooperation with other DPs:</b> The establishment of the TADAT contributes to the consolidation of international standards and the dissemination of good practices in the area of tax administration. Many donors are involved and preliminary feasibility research has been conducted, so cooperation is good and overlap is unlikely.</li> </ul>		
Efficiency		
<ul style="list-style-type: none"> <li>• <b>Organisation and management:</b> The program will be managed and implemented through a structure comprising the Steering Committee, which directs and monitors the TADAT program, the Secretariat, which implements the program's activities and the Technical Advisory Group (TAG), whose main responsibility is to provide technical advice and guidance to the Secretariat during the development phase. The Secretariat will be hosted by the IMF as a technical service to its members. WEMU is part of the SC and the Swiss Federal Tax Administration (ESTV) is part of the TAG.</li> <li>• <b>M&amp;E:</b> The Steering Committee directs and monitors the TADAT program, the Secretariat implements the program's activities and the Technical Advisory Group (TAG), provides technical advice and guidance to the Secretariat during the development phase. A specific logical framework for the TADAT has been established. Indicators are both qualitative and quantitative and will be reported against annually. Progress reports are delivered to the SC, in 2014 in June and December. Recently, an independent evaluation of the Topical Trust Fund was conducted, but did not report on TADAT. Monitoring of SECO is done by WEMU and supported by the Swiss Federal Tax Administration. Knowledge sharing with other departments takes place through sharing BTOR and with local offices by programme managers. This was not outlined explicitly in the Credit Proposal.</li> <li>• <b>Risk management:</b> The logframe includes a risk mitigation section, which should also be reported on annually. The Credit Proposal of SECO also contains a risk section.</li> </ul>		

Title	Tax Administration Diagnostic and Assessment Tool (TADAT)
	<ul style="list-style-type: none"> <li>• <b>Cost efficiency:</b> Budgetary and expenses information is shared with the donors. It is too early to tell if TADAT proves to be cost-efficient.</li> </ul>
Effectiveness	Score:
	<ul style="list-style-type: none"> <li>• <b>Results framework:</b> A specific logical framework for the TADAT has been established. Indicators are both qualitative and quantitative.</li> <li>• <b>Outputs &amp; outcomes:</b> Implementation is underway. There is a draft version of the TADAT field guide, several pilots have been conducted, the training and accreditation process is being simplified, several outreach activities have been conducted by the TADAT Secretariat. As the tool is not yet formally completed, no reporting on outcomes is possible.</li> <li>• <b>Contribution of SECO:</b> SECO contributes about 15% of the total budget for TADAT and is one of five bilateral donors that have a strategic position in the Steering Committee, which is quite influential in the steering of the project. SECO was part of interview committee for the TADAT Secretariat. SECO is very active in participating in SC meetings and commenting on the development of the tool. Example: Switzerland and Germany stressed the importance of taking decentralised governments into consideration. It was agreed to do a pilot in a decentralised country. The position is strengthened by the exchanges with ESTV in the TAG.</li> </ul>
Sustainability	
	<ul style="list-style-type: none"> <li>• <b>Explanatory factors:</b> It is very important that sufficient attention is paid to the outreach activities. The tool itself is likely to be established, its success will for a large part depend on its promotion and execution. It helps that many donors are involved and the TADAT Secretariat is situated within the IMF TTF. With the SECO pledge, the necessary budget was even exceeded. Hence, there is additional budget for the coming years for the development of the TADAT tool.</li> <li>• <b>Ownership:</b> The risks identified in the logframe mostly related to the recognition of the tool as a trustworthy source and source of undisputed information. The mitigation is mostly: "Ensure the benefits stemming from the use of the TADAT are well articulated and published."</li> </ul>

## A8. Survey results

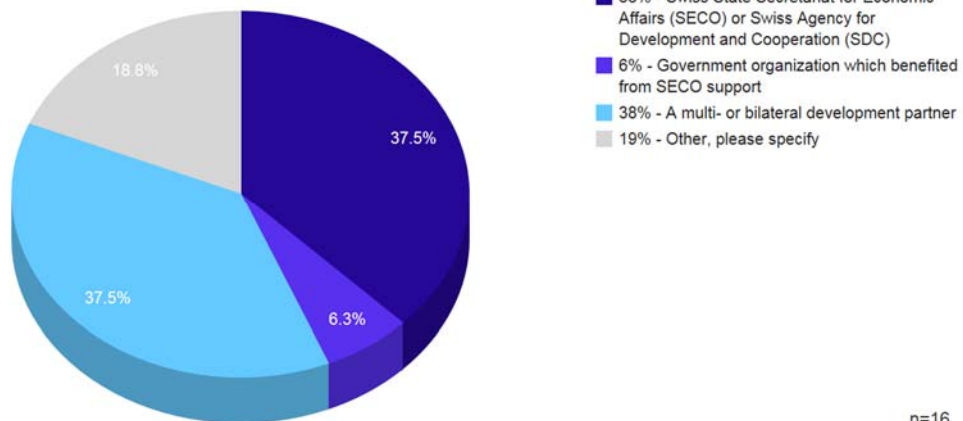
### Evaluation of SECO Tax and Development

Status: **Closed**  
Start date: 24-03-2015  
End date: 30-04-2015  
Live: 38 days  
Questions: 20  
Languages: en

Panelist count: 26  
Bounced: 0 (0%)  
Declined: 0 (0%)  
Partial completes: 5 (31,2%)  
Screened out: 0 (0%)  
Reached end: 11 (68,8%)  
Total responded: 16 (61,5%)

#### Introduction Question

##### 1. What organization do you represent?



n=16

#### Other, please specify:

- Swiss Federal Tax Administration (2x);
- International Organisation.

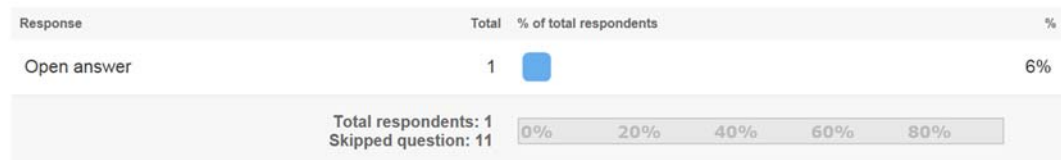


Scope and Rationale (only for SECO/SDC staff)

2. Please indicate whether you agree or disagree that SECO's support and approach to domestic revenue mobilization in partner countries is informed by:



3. Comments, please specify:

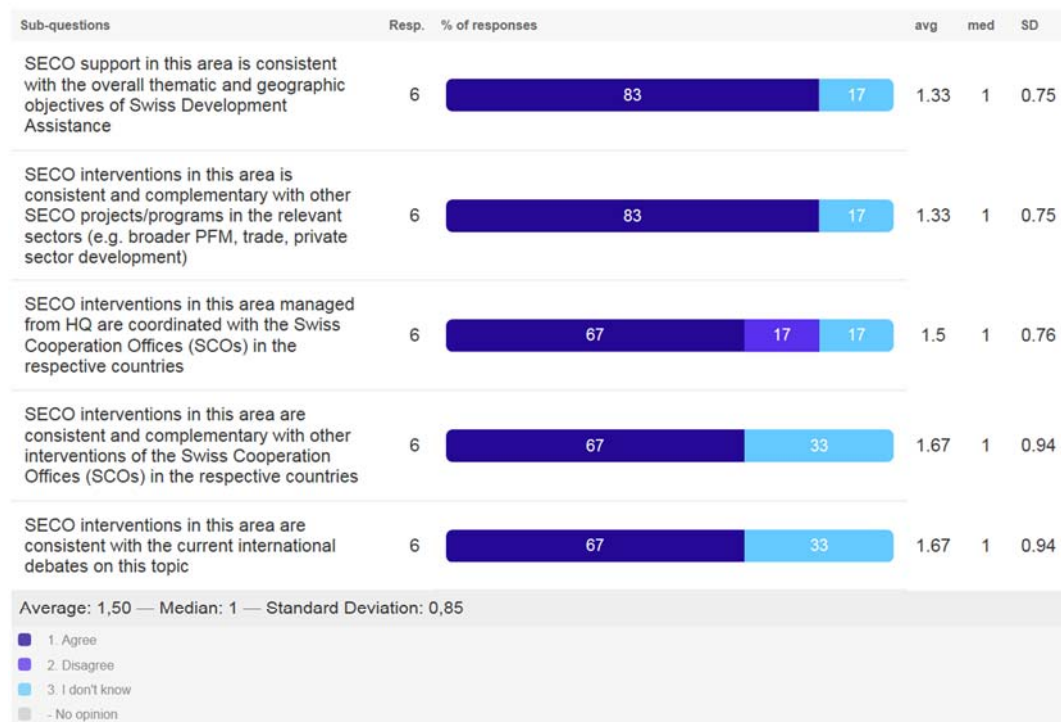


Comments:

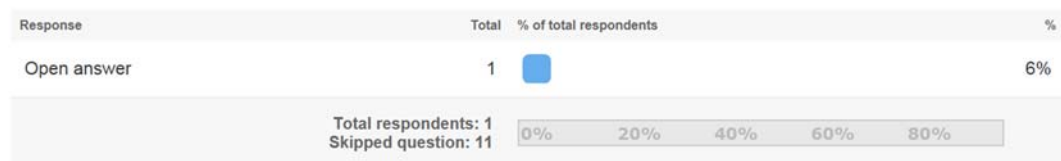
- *I am not sure what you specifically mean with formal vs informal assessments but it is clear that SECO interventions come with many analytical underpinnings.*

*Coherence and complementarity with other Swiss development assistance (only for SECO/SDC staff)*

**4. How would you assess the synergies between various SECO interventions in the area of domestic revenue mobilization in partner countries?**



**5. Comments, please specify:**

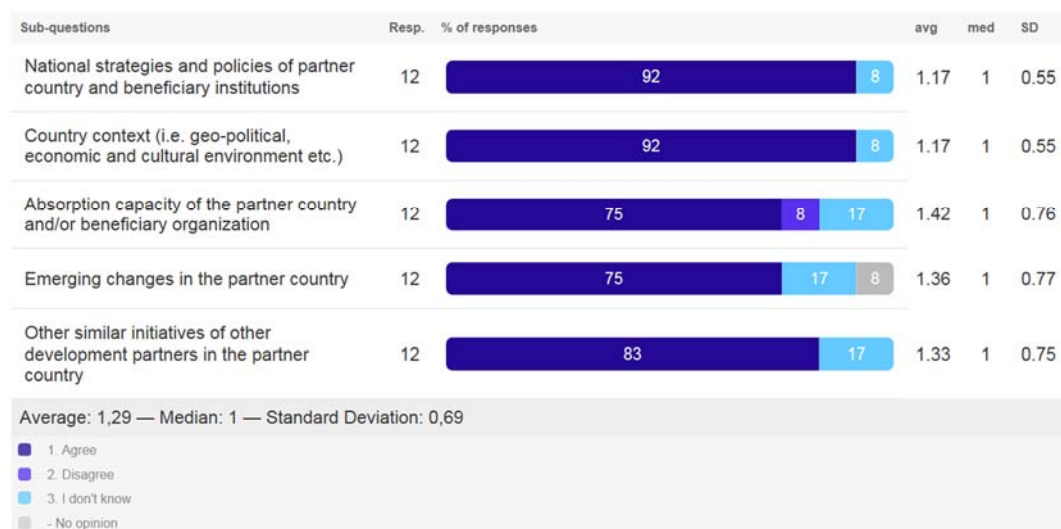


*Comments:*

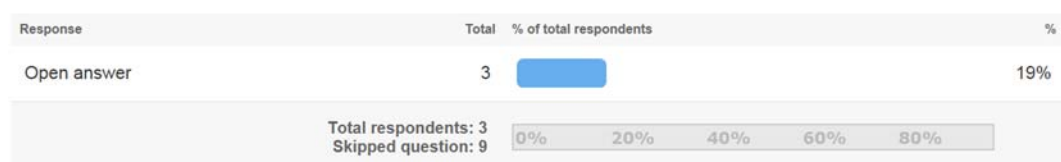
- *There's quite a natural synergy between the tax work other PFM activities and budget support. Of course stronger synergies could be gained by extending the tax work to the subnational level and linking it up with considerations surrounding the sustainable financing of municipal or subnational economic infrastructure and utilities.*

## Relevance

6. Please indicate whether you agree or disagree that SECO approach and support to domestic revenue mobilization is aligned with and informed by:



## 7. Comments, please specify:

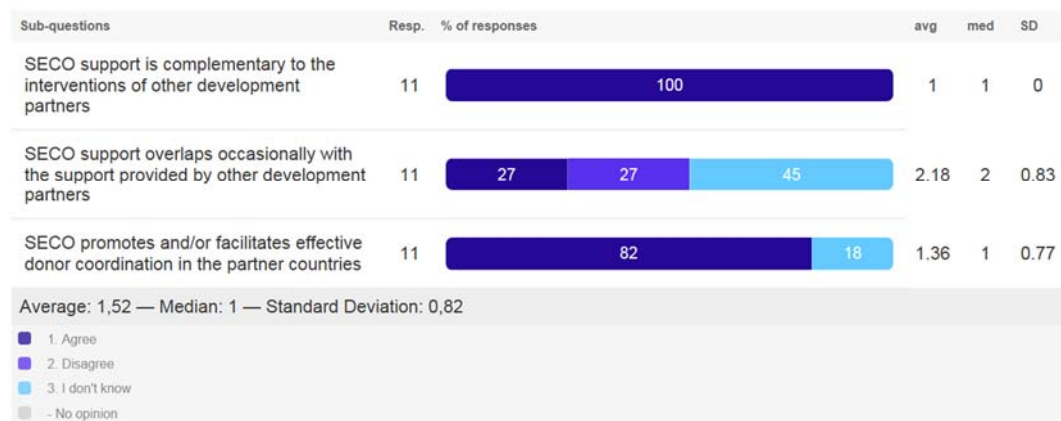


## Comments:

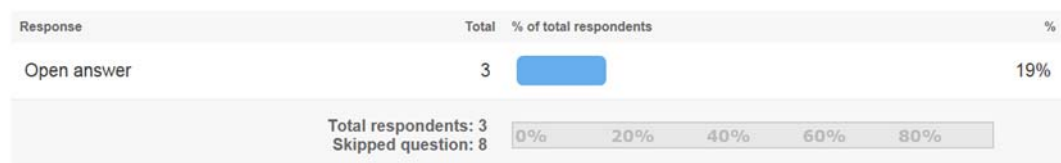
- SECO is well known as a key international player in the area of T+D. While I do not direct knowledge of the developments that you refer in your question, every time I have heard a SECO speak on the subject, he/she has shown a deep commitment to each of the elements in the question;
- SECO's tax work is well positioned both vis a vis the respective national policies and the global agenda. In many instances SECO was a forerunner when it comes to tax work, highlighting early on the importance of domestic revenue mobilisation even before it became a top global issue;
- With regard to the last question, SECO strives to facilitate a close coordination between different development partners (bi- and multilateral), though admittedly not always entirely successfully.

### Coordination with other development partners

#### 8. To what extent is SECO support to its partner countries in the area of domestic revenue mobilization coordinated with the support of the other development partners?



#### 9. Comments, please specify:

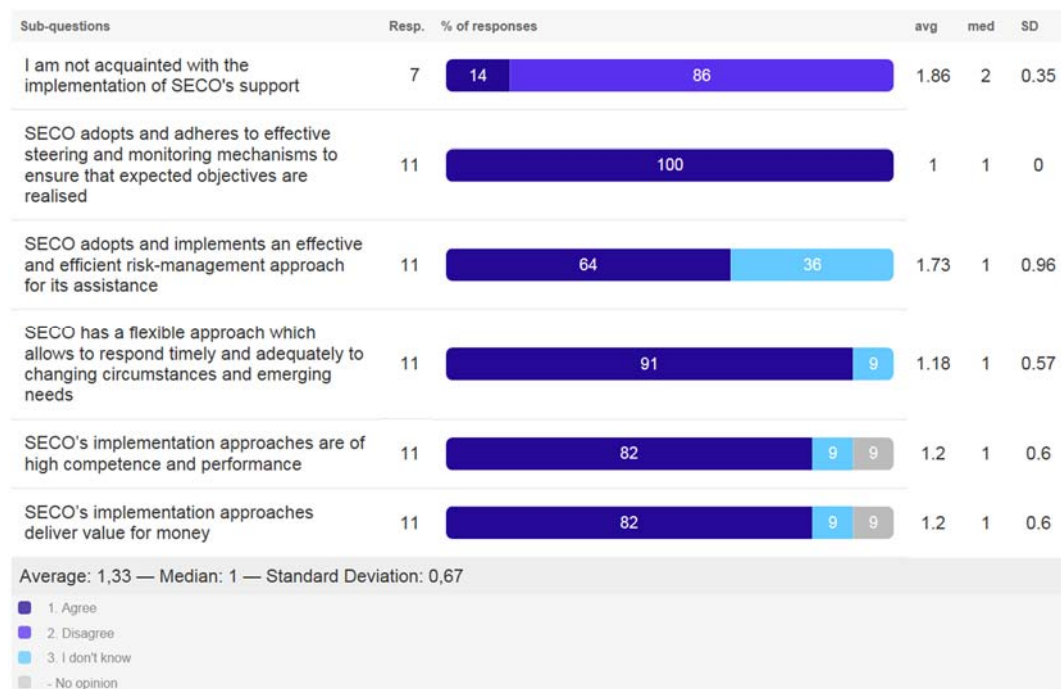


#### Comments:

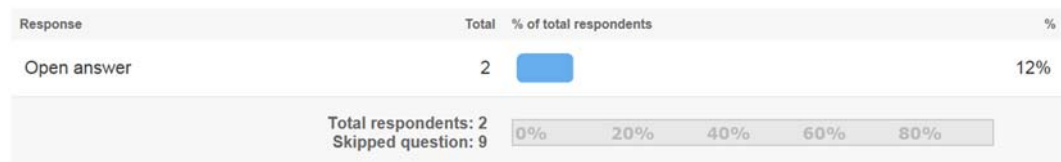
- SECO has been a leader in efforts to coordinate with other partners;
- SECO support is well coordinated and complementary. One of the factors that helps is that SECO often does not implement bilateral projects but co-finances and partners with IFIs, first and foremost, the IMF, which brings with it an additional layer of policy coherence;
- See previous comment.

*Efficiency of implementation*

**10. Please indicate whether you agree or disagree with the following:**



**11. Comments, please specify:**



*Comments:*

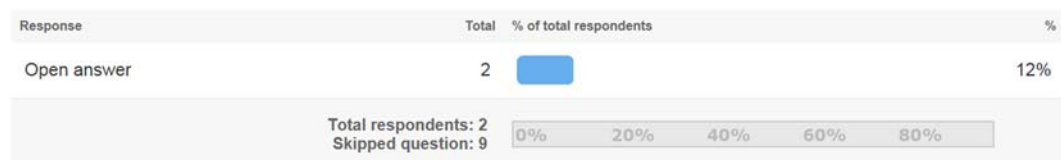
- See my answer to question 1;
- Of course when it comes to value for money one should compare the cost-efficiency of a) working directly with implementing partners or b) working through IFIs such as IMF or WB.

## Effectiveness

### 12. To what extent were the intended objectives of SECO support for revenue mobilization achieved?



### 13. Comments, please specify:

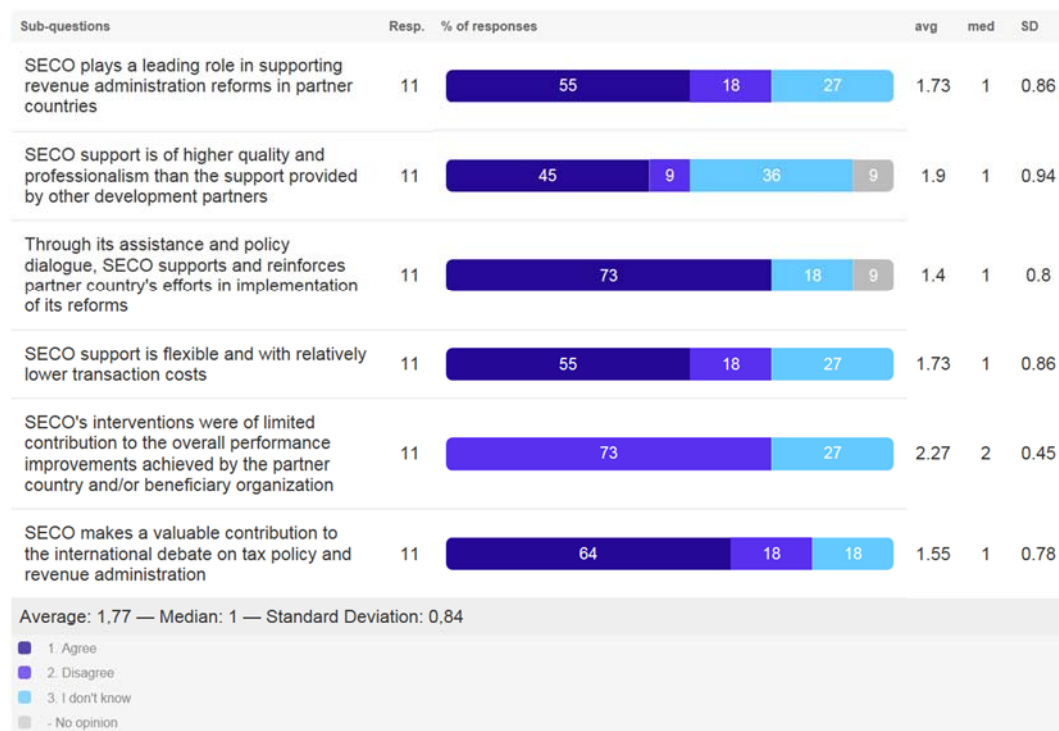


#### Comments:

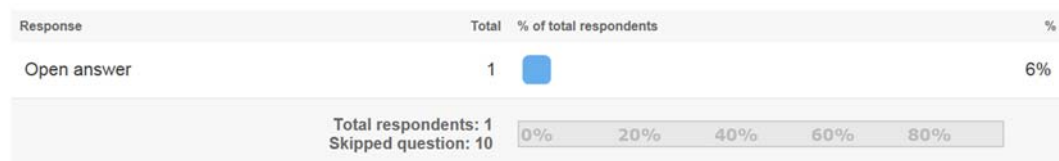
- SECO is very committed to evaluation and follow-up and, again, a key leader in this regard;
- The ultimate objective i.e. less dependence on foreign donors and sustainable rise of domestic tax revenues, can be considered to be partially achieved, not that SECO can do much about it. It is the nature of the beast that these changes that take time and also depend on other policy consideration outside of the remit of a donor.

## Contribution

### 14. What is the comparative advantage of the SECO support in the area of revenue mobilization?



### 15. Comments, please specify:



### Comments:

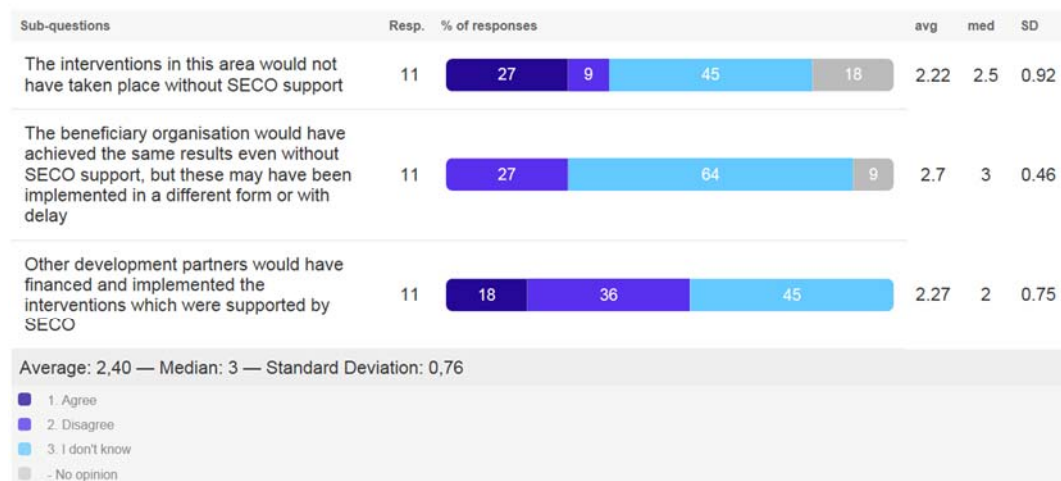
- Two points to keep in mind in this regard: 1) SECO finances TA, but does not implement it itself. Accordingly, and especially when working with multilateral institutions, flexibility, efficiency and value for money not only depend on SECO, but also the partner institution. 2) Of course, SECO's financial contributions are limited when looking at overall budgets of beneficiary institutions. However, I believe that its impact is generally more than commensurate with this admittedly limited volume.

- Martin Peter

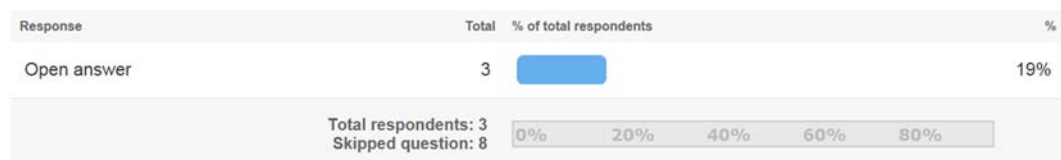


Counterfactual

**16. How would things have evolved if SECO assistance in the area of domestic revenue mobilization would have not been materialized?**



**17. Comments, please specify:**



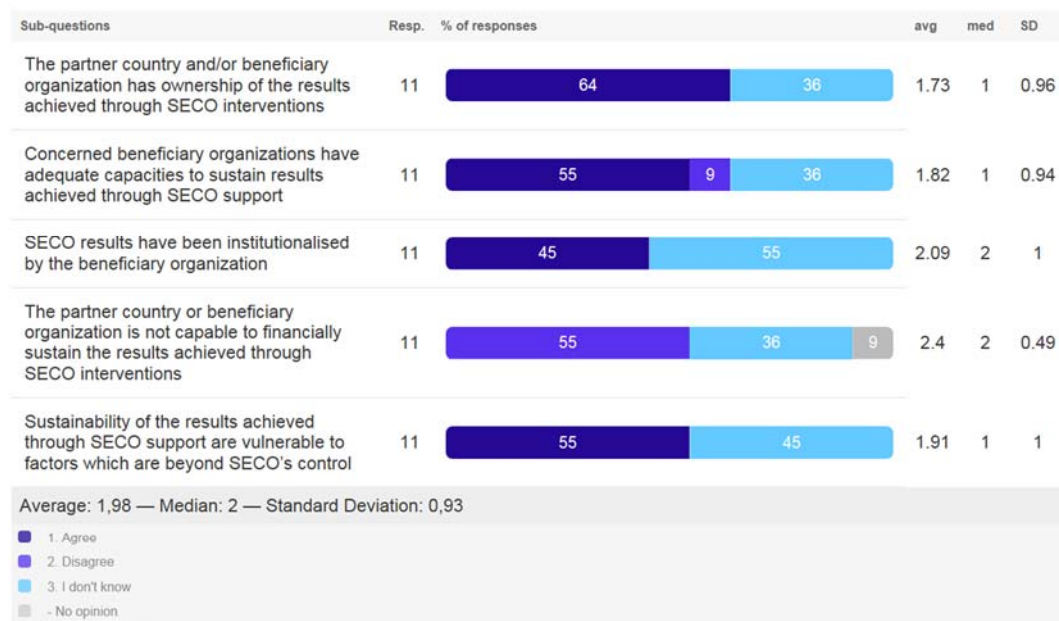
Comments:

- *This is a very difficult question. Money can always be found. The commitment and intellectual leadership of SECO is much harder to replace. Without SECO, the field of T+D would surely have had a lower priority in the international arena;*
- *It is a bit strong to say that things would not happen without SECO support, but SECO (and especially its competent staff) have played a stimulating role;*
- *Though I cannot say what would or would not have been financed without SECO support, I can affirm that at least in Peru, SECO is one of the few and key bilateral donors in the area of tax administration.*

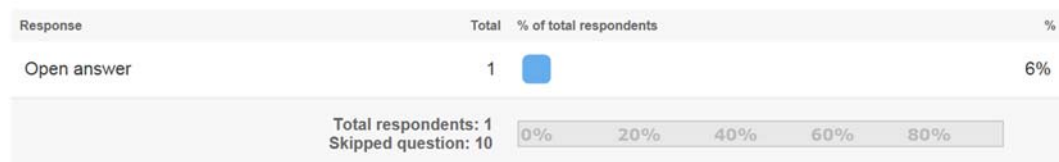


## Sustainability

### 18. How would you assess the sustainability of the results achieved through SECO assistance in the area of domestic revenue mobilization?



### 19. Comments, please specify:



#### Comments:

- *While I am not familiar with these issues, I am convinced that, if I were, and on the basis of what I have seen SECO express in international fora, I would answered positively to the first three subquestions and negatively to the latter two subquestions.*





P.O. Box 4175  
3006 AD Rotterdam  
The Netherlands

Watermanweg 44  
3067 GG Rotterdam  
The Netherlands

T +31 (0)10 453 88 00  
F +31 (0)10 453 07 68  
E [netherlands@ecorys.com](mailto:netherlands@ecorys.com)

**W** [www.ecorys.nl](http://www.ecorys.nl)

***Sound analysis, inspiring ideas***