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Fiscal Policy and Expenditure Management Program (FPEMP)

Third Year Annual Work Plan
2013 - 2014

June 2013

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FISCAL POLICY AND EXPENDITURE MANAGEMENT PROGRAM (FPEMP)

THIRD YEAR ANNUAL WORK PLAN 2013 - 2014

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ACRONYMS

AECID	Spanish International Cooperation
CSMS	Case Selection Management System
DAI	Development Alternatives Incorporated
DCGC	General Directorate for Government Accounting
DFD-MH	MOF Training and Human Talent Development Department
DGA	Customs General Directorate
DGII	General Directorate for Internal Revenue
DGP	Budget General Directorate
DGT	Treasury General Directorate
DINAFI	National Directorate for Financial Administration
EU	European Union International Cooperation
FPEMP	Fiscal Policy & Expenditure Management Program
GIZ	German International Cooperation
GOES	Government of El Salvador
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IRM	Information Resource Management
IT	Information Technology
IVP	International Visitor Program
MOF	Ministry of Finance
SAFI	National Financial Management System
TCA	Taxpayer Current Account
TRS	Taxpayer Registry System
TSA	Treasury Single Account
USAID	United States Agency for International Development
WB	World Bank

I. INTRODUCTION AND BACKGROUND

This report presents the third annual work plan for the United States Agency for International Development (USAID) funded Fiscal Policy and Expenditure Management Program (FPMP). It covers the period from June 10, 2013 through June 9, 2014. FPMP began effectively on June 10, 2011, when USAID and Development Alternatives Incorporated (DAI) signed the contract. This is a four-year program with an optional fifth year. The four-year base period concludes on June 9, 2015.

The third year work plan continues with the activities agreed upon and started with the Ministry of Finance (MOF) and other donors during the first year. The second year was a very challenging year because it required the program team to form strong foundations for the program activities, maintain continuity of ongoing technical support to the MOF, and ensure achievement and sustainability of the program goals and objectives. More importantly, the second year required maintaining agreements and continuing to build strong relations with many donors that are also assisting the Salvadoran MOF in modernizing its public finance management and implementing fiscal reform.

This third year work plan defines in detail how DAI has organized its work to implement FPMP and achieve the expected results. The work plan presented herein is the result of numerous meetings with different stakeholders and contains a set of activities to be developed.

There are five sections to this report. The first section describes FPMP, including its goals, objectives, and a summary of the main activities. Sections two through four present each component's second year results and then the objectives, results, milestones and activities expected for the third year of the program. The last section reviews the monitoring and evaluation plan presenting a summary approach for monitoring program activities, tracking progress toward results, and evaluating impact.

PROGRAM GOALS AND OBJECTIVES

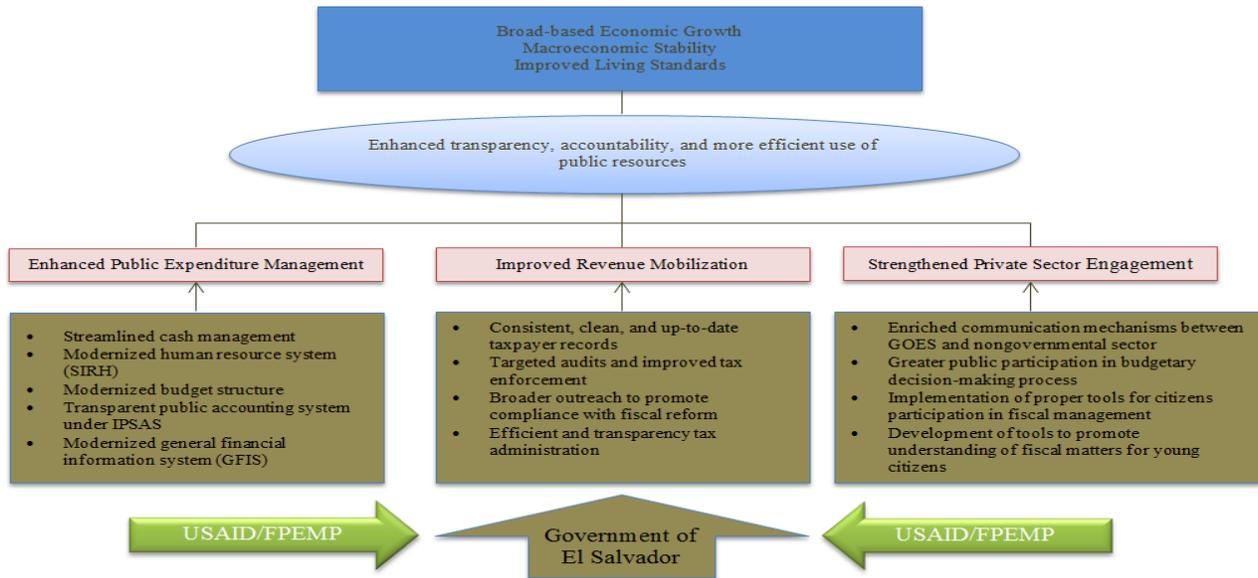
The Government of El Salvador (GOES) is engaged in the modernization of its public expenditure system and the strengthening of its revenue collection. USAID has been supporting the GOES in carrying out the reforms and providing transparency, efficiency, and a modernized public finance system, helping the country overcome its current challenges with the fiscal balance and realizing the economic growth the country desperately needs.

FPMP is fundamentally about helping the GOES transform fiscal policy and public expenditure management to forge a more efficient, effective and transparent government—laying the foundations for economic stability and growth. FPMP will assist the GOES in advancing its fiscal reform agenda by building capacity and improving systems for public expenditure management, tax revenue mobilization, and promoting private sector engagement.

Figure 1 illustrates how USAID/FPMP will provide technical assistance to the GOES in order to achieve better fiscal administration that will transform the government into a high-performing,

results-driven administration that taxes citizens fairly, spends money wisely, and delivers services that society wants and needs, thus accelerating growth, preserving stability, and improving living conditions for all Salvadorans.

FIGURE 1: FP EMP ROADMAP



FP EMP has three explicit objectives and comprises three components. The objectives of the program are:

- Objective 1: Enhanced public expenditure management
- Objective 2: Improved tax revenue mobilization
- Objective 3: Strengthened private sector engagement

These three objectives translate into three component work areas:

- Component 1: Public expenditure management
- Component 2: Tax revenue mobilization
- Component 3: Private sector outreach

The activities included in the third year work plan reflect the coordination efforts developed during the first and second year with the MOF and the donor community. During the second year, the program achieved progress in several areas, but others activities were delayed due to the changes made by the MOF. During the third year, FP EMP will continue moving forward with the tasks that began successfully in the first and second years and will start developing other activities in coordination with the European Union International Cooperation (EU) and the German International Cooperation (GIZ) technical assistance programs.

On the expenditure side, **Component A**, FP EMP in coordination with GIZ will continue providing support to the Budget General Directorate (DGP) in the budget modernization agenda,

so the GOES can formulate a 2015 fiscal year budget under a programmatic framework and implement a results-driven system and budget monitoring and evaluation program. FPEMP will support the administrative and functional modernization of the DGP following the best international experience with emphasis placed on a strong monitoring and evaluation role.

The program will continue supporting the implementation of the International Public Sector Accounting Standards (IPSAS), a key component in the improvement of transparency in public expenditure. During the year, FPEMP will coordinate and support the development of the conceptual model of the GOES accounting system under IPSAS, the public accounting framework, chart of accounts, and the general public accounting policy manual.

The implementation of the Treasury Single Account (TSA) will continue during the third year. FPEMP will develop the functional requirements of the TSA system and will continue providing technical support in the advances of the TSA system.

The development of the National Financial Management System (SAFI) II is a strong challenge for the MOF, and FPEMP will continue supporting the National Directorate for Financial Administration (DINAFI) in the development of the system requirements for the budget formulation module.

On the revenue side, **Component B**, FPEMP will continue with the Taxpayer Registration System (TRS) and Taxpayer Current Account (TCA) cleaning, and the reforms of the TCA Information Technology (IT) application in order to avoid future pollution of the system. During the third year, the program will continue working with the Vice Minister of Revenue, the General Directorate for Internal Revenue (DGII), the Treasury General Directorate (DGT) and DINAFI in resolving the complex and structural issues that affect the TRS and the TCA. It is critical to have reliable taxpayer information, a proper revenue budget, and adequate IPSAS adoption, because during the last 20 years the lack of these conditions have become endemic, the good news are that FPEMP finally secured the MOF commitment to solve them.

The strengthening of the large taxpayer office and the fiscal compliance office will continue in order to improve tax collection and adequate taxpayer services.

Regarding the Case Selection Management System (CSMS) II, during the second year the program successfully deployed the subcomponents of case selection, case management, and fiscal compliance, with excellent results during the initial weeks. FPEMP will continue with the development of tax audit for DGII, customs audit, customs operation, and customs legal sub-modules within the general customs module of the CSMS II. FPEMP will integrate within the CSMS II an automated system covering the revenue structure within the public finance system of the GOES.

Additionally, FPEMP will improve both the fiscal compliance call center and the collection call center.

All these activities under Component B should result in a significant increase in tax collections and a more transparent tax system, which are key components of the fourth goal of the United States and GOES Partnership for Growth Agreement.

On the private sector outreach and fiscal transparency side, **Component C**, FPEMP will support the modernization of the MOF fiscal transparency portal and the reforms of the MOF Training and Human Talent Development Department (DFD-MH). FPEMP will also follow up on the EXPRESATE facilities implementation. These activities will help the MOF to promote fiscal reforms dissemination, transparency, and support for civil society outreach. In addition, FPEMP will continue with its efforts to reinvigorate dialogue between the government, private sector, and the broader public in order to promote transparency, accountability and shared commitments to smarter spending, increased compliance, and improved living conditions for all Salvadorans.

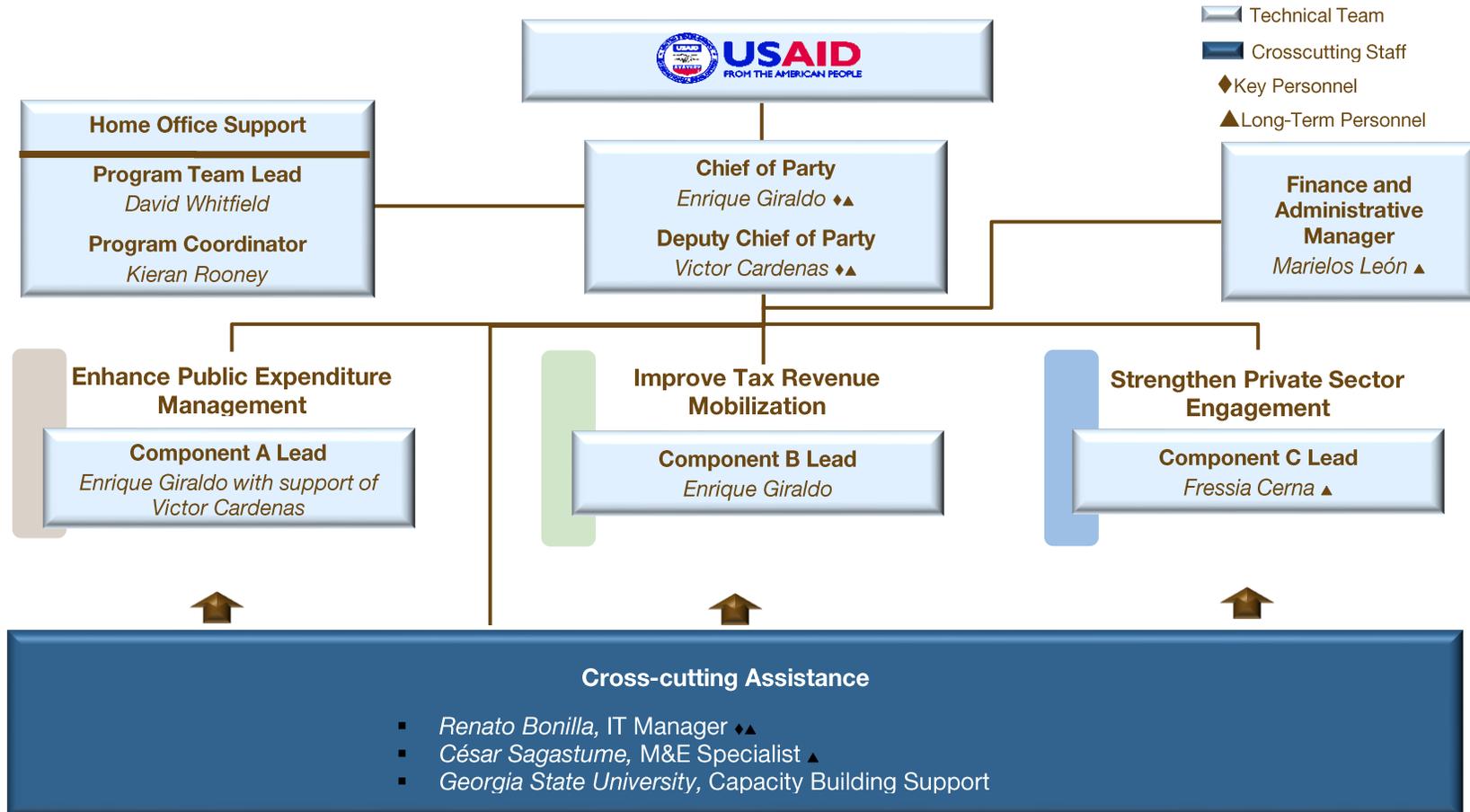
Both the commitment from the MOF executive staff and strong donor coordination during the third year will play a very important role in the successful implementation of FPEMP's third year activities.

MANAGEMENT AND ADMINISTRATION

FPEMP is led by a Chief of Party and supported by a Deputy Chief of Party, component leaders, and specialists. FPEMP has a main program office located on the sixth floor, tower 3 of the MOF's DGII building. Figure 2 presents the current FPEMP management and team structure. The following persons comprise the FPEMP management team, as of this date:

- Chief of Party and Component A and B Lead (Enhanced Public Expenditure Management and Tax Revenue Mobilization): Mr. Enrique Giraldo
- Deputy Chief of Party supporting the Chief of Party in Component A Lead (Enhanced Public Expenditure Management): Mr. Victor Cardenas
- Component C Lead (Private Sector Outreach), Ms. Fressia Cerna
- IT Manager (Cross-cutting Assistance): Mr. Renato Bonilla
- Finance and Administrative Manager: Ms. Marielos Leon
- Monitoring and Evaluation Specialist: Mr. Cesar Sagastume

FIGURE 2: FPEMP ORGANIZATIONAL CHART



PARTNERS

DAI has partnered with Georgia State University's International Center for Public Policy – previously the International Studies Program – to help implement FPEMP. The International Center for Public Policy has provided technical expertise throughout the Latin America and the Caribbean region for USAID, the World Bank (WB), the United Nations Development Program, and others. Since the International Center for Public Policy's inception in 1996, its faculty experts have participated in hundreds of academic partnerships, consultancies, and training projects globally. Georgia State University's International Center for Public Policy's director and key faculty staff constantly engage in academic research as well as technical assistance, capacity building, and training, providing evidence-based policy advice and recommendations. The International Center for Public Policy will be a prime contributor to capacity building and training programs in El Salvador and in the United States.

INTERNATIONAL DONOR COORDINATION

The MOF is currently receiving additional technical assistance from the EU, GIZ, Spanish International Cooperation (AECID), WB, Inter-American Development Bank (IDB), and the International Monetary Fund (IMF), which imposes a very challenging coordination task. The program staff continues working in close coordination with the donors in the implementation of tasks in support of the MOF.

During the year, FPEMP will engage in constant communication with other donors and multilaterals, assisting the GOES to gain greater control over donor commitments while shaping the development agenda.

II. COMPONENT A: Public Expenditure Management

The third year is critical for the Public Expenditure Modernization agenda, because it is the last year of the current government. The third year of the program ends with the Funes Administration, which is the current GOES administration, while the fourth year begins with a new GOES administration. It is critical for the program to consolidate the reform agenda in the third year in order to take advantage of all the investment to date. It is expected that the fourth year will include a period of transition, as FPMP must obtain the approval and trust from the new administration.

During the third year, FPMP will continue providing support to the MOF in the public expenditure management modernization. However, while the General Directorate for Government Accounting (DGCG) and the DGT had focused on the accomplishment of the modernization project, the DGP has been seen as an ongoing challenge for the program and the donor community. For instance, it is not clear if the DGP Director is entirely committed to the modernization project. Despite these issues with DGP, FPMP continued moving forward, demanding that the DGP complete the tasks that were agreed upon during the first year with the donor community. On the other side, the work with DINAFI (technical assistance coordinator), DGT, DGCG and the donor community has been very successful.

The program has been advancing the implementation of IPSAS, the implementation of the first phase of the TSA, the development of the conceptual model, and the design of the use cases for the budget formulation sub-system.

COMPONENT OBJECTIVES

Long-term objectives under Component A include:

- Enhanced skills in budget formulation, monitoring, and evaluation
- Improved budget and policy analysis
- Accounting and financial controls that follow international best practices
- Improved efficiency of the DGT to program and manage government funds
- A modernized, integrated SAFI, which enables consistent budget formulation, execution, and monitoring and evaluation processes across all spending agencies
- A government accounting system adopted under IPSAS

SECOND YEAR COMPONENT A RESULTS

Activities completed during the program's second year for Component A are summarized in the table below, with brief details following:

Table 1 – Component A Second Year Results

Component A Activities	Target				Achieved
	Q1	Q2	Q3	Q4	
1. Evaluation of the conceptual framework for government accounting					Q1/2012
2. Training on IPSAS					Q1/2012
3. Development of the TSA implementation plan					Q1/2012
4. Development of the TSA conceptual model					Q1/2012
5. International Visitors Program (IVP) to Peru to learn about IPSAS adoption					Q2/2012
6. Charts of accounts proposal					Q2/2012
7. IPSAS implementation strategy					Q2/2012
8. Seminars on TSA					Q2/2012
9. DGT functional and administrative modernization reform proposal					Q2/2012
10. Component A procurement plan approval					Q2/2012
11. Obtained agreements with DGCG regarding IPSAS adoption project					Q3/2013
12. Supported the development of the accounting conceptual framework for SAFI II					Q3/2013
13. Completed modification to the TSA conceptual model					Q3/2013
14. Developed the DGP administrative modernization proposal					Q3/2013
15. Approval of the Costa Rican MOF to use its general accounting policy manual					Q4/2013
16. IVP to Argentina to learn about the Argentinian TSA system					Q4/2013
17. IVP to Argentina to learn about the Argentinian Integrated Financial Information System					Q4/2013

- 1. Evaluation of the conceptual framework for government accounting – FPEMP** accounting consultant Carmen de Palladino worked in the review and evaluation of the accounting conceptual framework, which is the first step toward IPSAS implementation. The options and recommendations for reform made by the program were accepted by the DGCG.
- 2. Training on IPSAS – FPEMP** delivered a two-week training on IPSAS, and 33 officials from DGCG and DINAFI attended, including 9 women. The focus of the training was to provide an introductory course to advance the MOF’s knowledge on the nature of the IPSAS and to improve understanding on the IPSAS adoption strategy, emphasizing why the harmonization strategy has been a failure in many countries and why IPSAS adoption is a more suitable strategy for El Salvador. The training course also stressed the importance of adopting IPSAS to improve government accountability, transparency and financial management.
- 3. Development of the TSA implementation plan – FPEMP** treasury consultant Jorge Domper reviewed and evaluated the MOF’s TSA implementation agenda, recommending the necessary corrections. Specifically, he demonstrated to the MOF that their strategy does not have the appropriate pre-conditions and support in place and that the reform plan they had previously developed needed to be updated; otherwise, the TSA implementation would be in jeopardy. The DGT took advantage of Mr. Domper’s expertise and extensive experience in TSA reform and implementation, as they requested that he develop a new plan. Mr. Domper developed an updated TSA implementation plan that is now being used.

- 4. Development of TSA conceptual model** – FPEMP developed the conceptual model for the new TSA. This model will be used in the TSA implementation and in the development of the new SAFI II. As proposed by the program, the TSA will have two implementation phases—a preliminary phase that involves the basic development of the centralized payment system and an advanced second phase that will focus on financial management functions.
- 5. IVP to Peru to learn about IPSAS adoption** – FPEMP delivered an IVP to Peru’s MOF to learn from their experience with modernizing their government accounting system through IPSAS. In attendance were the Deputy Director of the DGCG, the DGCG Normative Office Manager, and one technician from the DGCG, and the travel costs for these participants were covered through FPEMP. Additionally, one technician from DINAFI and the Presidency Technical Secretariat Financial Unit Manager took part in the IVP, but their participation was financed by the IDB. The trainees were exposed to the Peruvian experience in adopting the IPSAS and also learned about the accounting system consolidation strategy, the accounting modernization strategy as a component for the transparency initiatives, the chart of accounts reform program, difficulties and challenges in implementing the IPSAS, and the success stories in the IPSAS adoption and the transparency policy implementation.
- 6. Chart of accounts proposal** – FPEMP assessed the new chart of accounts developed by the DGCG. Because the new budget classifiers have not yet been developed, only the General Ledger charts were developed and assessed; once the new classifiers are incorporated, the chart under IPSAS will include the new accounts and sub-accounts.
- 7. IPSAS implementation strategy** – FPEMP worked with the DGCG in the preliminary definition of the IPSAS adoption strategy. The MOF decided to follow FPEMP’s recommendations choosing the adoption strategy for modernizing the government accounting system rather than the harmonization strategy.
- 8. Seminars on TSA** – FPEMP provided logistics support to the DGT and the IMF in the dissemination and training on the new TSA system to all the treasury offices at the GOES level. A total of 92 persons attended the 3 seminars, including 36 women.
- 9. DGT functional and administrative modernization reform proposal** – FPEMP developed a proposal for the DGT functional and administrative reform. Once approval is received, the program will begin implementation of the proposal. The main objective is to transform the DGT into a financial management unit that can assume the basic functions of a treasury, including the task of becoming the Government’s banker.
- 10. Component A procurement approval** – During the second year, the program obtained approval from the USAID Information Resource Management (IRM) Office for the procurement plan for Component A.
- 11. Obtained agreements with DGCG regarding IPSAS adoption project** – FPEMP reached agreements with the DGCG Directors regarding the IPSAS adoption project. The DGCG agreed to review the FPEMP recommendations for the accounting conceptual framework for SAFI II. In addition, they agreed to begin work on the general accounting policy manual starting in April with the support of Ms. Palladino.
- 12. Supported the development of the accounting conceptual framework for SAFI II** – FPEMP supported the development of the accounting conceptual framework. FPEMP made several recommendations, such as explaining the difference between adoption and

harmonization of IPSAS, the accounting legal framework, units of the accounting registry, the implementation of a single chart of accounts, the functional classifier, and financial statements consolidations. The DGCG agreed to review the recommendations.

- 13. Completed modification to the TSA conceptual model** – FPEMP finalized the development of the TSA conceptual model and presented it for DGT Director approval. The Director requested some minor changes, which were made and then submitted to the MOF. The TSA conceptual model was also integrated into the SAFI II conceptual model.
- 14. Developed the DGP administrative modernization proposal** – FPEMP developed the DGP administrative modernization proposal. The DGP Directors agreed to review the proposal.
- 15. Approval of the Costa Rican MOF to use its general accounting policy manual** – FPEMP obtained the approval from the Costa Rican Minister of Finance to use their general accounting policy manual as the template for the one to be developed by El Salvador with FPEMP support.
- 16. IVP to Argentina to learn about the Argentinian TSA system** – FPEMP conducted an IVP to the Argentinian Treasury Office to learn about the TSA. In attendance were the Vice Minister of Revenue, the DGT Director, and the DGT IT Manager. The participants learned about the TSA implementation, the payments system, financial operations, detailed organization structure of the Treasury Office, financial programming, automated bank reconciliation process, and bank account management in the TSA system.
- 17. IVP to Argentina to learn about the Argentinian Integrated Financial Information System** – FPEMP conducted a separate IVP to Argentina to learn about the Argentinian Integrated Financial Information System, which works in a web environment. In attendance were the Deputy Chief of Party and three DINAFI IT officials (DINAFI officials expenses were funded with WB funds). They learned about the design strategy, the system scope, the system architecture, development methodologies, non-functional requirements, connection between other systems, and the implementation strategy.

MILESTONES PLANNED FOR THE SECOND YEAR AND NOT ACCOMPLISHED

Training courses to GOES entities on Medium Term Expenditure Framework (MTEF) – As agreed with the MOF, the MTEF training will be developed by the GIZ.

Development of the new budget schedule for GOES entities – As agreed with the MOF the budget schedule was developed by the GIZ.

SUMMARY OF MILESTONES FOR YEAR THREE

The following table presents the various milestones that are planned for Component A for the third year work plan period:

Table 2 – Component A Milestones

Component A Milestones	Q1	Q2	Q3	Q4
Implementation of the DGP administrative and functional reform				
Support the DGP in the development of the budget programs for assigned sectors				
Development of the conceptual model for the accounting system under IPSAS				
Development of the accounting policy manual				
Development of the charts of accounts				
Development of the SAFI II treasury sub-system functional requirements				
Donation of the IT equipment for the Component A				

DESCRIPTION OF ACTIVITIES FOR YEAR THREE

Table 3 provides a list of specific tasks for each area of assistance planned for Component A during year three. The table is followed by a summary discussion of year three activities.

Table 3 – Component A Schedule of Activities

Activities by Work Area	Q1	Q2	Q3	Q4
Budget system modernization project				
Follow up on the budget modernization project				
Development of the DGP administrative and functional reform technical document				
Support the implementation of the DGP administrative and functional reform				
Support the DGP in the development of the budget programs for the assigned sectors				
Technical support in the 2015 budget formulation in the assigned sectors				
IPSAS implementation project				
Follow up on the IPSAS adoption project				
Development of the conceptual model for the accounting system under IPSAS				
Technical support in the development of the accounting policy manual				
Technical support in the development of the charts of accounts				
TSA implementation project				
Follow up on the TSA implementation project				
Development of the SAFI II treasury sub-system functional requirements				
SAFI development support project				
Technical support in the development of the budget formulation module of SAFI II				
Technical support in the tests and training of the budget formulation module of SAFI II				
Technical support in the design and implementation of a budget execution monitoring and evaluation plan				

DISCUSSION OF TECHNICAL ASSISTANCE AREAS

The public expenditure management reform of the GOES is ambitious and complex, FP EMP is committed to support the MOF in the accomplishment of the tasks and the successful implementation of a system that must be more transparent, efficient and citizens oriented. The second year was critical to the discussions of deep technical matters that are at the heart of the modernization project.

Budget System Modernization Project

After many discussions with the DGP and the donor community, the MOF has decided to reform the budget system, from a line budget structure to a programmatic results-oriented budget. The GIZ supported the development of the conceptual model and the dissemination of the model methodology throughout the DGP and GOES budget offices. Additionally, it is supporting the development of the budget schedule.

During the third year, FP EMP will support the DGP administrative and functional reform in order to prepare them for the changes that will be implemented into the GOES budget system. Furthermore, FP EMP, GIZ and the WB will support the design of the budget programs at the GOES entities level and will give technical support in the reviewing of the budget catalogues. Additionally the program will provide IT equipment to DGP.

FP EMP is confident that the challenges that have been encountered with the DGP will be solved in the short term. The program continues supporting the effort with the expectation that the budget formulation for the fiscal year 2015 will be made under the new programmatic budget system.

The activities for the third year are:

- Follow up on the budget modernization project
- Development of the DGP administrative and functional reform technical document
- Support the implementation of the DGP administrative and functional reform
- Support the DGP in the development of the budget programs for assigned sectors
- Technical support in the 2015 budget formulation
- IT equipment procurement

IPSAS Implementation Project

The adoption of IPSAS at the GOES level will significantly improve the transparency and the efficiency of the public expenditure, and at the same time it will help the GOES provide adequate and reliable information to citizens for control purposes. FP EMP has been successfully supporting the DGCG in the adoption of the IPSAS.

During the third year, the program will support the development of the accounting conceptual model under IPSAS, provide technical support in the development of the accounting policy manual, develop the chart of accounts and providing IT equipment to the DGCG.

The adoption process is a very challenging task because of its complexity and time requirements, but so far, the program has been able to obtain enthusiastic support from the entire DGCG staff and the its executive team.

The activities for the third year are:

- Follow up on the IPSAS adoption project
- Development of the conceptual model for the accounting system under IPSAS
- Technical support in the development of the accounting policy manual
- Technical support in the development of the chart of accounts
- IT equipment procurement

TSA Implementation Project

The cash and financial management by the GOES has been poor during recent decades. The GOES keeps an excessive number of bank accounts (approximately 1,280), and large amounts of money are regularly deposited within government entities accounts. At the same time, the MOF faces funding constraints in paying GOES debts, forcing the DGT to issue short term debt (letes) to obtain the financial resources under a high rate cost scenario.

Under this scenario, the GOES has decided to move to a TSA, centralizing the payments at the DGT and turning the Directorate into a financial institution for the central government. FPEMP has been supporting the TSA implementation, providing expertise in the implementation agenda development, the development of the conceptual model, the dissemination of the new system to GOES entities, and the support to the TSA implementation.

During the third year, the program will continue providing support to the GOES TSA by supporting the development of the treasury sub-system functional requirements for SAFI II, providing follow up to the TSA implementation activities and providing IT equipment to support the DGT in facing the new challenges.

The activities for the third year are:

- Follow up on the TSA implementation project
- Development of the SAFI II treasury sub-system functional requirements
- IT equipment procurement

SAFI II Development Support Project

The MOF is modernizing the SAFI I and will implement the SAFI II. During the third year, the program will support this modernization by giving technical support in the design of the budget formulation module that includes the design of use cases and screens of the sub-system

requirements. Additionally, the program will support the tests and training of the budget formulation module and will support the design and implementation of a budget monitoring and evaluation plan within the SAFI II.

The activities for the third year are:

- Technical support in the development of the budget formulation module of SAFI II
- Technical support in the tests and training of the budget formulation module of SAFI II
- Technical support in the design and implementation of a budget execution monitoring and evaluation plan
- IT equipment procurement

III. COMPONENT B: Tax Revenue Mobilization

Component B will not face similar critical challenges as Component A during the current GOES administration's final year. FPMP will continue supporting the strengthening of the large taxpayer office, the integration of the DGII, Customs General Directorate (DGA) and DGT through the CSMS II development, the last phase of the TRS and TCA clean-up, the institutionalization of the TRS and TCA cleaning process and the improvement of the taxpayer services provided by DGII.

COMPONENT OBJECTIVES

Long-term objectives under Component B include:

- Sound, coherent tax policy
- Consistent, clean, and up-to-date taxpayer records
- Targeted audits and improved tax enforcement
- Greater fiscal compliance

SECOND YEAR COMPONENT B RESULTS

Results for the program's second year for Component B are summarized in the table below, and described in brief detail below:

Table 4 – Component B Second Year Results

Component B Results	Target				Achieved
	Q1	Q2	Q3	Q4	
1. Large taxpayer office front and back office implementation					Q1/2012
2. DGT collections call center implementation					Q1/2012
3. CSMS II fiscal compliance and selector use cases completed					Q1/2012
4. Launch of the large taxpayer office front and back office areas					Q2/2012
5. Implementation of the large taxpayer auditor's area					Q2/2012
6. Self-service kiosk system implementation					Q2/2012
7. Training on transfer pricing audit techniques					Q2/2012
8. Improvement in the TCA procedures					Q2/2012
9. CSMS II selector module completion					Q2/2012
10. Component B procurement plan approval					Q2/2013
11. Completed the TRS and TCA application updates					Q3/2013
12. Completion the CSMS II fiscal compliance module					Q3/2013
13. Deployed three CSMS II modules: selector, management and fiscal compliance					Q3/2013
14. Launched the TRS and TCA cleaning project					Q3/2013
15. IVP to Ecuador to learn about income tax audit techniques					Q4/2013
16. Development of the second phase of the procurement for the USAID IRM					Q4/2013

- 1. Large taxpayer front and back office implementation** – FPMP provided support to the MOF in the creation of the large taxpayer front and back offices. The program provided

technical assistance, office furnishing, IT equipment, and IT systems. The new offices were launched in September 2012. The new large taxpayer office has been refocused to serve the largest 400 taxpayers, which is expected to help the MOF to collect more revenue. In addition, the new offices will allow the MOF to provide better services while also improving tax compliance. Services offered under the new large taxpayer office structure involve front office transaction desks, back office transaction desks and a DGT collection stand.

2. **DGT collections call center implementation** – FPMP supported the DGT in the creation of the collection call center, providing technical assistance and IT equipment. The call center began operations in August 2012 and has collected US\$2.5 million through April 2013, improving the collection of taxes by more than 20%.
3. **CSMS II fiscal compliance and selector use cases completed** – FPMP assisted the DGII to produce the CSMS II use cases. In the second year, FPMP received from DGII the CSMS II fiscal compliance and selector use cases. The total number of use cases received is 34, including 27 for the fiscal compliance module and 7 for the selector module.
4. **Launch of the large taxpayer office front and back office areas** – FPMP in coordination with the MOF held a public launch of the new large taxpayer front and back offices. Attending the inauguration event held during the first week of September were the Minister of Finance, vice-ministers of Finance, MOF Directors, the head of USAID's Economic Growth Office, the Contracting Officer's Representative, international community representatives, the MOF's executive staff, several large taxpayers, and the press.
5. **Implementation of the large taxpayer auditor's area** – FPMP implemented the new large taxpayer office auditors' area. The large taxpayer's auditors are responsible for sustaining 60% of the total tax collection of the GOES.
6. **Self-service kiosk system implementation** – FPMP in coordination with the MOF launched the self-service kiosk system. At the end of November, the program and the MOF had established one kiosk in the MOF taxpayer assistance center. Once the program gains approval from the USAID IRM office for the procurement phase II, an additional six kiosks will be set up in taxpayer assistance centers across the country.
7. **Training on transfer pricing audit techniques** – FPMP delivered a two-week training course on transfer pricing audit techniques. Thirty officials from the DGII large taxpayer office attended the training, including 17 women.
8. **Improvements in the TCA procedures** – During the second year, FPMP coordinated efforts with the MOF to resolve a long-standing issue affecting the integrity of the TCA. This issue is related to the delay in the transfer of information from the banks on tax returns that are processed and where payment is collected from taxpayers. It is estimated that more than 39% of the data processed by the banks is not transferred to the DGII, which has led to the pollution of the TCA data. This issue has been encountered for over a decade, adversely impacting the TCA integrity and reliability. The Chief of Party led the development of a plan to resolve this issue and provided a presentation to the Vice Minister of Revenue in order to join efforts with the MOF to solve the problem. As a result, full support was obtained from the Vice Minister of Revenue, and the plan to address the situation was developed and is currently being implemented.

- 9. CSMS II selector module completion** – FPMP completed the development of the CSMS II selector module, which introduced changes in case selection variables, business rules, cloning, execution, exporting, and case transfers.
- 10. Component B procurement plan approval** – During the second year, the program obtained approval from the USAID IRM office for the procurement plan for Component B.
- 11. Completion of the TRS and TCA application updates** – The FPMP IT staff completed the developments first requested by the DGII, to support the TRS and TCA cleaning process. In total, FPMP developed 12 use cases for the TRS and 11 use cases for the TCA, introducing new rules, processes and screens.
- 12. Completion of the CSMS II fiscal compliance module** – FPMP completed the CSMS II fiscal compliance module, which introduced new control flows to contact the taxpayers when the system is showing inconsistent data.
- 13. Deployment of three CSMS II modules: selector, management and fiscal compliance** – During the second year, FPMP completed the development of three CSMS II modules. Subsequently, FPMP worked with the MOF to ensure the successful deployment of the CSMS II in the production environment. In early February, the CSMS II was successfully launched.
- 14. Launched the TRS and TCA cleaning project** – FPMP, in coordination with the MOF, officially initiated the TRS and TCA cleaning process project. The Vice Minister of Revenue, DGII Directors and staff, GIZ, and USAID attended the launch event. Through Mid May, the program had cleaned 2,101 cases for the TRS and 6,942 for the TCA.
- 15. IVP to Ecuador to learn about income tax audit techniques** – FPMP conducted an IVP to Ecuador to learn about income tax audit techniques. In attendance were the large taxpayer office Deputy Director and two other large taxpayer office officials. The participants learned about the Ecuadorian experience in auditing communications and oil companies, as well as the implementation of transfer pricing control techniques.
- 16. Development of the second phase of the procurement for the USAID IRM** – FPMP developed the phase II procurement plan for USAID IRM approval. The document includes the procurement of the queue management kiosk system and the procurement of an additional six kiosks.

SUMMARY OF MILESTONES FOR YEAR THREE

The following table presents the various milestones for Component B that are planned for the third year work plan period:

Table 5 – Component B Milestones

Component B Milestones	Q1	Q2	Q3	Q4
TRS and TCA cleaning completed				
Institutionalization of the TRS and TCA cleaning in the MOF				
Official launch of the CSMS II selector, management and fiscal compliance module				
Deployment of the CSMS DGII audit module				

Deployment of the CSMS II DGA audit sub-module				
Deployment of the queue management system				
Training on advance income tax audit techniques				
Donation of the IT equipment for the Component B				

SCHEDULE OF ACTIVITIES FOR YEAR THREE

Table 6 provides a list of specific tasks for each area of assistance planned for Component B during year three. The table is followed by a summary discussion of year three activities.

Table 6 - Component B Schedule of Activities

Activities by Work Area	Q1	Q2	Q3	Q4
TRS cleaning project				
Development of the TRS cleaning				
Support the institutionalization of the TRS cleaning				
TCA cleaning project				
Development of the TCA cleaning				
Support the institutionalization of the TCA cleaning				
Follow up on to the improvements of the TCA procedures				
Follow up on the improvements of the data quality for the TCA				
CSMS II upgrade project				
Follow up on the stabilization of all the CSMS II modules				
Development of the CSMS II DGII audit module				
Development of the CSMS II DGA audit sub-module				
Development of the CSMS II DGA operation sub-module				
Development of the CSMS II DGA legal sub-module				
Development of the Jasper Report				
Queue management kiosk system project				
Development of the queue management kiosk system				
Collection call center project				
Support the expansion/strengthening of the collection call center				

DISCUSSION OF TECHNICAL ASSISTANCE AREAS

During the second year, the program made important advances in supporting the GOES revenue mobilization. The program successfully supported the MOF in the implementation of the new large taxpayer office that is responsible for more than 60% of the tax collection. The program also convinced the MOF to create a tax arrears collection call center and supported its creation, helping the MOF to collect more than US\$2.5 million in tax arrears in less than eight months using the services of only four technicians.

The program also developed within the CSMS II the case selection, case management and fiscal compliance modules, which in the first week of implementation helped the MOF collect more

than US\$131,000 from small taxpayers. Additionally, FPEMP support in this area led to more than 6,228 collection email notices in less than 12 hours, 8,931 collection letters in less than 3 days, 2,022 collection calls, and over US\$700,000 in income tax collected during the first 3 days.

Regarding the TRS and TCA, the program successfully began the development of the clean-up project, cleaning 6,942 TCA and 2.101 TRS accounts.

During the third year, the program will continue supporting the MOF in strengthening the tax administration and the integration of the revenue authority.

TRS Cleaning Project

During the third year, FPEMP will continue implementing the TRS clean-up process. In doing so, the program will meet the goal for the number of accounts to be cleaned. The program will also continue coordinating with the MOF on the successful implementation of the modification to the current DGII processes to improve the TRS account quality and will insist that the MOF institutionalize the TRS clean-up process on a permanent basis.

The activities for the third year are:

- Development of the TRS cleaning
- Support the institutionalization of the TRS cleaning
- Improvement of the current TRS process

TCA Cleaning Project

During the third year, FPEMP will continue implementing the TCA clean-up process. In doing so, the program will meet the goal for the number of accounts to be cleaned. The program will also continue coordinating the efforts with the MOF for the improvement of the current DGII and DGT processes to avoid future TCA pollution (web service implementation, connection between DGII and DGT, improvement of data entry), and it will insist that the MOF institutionalize the TCA cleaning process.

The activities for the third year are:

- Development of the TCA cleaning
- Support the institutionalization of the TCA cleaning
- Follow up on the improvements of the TCA procedures
- Follow up on the improvements of the data quality for the TCA

CSMS II Development

During the second year, FPEMP completed the development of three CSMS II modules for the DGII. For the third year, FPEMP will develop the DGII audit module, which will introduce new changes, put an end to the CSMS I that operates in the Oracle environment, and complete the migration to the jboss server.

In addition, the program will begin the development of the DGA module, which has three sub-modules. The DGA audit sub-module will be developed during the third year and the program will begin the development of the DGA operation sub-module and the DGA legal sub-module.

The activities for the third year are:

- Follow up on the stabilization of all the CSMS II modules
- Development of the CSMS II DGII audit module
- Development of the CSMS II DGA audit sub-module
- Development of the CSMS II DGA operation sub-module
- Development of the CSMS II DGA legal sub-module
- Development of the Jasper Report

Queue Management Kiosk System Project

The Salvadoran tax administration provides many services to the taxpayers. For most of the year the administration can provide an efficient service. However, during tax season the demand for services increases, creating a work overload for the MOF officials and increasing the waiting times for taxpayers. The MOF has estimated that the demand changes from 4,300 to 7,000 taxpayers during tax season.

During the third year, FPMP will support the development of the queue management kiosk system to improve the tax administration efficiency during tax seasons.

The activities for the third year are:

- Development of the queue management kiosk system

Collection Call Center Project

The successful implementation of the first phase of the collection call center convinced the Vice Minister of Revenue regarding the need to expand the call center into a second phase. FPMP will provide technical assistance and equipment to the call center expansion.

- Support the expansion/strengthening of the collection call center

IV. COMPONENT C: Private Sector Outreach

During the third year, the program will continue supporting the development of the fiscal transparency portal, the development and implementation of a Transparency Strategy, the implementation of the MOF new Competency Based human resources system, the strengthening of the MOF training center, and follow-up on the EXPRESATE operations. Many of these activities are an important component of the private sector outreach strategy determined by FPEMP and the MOF. However, the GOES never expressed sufficient political will to develop a Fiscal Pact, and it is clear that during the last year of the current administration no actions will be taken on that regard. The program will work during the fourth year with the new GOES administration in order to convince them to work on a Fiscal Pact.

COMPONENT OBJECTIVES

Long-term objectives under Component C include:

- Enhanced communication mechanisms between GOES and non-governmental sector through a fiscal transparency portal
- Assist the private sector to better understand and comply with newly enacted fiscal reforms
- Support the development of public sector and civil society partnership programs to monitor public expenditures
- Advocate with the GOES to implement a Fiscal Pact

SECOND YEAR COMPONENT C RESULTS

Results from the program's second year for Component C are summarized in the table below and then described in brief detail:

Table 7 – Component C Second Year Results

Component C Milestones	Target				Achieved
	Q1	Q2	Q3	Q4	
1. Workshops on MOF's technical areas post profiles development					Q1/2012
2. Training on course development and on train-of -trainers					Q1/2012
3. Fiscal transparency portal research and design completed					Q1/2012
4. Fiscal policy strategic lines integrated into the GOES Transparency and Anticorruption Policy					Q1/2012
5. Assessment and update of the MOF technical areas post profiles					Q2/2012
6. Training Curricula development of the DGII					Q2/2012
7. Training Curricula developed for the DGA					Q2/2012
8. Fiscal transparency portal data modules completion					Q2/2012
9. Component C procurement plan approval					Q2/2012
10. Training Curricula development for DINAFI, UNAC, DGCG, DGICP, DGPEF, DGP and DGT					Q3/2013
11. Conducted training on Competency Based Curricula					Q3/2013

development for the MOF human resource department				
12. Approved and complying with all legal requirements and logistics to facilitate the implementation of the EXPRESATE project				Q3/2013
13. EXPRESATE project area launch				Q4/2013
14. Training on train-of -trainers for performance evaluation applying the Competency Based Approach				Q4/2013

1. **Workshops on the MOF’s technical areas post profiles development** – FPMP delivered workshops for each MOF functional unit, in order to receive inputs that can inform the process of updating the technical area post profiles. In total, 152 officials from all MOF Directorates have attended the workshops, 58 of them women.
2. **Training on course development and on train-of -trainers** – FPMP delivered training on course development and train-of -trainers for MOF officials. The training logistics consisted of a two-week training course for one group and a two-week training course for another group. The first week of training focuses on “course design methodology” and the second week was dedicated to “Train-of -Trainers methodology”. In total, 41 officials attended the training, 24 of them women.
3. **Fiscal transparency portal research and design completed** – FPMP prepared a proposal for the new fiscal transparency portal. A road map was prepared for defining processes, the contents, and the links among information and data. The portal will be more user-friendly and easier to follow, providing more practical, effective and better quality information and data.
4. **Fiscal policy strategic lines integrated into the GOES Transparency and Anticorruption Policy** – The 15 Fiscal Transparency Policy strategic lines developed in coordination with the EU were integrated into the GOES Transparency and Anticorruption Policy, comprising one chapter of the Policy.
5. **Assessment and update of the MOF technical areas post profiles** – During the year, FPMP assessed and updated the MOF technical areas post profiles. The activity is a complement to what the Presidential Office is doing with the modernization of public administration and management. In different meetings with the Presidential Office staff and the MOF staff, it was agreed that the Competency Based Methodology for management of Human Resources will be applied. This methodology will integrate all human resources functions into a system which is the basis for recruitment and selection, placement of employees, training and development of employees, performance management and evaluation, career development and management, promotions, rewards and remuneration.

FPMP began the work based on the 304 drafted post profiles provided by the MOF. The post profiles were analyzed and updated in workshops with the personnel within each functional unit in each MOF Directorate. Finally, 314 post profiles were assessed and updated through the application of the Competency Based Methodology.
6. **Training Curricula development of the DGII** – FPMP developed the training curricula of the DGII. The curricula matrix, maps and catalogs, training modules, and career-training plan of the DGII were produced during workshops with personnel from the different technical areas.

- 7. Training Curricula development of the DGA** – FPMP developed the training curricula of the DGA. The curricula matrix, maps and catalogs, training modules, and career-training plan of the DGA were produced during workshops with technical personnel of the different technical areas.
- 8. Fiscal transparency portal data modules completion** – FPMP in coordination with the MOF identified four data modules for development in order to upgrade and update the MOF Fiscal Transparency Portal. During the year, FPMP developed three data modules—the budget module, public investment and public debt.
- 9. Component C procurement plan approval** – During the year, the program obtained approval from the USAID IRM office for the procurement plan for Component C.
- 10. Training curricula Development for DINAFI, UNAC, DGCG, DGICP, DGPEF, DGP and DGT** – FPMP developed the training curricula of the DINAFI, UNAC, DGCG, DGICP, DGP and DGT. The curricula matrix, maps and catalogs, training modules, and career training plans of the DINAFI, UNAC, DGCG, DGICP, DGPEF and DGP were produced during workshops with technical personnel from the different technical areas.
- 11. Conducted training on curricula development for the MOF Human Resources Department** – FPMP delivered training on curricula development for the MOF Human Resources Division. A total of 13 persons attended the training, of which 10 were women, including the Department Director. The purpose of the training was for participants to understand the competency-based methodology and to be able to apply it in the future given that talent development and training is an ongoing process that must be addressed as a part of modernization process of the MOF.
- 12. Approved and complying with all legal requirements and logistics to facilitate the implementation of the EXPRESATE project** – FPMP received the approval of all submitted legal documentation from the national institutions in the metropolitan area of San Salvador, such as OPAMS (the San Salvador legal authority that extends permits), the Firefighter Bureau, and the Health Supervisory Bureau.
- 13. EXPRESATE project area launch** – FPMP in coordination with the MOF officially launch the EXPRESATE project area. The Vice Minister of Revenue, the USAID Economic Growth Department Deputy Director, USAID officials, MOF executive staff, international donor community representative, students from high school centers and the national press, attended the event.
- 14. Training on train-of-trainers for performance evaluation based on competency approach** – FPMP consultants on Competency based approach methodology, delivered training on train-of –trainers for the evaluation process. A Pilot evaluation was undertaken for a functional unit of the DGT as part of the training process.

MILESTONES PLANNED FOR THE SECOND YEAR AND NOT ACCOMPLISHED

Institutionalization of the fiscal reforms dissemination programs – Despite the fact that the Communication Office Manager of the MOF agrees with the project, the DGII Director

expressed his lack of interest in the task. The program will propose the development of this activity to the new GOES administration during the fourth year.

SUMMARY OF MILESTONES FOR YEAR THREE

The following table presents the various milestones that are planned for the third year work plan period:

Table 8 – Component C Milestones

Component C Milestones	Q1	Q2	Q3	Q4
Implementation of the new MOF fiscal transparency portal				
Trilateral conference (GOES, GOB and USG) Launching of the fiscal transparency project with GOES and municipalities				
Development of the fiscal transparency agreement between the MOF and the municipalities				
Development of the municipalities fiscal transparency scope and commitment plan				
Development of the municipalities fiscal transparency dissemination strategy- Strengthening of an NOG on Fiscal Transparency				
Procurement of IT equipment for the municipalities fiscal transparency project				
Development of the Fiscal transparency Clearinghouse with the support of an NGO and development of social networks strategy for private sector and civil society outreach.				
Implementation of the new MOF training center				
Donation of the IT equipment for the Component C				

SCHEDULE OF ACTIVITIES FOR YEAR THREE

Table 9 provides a list of specific tasks for each area of assistance planned for Component C during year three. The table is followed by a summary discussion of year three activities.

Table 9 - Component C Schedule of Activities

Activities by Work Area	Q1	Q2	Q3	Q4
Fiscal transparency portal project for the MOH				
Development of the MOF fiscal transparency portal				
Follow up on the implementation of the MOF fiscal transparency portal				
Fiscal transparency project for the MOF and the municipalities				
Preparations for the launching of the fiscal transparency project for Municipalities				
Development of the municipalities fiscal transparency agreement between the MOF and municipalities				
Development of the municipalities fiscal transparency scope and commitment plan				
Development of the municipalities fiscal transparency dissemination strategy				

Development of the municipalities platform in the MOF fiscal transparency portal				
Development of the procurement plan				
EXPRESATE activities follow-up				
Follow up on the EXPRESATE Center activities				
Modernization of the MOF human resource system project				
Follow up on the implementation of the human resource management system applying the competency based approach				
Follow up on the implementation of the gap analysis of the MOF Directorates post profiles.				
Follow up on the formulation of the curricula training plan for the MOF Directorates applying the competency based approach				
Modernization of the MOF DFTD-MH				
Support the modernization of the MOF DFTD-MH training center				

DISCUSSION OF TECHNICAL ASSISTANCE AREAS

The second year of Component C had important accomplishments that will contribute to a permanent private sector outreach strategy consolidation. The program successfully implemented and launched the EXPRESATE complex, complying with one of the most important requirements of the civil society fiscal transparency forum organized by FPEMP and the EU during year one. More than 1,300 high school students will visit the EXPRESATE complex during the calendar year, helping the GOES to advance its fiscal agenda and promote a fiscal culture in the country.

The fiscal transparency portal reform and modernization project continued during the second year. The program obtained approval from the MOF to post data that was not included in the current portal and develop the IT applications required for the new portal implementation.

The program completed the development of the MOF technical post profiles, the curricula development, the career plan, the performance evaluation pilot plan, for the first human talent gap analysis at the DGT. These components contribute to integrate the human resources system modernization program.

Fiscal Transparency Portal Project for the MOF

During the third year, FPEMP will continue providing support to the MOF fiscal transparency portal. The program will develop and incorporate a new module that will have dynamic information. The modules to be developed are:

- Revenue
- Public investment
- Public debt
- Budget (this is the only module with dynamic information)

FPEMP will follow up on the implementation of the new portal focusing on the signing of the transparency agreement between the MOF and the municipalities in order to include the

municipalities' financial information on the portal. Additionally, the program in coordination with DINAFI will prepare a plan for the approval and implementation of the MOF Fiscal Transparency Policy that will be prepared with inputs from the private sector and civil society.

The activities for the third year are:

- Development of the MOF fiscal transparency portal
- Follow up on the implementation of the MOF fiscal transparency portal

Fiscal Transparency Project for the GOES Municipalities

During the third year, the FP EMP will begin working in the fiscal transparency project for the municipalities. The FP EMP will officially launch the project in a conference developed by the GOES, GOB and USG with speakers from Brazil and will be attended by MOF officials, Non-Governmental Organizations, and other donors, Mayors, Salvador Municipalities Corporation (COMURES) and Civil Society Representatives.

FP EMP in coordination with the MOF and COMURES will develop an agreement between the MOF and municipalities, the municipalities fiscal transparency scope and commitment plan, the municipalities fiscal transparency dissemination strategy which will include an outreach component based on the application of social networking to promote citizenship monitoring, and the procurement plan. After that, FP EMP in coordination with DINAFI will develop the municipalities platform in the MOF fiscal transparency portal.

The activities for the third year are:

- Trilateral conference for the launching of the fiscal transparency project for GOES and municipalities
- Development of the municipalities fiscal transparency agreement between the MOF and municipalities
- Development of the municipalities fiscal transparency scope and commitment plan
- Development of the municipalities fiscal transparency dissemination strategy
- Development of the outreach component based on the application of social networking
- Development of the municipalities platform in the MOF fiscal transparency portal
- Development of the procurement plan

EXPRESATE Activities Follow-Up

During the third year, the EXPRESATE will receive approximately 1,300 to 1,500 high school students from public and private schools. FP EMP will follow up on the activities and will promote and further the participation of the private education sector in order to disseminate fiscal and public finance information.

The activities for the third year are:

- Follow up on the EXPRESATE Center activities

Modernization of the MOF Human Resource System

During the third year, the program will follow up on the implementation of the new talent management system in the MOF Human Resources Department. A work plan will be developed for progressively implementing the competency-based approach to all Directorates. Experts will be hired to support the MOF Human Resources Department to carry on the systematization process and the harmonization of all the talent management activities. Some of these activities consist of the implementation of the competency-based post profiles sub-system to harmonize it with the Presidential Office talent management system and align it to the career development plan for each functional unit.

In addition, a follow-up work plan will be developed for the implementation of the gap analysis process of the current competency post profiles of all MOF Directorates, in order to complement the career plans as well as the new training plan to bridge the gaps.

Finally, to comply with the needs established in the career plan for the personnel of the functional units of the MOF, a follow-up implementation work plan will be developed for the progressive organization of the competency-based curricula training plan. This training plan will be based on each module defined in the curricula matrix and will require experts to implement it.

The activities for the third year are:

- Follow up on the implementation of the human resource management system, applying the competency-based approach
- Follow up on the implementation of the gap analysis of the MOF Directorates posts.
- Follow up on the formulation of the curricula training plan for the MOF Directorates, applying the competency-based approach.

Modernization of the DFTD-MH

During the third year, the program in coordination with the MOF will launch the new DFTD-MH. The Department will have technically improved classrooms and an established computer-training lab with audio and video equipment. At the same time, the recently created Course Formulation and Design Unit within the DFTD-MH will contribute to bringing about the progressive change from the course-based training model to the competency-based training model.

Additionally, the DFTD-MH will progressively move forward to a competency-based model for planning training courses to be provided to the MOF personnel within a career development sub-system in accordance to the new talent management model to be implemented by the Human Resources Department.

The activities for the second year are:

- Support the modernization of the MOF DFTD-MH training center

V. PERFORMANCE MONITORING & EVALUATION

The objective of the FPEMP monitoring plan is to monitor program activities, track progress against results, and evaluate the impact that it has accomplished. FPEMP's M&E plan includes the collection and analysis of program-specific information and indicators. A program like FPEMP requires constant evaluation and monitoring in order to ensure that the necessary adjustments and corrections are made on a timely basis. As such, FPEMP has an M&E specialist on staff whose responsibility is to collect performance data that FPEMP staff use to determine progress in achieving its objectives, milestones, results, and impact.

Additionally, FPEMP's Chief of Party, USAID, and the MOF technical assistance coordinator (DINAFI) will continue working as a technical committee to follow up on the program tasks. The committee will have scheduled meetings. The COP will maintain a weekly check-in meeting with the Contracting Officer's Representative in order to maintain the flow of information on the program's progress. All monitoring will be carried out according to the required deliverables and the benchmarks of the program.

Additionally, FPEMP will conduct an annual performance review resulting in the publishing of an annual results report that will present yearly progress towards achieving the program's expected targets, objectives, and impact. The third year's annual results report is scheduled for July 2013.