PROJECT EVALUATION SUMMARY (PES) – PART I

Report Symbol U-447

1. PROJECT TITLE

DS/DIK/01

Increased Revenue for Development

669-3290150?

2. PROJECT NUMBER 669-0132

3. MISSION/AID/W OFFICE USAID/Liberia

4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 79-5

PD-AAH-236

☒ REGULAR EVALUATION ☐ SPECIAL EVALUATION

5. KEY PROJECT IMPLEMENTATION DATES

A. First PRO-AG or Equivalent FY 78
B. Final Obligation Expected FY 81
C. Final Input Delivery FY 82

6. ESTIMATED PROJECT FUNDING

A. Total $ 1,873,000
B. U.S. $ 1,333,000

7. PERIOD COVERED BY EVALUATION

From (month/yr.) May 1978
To (month/yr.) August 1979
Date of Evaluation Review

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues, cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Recommend a stronger revised revenue law be enacted to give the Ministry of Finance the authority to collect from delinquent taxpayers to ensure realization of benefits from improved tax administration.	GOL	
2. Recommend project budget be increased to fund the long-term technical advisory team for the full four-year life of the project.	USAID/L/AID/W	FY 80
3. Recommend project budget be increased to provide funding for an additional six months of short-term technical assistance.	USAID/L/AID/W	FY 80
4. Recommend additional GOL budgetary support be provided to fund operational costs of collecting taxes during FY 79/80.	GOL	FY 79-80
5. Recommend project budget be increased to provide funding for six additional middle managers to attend IRS/INTAX seminar.	USAID/L/AID/W	FY 80

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

- ☒ Project Paper
- ☒ Financial Plan
- ☒ Logical Framework
- ☐ Project Agreement
- ☐ Implementation Plan e.g., CPI Network
- ☐ PIO/T
- ☐ PIO/C
- ☐ PIO/P
- ☐ Other (Specify)
- ☐ Other (Specify)

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

- A. ☐ Continue Project Without Change
- B. ☐ Change Project Design and/or ☐ Change Implementation Plan
- C. ☐ Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

12. Mission/AID/W Office Director Approval

Signature

Typed Name Remo Ray Garufi

Date September 27, 1979

AID 1330-15 (3-78)

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS

Philip T. Bowen
Deputy Minister of Finance
for Revenues
Ministry of Finance

(Signature)

Edward E. Anderson
Deputy Director
USAID/Liberia

Edward E. Anderson
(Signature)

William B. Flaherty
Chief of Party
USAID/IRS Tax
Advisory Team

(Signature)

13. SUMMARY

This was the first annual evaluation of the Increased Revenue for Development project. The project, with few exceptions, is on target. There has been significant progress towards achieving the end of project objectives. The USAID/IRS Tax Advisory Team is doing an excellent job. The counterpart ministry (Ministry of Finance) is receptive to recommendations to improve administration of the GOL revenue collection program and is strongly supportive of the project objectives. Revenues have increased by 22.9 percent over the first year of the project. Expenditure on development activities which impact on the poor majority are projected to increase at an even greater rate.

A major issue which could impede project success discussed during the evaluation is the inability of the Ministry of Finance to collect delinquent accounts. It was strongly recommended that the Revenue and Finance Law be revised to strengthen the Ministry's authority vis-a-vis delinquent taxpayers. Without such authority, improved tax administration can yield only marginal results.

14. EVALUATION METHODOLOGY

Article 5 of the Project Grant Agreement signed March 24, 1978 between the Government of Liberia and the United States Government established a special covenant for annual joint GOL/USAID project evaluations. These periodic reviews are to be designed to measure progress toward attaining project objectives. Project related increased revenues are to be analyzed to determine to what extent they are being applied to development activities which will benefit Liberia's rural and urban poor.

The evaluation involved the participation of not only the participating Ministry and USAID, but also representatives from two related ministries. Four sessions were held with representatives from the Ministry of Finance, the Bureau of the Budget, the Ministry of Planning and Economic Affairs, members of the USAID/IRS Tax Team and USAID participating. Free discussion was encouraged. Copies of statistical data on inputs, outputs, and revenues were collected. Development budget expenditures and position papers on all aspects of the project were distributed to each participant for comment both during and after the meetings. A draft evaluation report was circulated prior to the final session for comment, correction and discussion. A concensus of GOL and USAID recommendations and findings is therefore reflected in this report.

Participants in the evaluation included:

<u>Government of Liberia</u>

Philip T. Bowen, Deputy Minister of Finance for Revenues, Ministry of Finance

Henry P. Walker, Commissioner of Income Tax, Ministry of Finance

Clemenceau B. Urey, Commissioner of Internal Revenue, Ministry of Finance

Dr. J. Mills Jones, Chief Economist, Ministry of Planning and Economic Affairs

Penti Tarpeh, Jr., Chief Analyst, Bureau of the Budget

Julius T. Totimeh, Analyst for Ministry of Finance, Bureau of the Budget

<u>USAID/Liberia</u>

Remo Ray Garufi, Director (first session only)

Edward E. Anderson, Deputy Director

Fred C. Hagel, Multisector Officer

Judith N. Wills, Evaluation Officer

<u>USAID/IRS Tax Team</u>

William B. Flaherty, Chief of Party

Ray G. Bateman, Collection/O&M Specialist

P.A. Torre, Real Estate Tax Specialist

15. EXTERNAL FACTORS

The project continues to receive strong GOL support in terms of personnel, logistics, budget support and the willingness to consider changes in laws and regulations to assure project success. Assumptions made during the project design remain valid. In terms of increases in revenues collected, external factors such as the April 14 civil disturbance and projected earnings from iron ore exports will influence the final revenue picture. These are outside the control of the project and are discussed further under Section 20 - BENEFICIARIES.

16. INPUTS

The logical framework in the project paper only refers to the AID grant funded inputs. This should be expanded to include the GOL inputs which already exceed planned levels.

Full time technical advisory assistance for project duration: Senior Tax Advisor, a Real Property Tax Evaluation Specialist, and a Collection System Advisor.

The three long term technical advisors arrived in Liberia in May and June 1978 and are performing satisfactorily. The Evaluation Panel noted the project paper refers to long term technical advisory team assistance for the four-year life-of-project. However, the project is underfunded with respect to technical support. Only 132 months of a needed 144 for long term advisory assistance has been budgeted. The missing full staff year of budgeted long term technical assistance could be critical. Each month of close one-to-one advisory assistance is essential for project success in this institutional development activity. The Evaluation Panel strongly recommends that advisory assistance for the proposed four-year life of the project be assured. The past year's experience underscores this necessity. A review of implemented activities demonstrates that a strong base has been established for attaining project objectives.

Approximately 15 months specialized short term assistance in real property survey techniques, training development, management analysis, and internal audit and security.

This should be revised to read: "Approximately 21 months specialized short term assistance in real property survey techniques, training development, management analyses including organization and methods, and internal audit and security."

The past year's history and some unplanned events strongly suggest a need for an additional six months (for a total of 21 months) of specialized short term assistance. Millions of dollars of losses and claims from the April 14 civil disturbance will create problems in audit, collection and processing functions. The Ministry's current strong posture for a "seizure-and-sale" law or a comparable substitute will require additional technical support. Continuing problems in upgrading and perfecting basic files will require increased assistance in the area of Organization and Methods.

Some concern was expressed over the apparent assignment by IRS/W of a low priority to this project in the nomination of Organization and Methods advisors with prior overseas experience. Apparently, since the inception of the Liberian project IRS/W has sent some 16-18 staff months of such experienced advisors to Jordan where IRS has no long term project, while assigning only three months to Liberia. Discussion of the issue by the USAID/IRS Senior Advisor with the Director, TAASD/IRS, disclosed that priorities were currently being assigned to the Middle East, but that TAASD would make every effort to supply short term assistance to Liberia on a timely basis in the future.

<u>Orientation and training course programs including development costs, instructions and participant support.</u>

The Director of the Miscellaneous Tax Division and the Supervisor of Income Tax Billing and Receiving participated in the seven-week IRS INTAX Management Seminar held in the United States. It would be highly desirable if an additional six key middle managers could participate in future seminars. Participation by the Chief Auditor, the Director of the Motor Vehicle Division, and the Director of the Real Estate Tax Division is currently under consideration for the seminar being held next February. This training will be subject to availability of funds under the current budget. If additional project funds are made available, it is proposed that the Assistant Director for Miscellaneous Taxes, the Assistant Director of the Real Estate Tax Division, and the Deputy Commissioner of Income Tax also be considered for INTAX Middle Management training at some future date.

Over the past year approximately 364 hours of on-the-job training has been provided as detailed in Attachment 1. Nineeteen staff members participated in the LIPA General

Management and Supervisory Course. In-house training by Ministry of Finance officials on Laws and Organization has been provided to both Monrovia based personnel and personnel from the outstations located in the interior of the country.

A two-week classroom/hands-on course for Collectors has been proposed for October if TDY assistance from the IRS Tax Advisor assigned to Sierra Leone can be obtained. Unfortunately, IRS/Washington has up to now refused to approve the reciprocal assistance, in spite of the fact that USAID/Liberia and the Ministry of Finance approved two TDY's to Sierra Leone to assist that project advisor in implementing his program. IRS/Washington insists on controlling the reciprocal TDY arrangement which makes USAID/Liberia and USAID/Sierra Leone forward planning extremely difficult.

<u>Essential commodities to support project objectives (e.g., typewriters, adding machines, calculators, filing cabinets, drafting and other office equipment, transportation and appropriate books and publications).</u>

This should be revised to read: "Essential resources to support project objectives (e.g., typewriters, adding machines, calculators, filing cabinets, drafting and other office equipment, transportation, appropriate books and publications, increased GOL personnel, space, and support for the advisory team)."

Over the life of the project, the GOL is committed to supply:

a. Personnel for project offices (97 positions)..................$329,000

b. Commodities and maintenance......$ 98,500

c. Additional space for project offices......................... 2,500 sq. ft.

d. Advisory team support...........$ 37,900

<u>Personnel</u>: The GOL commitment for the first year was to increase personnel levels by 23 positions. The projected budget for this increase was $73,000. The actual GOL increase in positions was 75 for a total budget of $279,895.

<u>Commodities</u>: First year expenditure on commodities totaled $60,210 and on transportation (eight new vehicles) $33,560 for a total of $93,770.

Space: The project design contemplates the addition of 2500 square feet to project office space (600 square feet the first year) by project termination. During the first year of the project, space in the Internal Revenue Office (Real Estate Tax Division) was increased from 2194 square feet to 2628 square feet, a 434 square foot increase. An additional expansion of 299 square feet is planned for FY 1980. When the annex to the Ministry of Finance is completed, additional space is scheduled to be allocated to the project tax office.

Advisory Team support: The project design contemplates that the GOL would provide the following to USAID/IRS Advisory Team:

a. Office space for all advisors

b. Secretarial services

c. Fuel, supplies

d. Transportation

The GOL has complied with all of the foregoing and, in addition, has supplied a full time messenger to the advisory team.

Grant funded commodities: Substantially all commodities budgeted under the terms of the grant agreement have been ordered. Approximately one-third of these commodities have been received.

During the first year of the project, the GOL has far exceeded its commitment to support the project activities. However, a serious issue concerning budgetary support during FY 79/80 was raised. In keeping with Government's policy to streamline expenses, the FY 79/80 budget is about eight percent less than the FY 78/79 budget. Personnel levels remain unchanged and minimum salaries raised from $75 to $100 per month. To achieve the 10 percent cut, only the supplies and maintenance budget could be reduced. Unless there is budgetary relief during the year, the Ministry's ability to collect revenues will be seriously hampered. Proposed upgrading of personnel in the outstations will have to be deferred. Planned expansion of the Income Tax Division will have to be reduced. The Evaluation Panel concluded that some relief must be provided to assure continuing project success. We understand the newly appointed Minister of Finance proposes to submit a revised budget and is optimistic it will be approved.

17. OUTPUTS

Training of technical and managerial personnel in such functional areas as audit and collection techniques, processing of documents, delinquent accounts and returns, drafting, enumeration (and property identification and evaluation), as well as in management and supervisory skills.

In-house and on-the-job training is underway. Two middle managers have received training in the U.S. (IRS INTAX Middle Managers Seminar) and an additional three are proposed for FY-80. Further discussion of this output is provided under Section 16 - INPUTS and Section 18 - PURPOSE - (End of Project Status).

Establishment of regular training programs in audit, work simplification and communications.

Two professional accountants are to be hired by the Ministry of Finance to provide on-the-job training in the Audit Division. Their efforts will be coordinated closely with the Tax Advisors' activities. A two semester course in basic accounting is proposed using in-house instructional staff. Relocation of the Audit function within the Ministry organization is being proposed. At present the audit function is independent of the Income Tax Division and reports directly to the Deputy Minister of Revenues. This is an improvement over prior years when the Chief Auditor reported to the Deputy Minister for Administration, an official with no responsibility for the Revenue system. However, a further improvement would be effected if the audit function were located under the direction of the Commissioner of Income Tax.

Orientation of tax policy and top administrative executives to tax administration and its relationship to tax policy.

Discussion of this output is provided under Section 18 - PURPOSE (End of Project Status).

Establishment and/or upgrading of such functions as taxpayer registers, audit and collection, property identification and valuation procedures, a system for tax mapping and other essential support.

Taxpayer registers are being upgraded. The Audit function is addressed above. In terms of property identification and valuation procedures, only special appraisals are now being done. Over 8,200 real estate appraisals and reappraisals were extracted from field books and the tax obligations have been updated. The transfer of the 8,200 properties (appraised or reappraised during the last few years) to account cards will be completed prior to starting the full scale valuation effort. Progress has been hampered due to a lack of good basic records. Short term technical assistance is planned for FY 80 in valuation methodology. A system for tax mapping is being initiated.

A serious problem noted by the Evaluation Panel is the problem of incomplete and inaccurate addresses. Though this problem is being currently addressed, complete updating of all Revenue Office records may be required. This may not be completed before the end of the project. The Ministry of Finance may have to coordinate with the Monrovia City Corporation and other GOL agencies to perfect a street address system.

Set up basis for urban fiscal cadastre and develop a block and parcel numbering system.

The first steps have been taken, drafting equipment has been purchased, and draftsmen will be trained in preparation of block and lot maps. Base maps are slowly being obtained from the Ministries of Planning and Lands and Mines. Urban city maps will be prepared so blocks with their respective lots can be numbered (block and lot numbering system). USAID is currently negotiating a contract with a property tax evaluation specialist who will assist in preparing and presenting appropriate training material.

Develop a cross-reference parcel/owner tax roll.

This is underway. The tax roll is being placed on index cards. All appraisal data now on hand in field data books will be placed on index cards with ownership data, addresses, appraised value, use and estimated tax. Again, perfection of addresses is a major problem.

Reorganization of Internal Tax Office into a single Bureau of Internal Revenue.

Discussions are underway with appropriate Ministry of Finance officials.

Establishment of an Internal Audit and Security Function.

This provides for the establishment of an effective in-house Fraud Unit. This output has not yet been addressed.

The following outputs are to be added to the project logical framework:

Key administrative regulations interpreting pertinent sections of the Revenue and Finance Law will be drafted.

This is in process.

Administrative provisions and/or law changes will be adopted to strengthen the tax collection authority of the Revenue Offices.

This is discussed under Section 18 - PURPOSE (End of Project Status).

18. PURPOSE - To upgrade the capability of the Ministry of Finance (MOF) to increase resources from internal taxes.

END OF PROJECT STATUS

MOF employees using modern procedures (audit, collection, document processing, registers, property identification, valuation) in collecting revenues.

On-the-job training procedures have been employed in different areas, many of which include the preparation of related procedures. Procedures for following up on contractors, professionals and others who fail to report interest, dividends, rents, directors and professional fees and other payments have been implemented (Random Payments Program). There is a continual process of purging and developing master files in the Income Tax and Internal Revenue offices. Forms and form letters for securing delinquent returns have been designed. A process for aging and updating delinquent accounts has been established. More effective controls for Field Collection have been initiated. New procedures are being developed for controlling paid tax bills in the Real Estate Tax Division. A comprehensive study of the organization and personnel has just been completed with recommendations for realigning personnel and organizational functions. New procedures for preparation of tax bills are being developed. Realty Lease Tax files are being purged and updated. Taxpayer education campaigns using all the media -- newspapers, radio, TV and flyers -- have been initiated. Property tax accounts are being reexamined, re-recorded, updated and billed. However, the lack of a comprehensive address system has seriously impeded progress in this area. Resource studies for personnel, equipment and space have been completed. These will be updated annually.

<u>At least 90% of technical and managerial staff in the internal MOF divisions (tax) engaged in in-service training programs during life of project</u>.

The evaluation panel proposed changing the wording of this end-of-project indicator to read:

"At least 90% of technical and managerial staff in the internal MOF divisions (tax) engaged in training programs, to include U.S., third country, classroom and on-the-job training during the life of the project."

Approximately 364 hours of on-the-job training has been provided staff of the Internal Revenue and Income Tax offices. In-house courses on Revenue Laws and Organization of the Revenue Offices have been conducted by Ministry of Finance officials for both Monrovia based and Outstation personnel. The Liberian Institute for Public Administration (LIPA) held a two-week course on General Management and Supervision for 19 members of the management staff. An aptitude test was developed and given to 50 tax collectors. Low scores indicated a need for further, intensive training. Two participants attended the seven-week IRS INTAX Middle Management Seminar in the United States. This program included formal classroom training, sessions for participants from various countries to exchange views on problems at home offices, visitations to the IRS National Office, District and Regional offices and Service Centers. Six additional middle managers will participate in future INTAX seminars over the next two years, if funds are available.

Direct taxes increasing at rate of 15 percent per annum.

"Taxes" should be changed to read "tax revenues" to make this a meaningful statement.

Revenues in those areas receiving attention through this project have increased by better than 15 percent over the first year of this project. However, given the wide range of outside variables which may impact on the level of revenues collected, the validity of using positive increases in tax revenues collected as an indicator of project success is questionable. For further discussion of this point refer to Section 20 - BENEFICIARIES.

Existing property and other tax laws/regulations changed or amended to strengthen their administration.

This has been done. The new Property Tax law, which is incorporated in the Revenue and Finance law, was proposed for enactment at the time the project proposal was being written. It was enacted into law prior to approval of the project grant agreement. The next regulatory target for the Ministry of Finance will be the issuance of key interpretative regulations on that law.

Some proposed rules and regulations on the Revenue and Finance law have been submitted to the Minister of Finance for approval. These include rules for adjustments allowable in determining total sales or gross income, rules for enterprises engaged in particular businesses subject to Business Trade Levies, and appeal provision to give taxpayers an independent administrative review of proposed additional taxes, a provision for registering accountants with the Ministry of Finance, provision for substituting surety bonds for cash payments in disputed tax cases, and other rulings on specific requests from taxpayers.

A major issue identified by the Evaluation Panel is the weakness of the Revenue and Finance Law with respect to the authority given the Ministry of Finance to collect delinquent accounts. If this authority is not strengthened considerably, improved tax administration can yield only marginal results. A proposal to strengthen the law by enabling the Minister of Finance to seize and sell property of tax delinquents was considered by the Minister of Justice to be unconstitutional. The President has recommended that strong alternatives to the "seizure-and-sale" proposal be found if this opinion is upheld. To date such an alternative has not been submitted. Since the viability of this project will be strongly influenced by this proposal, the Evaluation Panel recommends that it be closely monitored.

19. GOAL - Increased Mobilization of Domestic Resources.

At this stage of the project, it is difficult to quantify progress towards the project goal. Numerous programmed activities have been implemented and bases have been established for future progress. However, continuing successful implementation will depend on such imponderables as political will at the national level, the enactment of supporting legislation or regulations and the continued support of senior officials in the Ministry of Finance. In this latter regard, both the Tax Advisory Team and USAID are greatly impressed by the strong support given this project to date by the recently appointed (August 3, 1979) Minister of Finance. The outlook at this time is positive.

20. BENEFICIARIES

In view of the special covenant in the project grant agreement that the GOL and USAID meet annually to mutually assure themselves that revenues generated by this project by supporting the National Socio-Economic Development Plan will ultimately benefit the poor majority, considerable time was spent in attempting to identify a vehicle with which to track this linkage. It was determined that any relationship between the tax team's efforts and the distribution of revenues is so remote as to be impossible to make this linkage directly. Furthermore, it was determined that it is extremely difficult to even identify new revenues that could without doubt be classified as advisory-effort generated.

Increased revenues are an inevitable by-product of any successful tax administration project. If taxpayers are better informed, are identified and located more accurately; if files are updated and perfected, and office procedures and forms improved; if tax managers, technicians, and others are trained; if audits of tax returns are strengthened and collection of delinquent accounts are accelerated; if tax office employees are adequately paid, better motivated and disciplined and supported in their equitable actions by senior officials, the desired increase in revenues should result. However, tax revenues are influenced by many political, economic and social factors beyond the control of the tax administrator. A recession or an economic depression, inflation, a governmental amnesty program to accelerate collections of delinquent taxes, an increase or decrease in tax rates, legislative changes in the tax base, deductions, or credits, can all have a powerful effect on the level of revenues from a given tax. In Liberia, other factors, such as increasing or decreasing iron ore exports, the unexpected civil disturbance in April creating millions of dollars of tax losses and some business closures, a lack of political will to support strong enforcement authority, or an executive/legislative decision to grant long term full and partial tax exemptions, can likewise have a strong influence on tax revenues.

Nevertheless, the Evaluation Panel looked at comparative revenue figures for fiscal years 1977/78 versus 1978/79 (Attachment 2) in areas where the advisory effort has had input. In terms of revenues generated, the largest increase was in the collection of individual income taxes ($8.3 or 38.6 percent increase). Realty lease and real estate taxes remained constant. Other tax classifications showed remarkable increases in percentage terms, but in dollar terms the base was too small to have an appreciable impact on overall revenues collected. The total percentage increase, not adjusted for inflation, for all categories of tax revenues considered is 22.9 percent which is above the yearly increase of 15.0 percent projected in the project paper.

With the advent of the third year of the Socio-Economic Development Plan an increase in development expenditures was anticipated. However, many of the OAU-related development activities which had been included in the Four-Year Development Plan were implemented on an accelerated schedule during FY 78/79. In overall terms, therefore, the FY 79/80 development budget is less than the FY 78/79 budget. In terms of the target population, the analysis must be selective in identifying only those activities which impact on the poor majority. To simplify this process, the Ministry of Planning and Economic Affairs prepared a comparative analysis of the development budget FY 78/79 estimated expenditures versus project FY 79/80 expenditures of only those activities which have a rural bias (Attachment 3). Projects which clearly have only marginal impact on the poor majority were not included.

In FY 78/79 estimated rural related expenditures represented 48.0 percent of total development expenditures. In FY 79/80 this percentage is projected to increase by 18.0 percent. In dollar terms, total estimated expenditures for rural related activities in FY 78/79 are $76.6 million ($28.6 million from domestic resources plus $48.0 million from foreign assistance). Projected expenditures for FY 79/80 for rural related activities total $78.7 million ($38.7 million from domestic resources plus $40.0 million from foreign assistance). In terms of domestic resources going to projects with a rural bias, FY 79/80 projected expenditures over FY 78/79 estimated expenditures will show a 36 percent increase which is greater than the projected increase in revenues.

Finally, another point should be raised with respect to revenues vs. expenditures. Given the rather unsatisfactory manner in which the GOL accounts for revenues received and expenditures allocated, it is difficult to trace to what extent increased revenues, as generated by this project, are actually applied toward increased development. For example, recurrent expenditure estimates between 1976/77 and 1979/80 rose at 16%, 33% and 8% respectively, while actual expenditures increased by 10% over expected in 1976/77 and by 7% in 1977/78. Actual expenditures for 1978/79 are expected to exceed estimated by at least 10%, while actual expenditures in 1979/80 are expected to exceed estimates by at least 5%. It is therefore difficult to relate revenues collected to expenditures specifically earmarked for "development" purposes.

21. UNPLANNED EFFECTS

As an unplanned effect, the Evaluation Panel noted that there has been increased activity by the Ministry of Finance to strengthen the Revenue and Finance Law and to provide greater authority to collect on delinquent accounts. The importance of this effort has been addressed under Section 18 - PURPOSE (End of Project Status).

With respect to personnel, the trend toward active recruitment of better qualified people was largely "unplanned". This trend, however, attests to the high level of commitment on the part of the Ministry of Finance to the success of this project.

22. LESSONS LEARNED

It was noted that certain restraining factors, such as the lack of a comprehensive address system and the inability of the Ministry of Finance to collect on delinquent accounts, existed before the project was embarked upon. These factors are now impeding project success and were not addressed in the initial project design. Experience over the past year has identified the need to change the mix and increase the amount of short term technical assistance. Originally it was thought there would be a need for more short term assistance in property tax, with special emphasis on field work. Instead much of the first year of the project has been spent on Real Estate Tax files and other processing type functions with continuing urgent need in this field for the next 2-1/2 years of the project.

23. ATTACHMENTS

Attachment 1: Real Estate Tax Division (RETD) On-the-Job Training
Internal Revenue Office On-the-Job Training
Income Tax Office On-the-Job Training

Attachment 2: Comparative Revenue Figures for FY 78/79 vs. FY 77/78

Attachment 3: Comparative Analysis Development Budget Expenditures

REAL ESTATE TAX OFFICE OJT

AREA OF TRAINING	TYPE OF TRAINING MATERIALS	HRS. TNG. TIME	NUMBER PEOPLE	MO. TNG GIVEN	NOTES
Posting of Accounts	Outline Guide	16	3	9/78	
Calculation of Delinquent Acts.	Instructions, sample, calculations - chart	24	8	9/78	
Enforcement Guidelines RETD Valuers	Outline Guide form design	40	10 (5 teams)	10/78	Class inst. & field OJT
Extract INFO Field Book appr.	Instructions-form design	8	2	11/78	Supervisors only
Ditto	Ditto	24	8	2/79	8 hrs. class/16 OJT field
Tax Bill File (initiate)	Instruction-forms design completed, file sample	40	3	2/79	Design & construction of file cabinet. 16 hrs.class/24 hrs OJT
Retraining Bill File	Outline Guide & Rpt form design	8	1	4/79	
Start Personnel File	Bio-data form design Personal evaluation form design outline guide	8	1	4/79	For Administrative Asst.
Monthly Review of Tax Bill File	Instructions & examples	23	2	6/79	8 hrs. class-15 hrs over 5-day period. Supervisor & Reviewer
Address Perfectioning	Instructions + 4 Annexes (example)	40	3	6/79	16 hrs. class-24 hrs OJT & follow-up
Retraining preparation extracts	Expanded instruction & examples	8	1	6/79	For Supervisor
Collection RETD Tax Bills (Misc. Tax Div.)	Instructions	8	1	6/79	4 hrs. orientation for Dep.Dir. Misc Tax 4 hrs follow up instr.
<u>Misc.</u>					
Veh. Maint.& Control	Instructions-forms design	40	1	8/78	Chief of MVC passed on to drivers & car users in Outstations

INTERNAL REVENUE OFFICE TRAINING

AREA OF TRAINING	TYPE OF TRAINING MATERIAL	NUMBER TRAINED	HOURS OF TRAINING	MONTH TRAINING CONDUCTED
Establishing a Master File	Instructions	5	15	September 1978
Purchasing Commodities	Instructions	2	2	November 1978
Collection Enforcement Techniques	Instructions	4	8	February 1979
Collection of R.E.T.D. Bills	New Written Procedures	10	20	June 1979

INCOME TAX OFFICE OJT TRAINING

AREA OF TRAINING	TYPE OF TRAINING MATERIAL	NUMBER TRAINED	HOURS OF TRAINING	MONTH TRAINING CONDUCTED
Processing claims for Refund and Credit	New Written Procedures and Forms	2	4	August 1978
Position Descriptions	Instructions	2	6	September 1978
Statistical Reporting - Coll.	Instructions and New Report Forms	4	8	September 1978
Preparation of I.T. Bills	New Written Procedures	4	12	October 1978
Purchasing Commodities	Instructions	2	2	November 1978

Comparative Revenue Figures
For 1978/79 Fiscal Year
(In $ Million)

	1978/79	1977/78	Increase Amount	Increase Percent
Corporation/Partnership	$18.7	$18.3	0.4	2.0
Individual Income Tax	29.8	21.5	8.3	39.0
Realty Lease Tax	0.9	0.9	-0-	-0-
Real Estate Tax	1.9	1.9	-0-	-0-
Motor Vehicle	4.2	2.3	1.9	83.0
Business Occupation Lic.	0.9	0.9	-0-	-0-
Commerce Registration	0.6	0.4	0.2	50.0
Business Trade Levy	3.1	2.2	0.9	41.0
General Alcoholic	0.7	0.6	0.1	17.0
Hut Tax	0.8	0.5	0.3	60.0
Development & Progress Tax	2.2	2.4	(0.2)	(8.0)
	$63.8	$51.9	11.9	22.9

Figures as of September 11, 1979

GOL DEVELOPMENT BUDGET ALLOCATIONS*

FY 1978/79 and FY 1979/80

PROJECTS AND PROGRAMS WITH A RURAL BIAS

(GOL and Foreign; US $ 000's)

		1978/79 (Estimated)		1979/80 (Projected)
Agriculture	GOL	6,404	GOL	7,139
	FOR	6,031	FOR	6,594
Education	GOL	3,425	GOL	4,250
	FOR	7,620	FOR	7,240
Public Works	GOL	2,946	GOL	5,972
	FOR	7,258	FOR	12,445
Local Government	GOL	2,553	GOL	4,725
	FOR	536	FOR	484
H.&S.W.	GOL	1,838	GOL	1,828
	FOR	1,070	FOR	617
Lands & Mines	GOL	228	GOL	678
	FOR	228	FOR	300
Action for Dev./Progress	GOL	-	GOL	492
	FOR	-	FOR	-
Public Corp.	GOL	9,814	GOL	12,216
	FOR	25,271	FOR	12,354
General Gov't	GOL	1,379	GOL	1,438
	FOR	-	FOR	-
TOTAL PROJECTS/PROGRAMS WITH RURAL BIAS:	GOL	28,587	GOL	38,738
	FOR	48,014	FOR	40,034
		76,601		78,772
TOTAL DEVELOPMENT BUDGET		159,523		119,991
PERCENT GOING TO RURAL ACTIVITIES:		48%		66%

PERCENTAGE INCREASE 1978/79 vs. 1979/80: 18%

PERCENTAGE INCREASE IN DOMESTIC RESOURCES: 36%

* Actual expenditures for 1978/79 have not been completely reconciled;
1979/80 expenditures are projected.